

2025



co-operative bank

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CO-OPERATIVE BANK
we are you

CO-OPERATIVE BANK
we are you

coopbank
we are you

Integrated Report










Investor Snapshot

For over 58 years, The Co-operative Bank of Kenya Limited has stayed true to its founding mission: transforming lives through the co-operative model. With operations in both Kenya and South Sudan, the Group serves over 15 million members of the co-operative movement, making us Africa's largest co-operative bank.

Markets and Entities



Highlights at a Glance

<p>Profit Before Tax (KShs) ▲</p> 	<p>Total Assets (KShs) ▲</p> 	<p>Market Capitalization (KShs) ▲</p> 
<p>2024 34.8Bn</p> <p>2025 40.3Bn</p>	<p>2024 743.2Bn</p> <p>2025 827.4Bn</p>	<p>2024 96.5Bn</p> <p>2025 140.7Bn</p>
<p>Dividends Per Share (KShs) ▲</p> 	<p>Total Dividends (KShs) ▲</p> 	<p>Return on Equity ▼</p> 
<p>2024 1.5</p> <p>2025 2.5</p>	<p>2024 8.8Bn</p> <p>2025 14.7Bn</p>	<p>2024 19.7%</p> <p>2025 19.1%</p>
<p>Non-Performing Loan Ratio ●</p> 	<p>Net Interest Margin on Loans ▲</p> 	<p>Cost-to-Income (Excluding provisions) ▲</p> 
<p>2024 16.8%</p> <p>2025 15.4%</p>	<p>2024 8.5%</p> <p>2025 10.1%</p>	<p>2024 47.2%</p> <p>2025 46.3%</p>

Key: ▲ Value Created | ● Value Preserved | ▼ Monitor

Customers and Reach

Co-op Kwa Jirani Agents ▲		Account Holders ▲		Diaspora Banking Customers ▲	
					
2024	2025	2024	2025	2024	2025
16,110	16,793	9.4 Million	9.8 Million	16,308	22,923

ATM and Cash Deposit Machines ▲		Merchants Enabled ▲		Branches ▲	
					
2024	2025	2024	2025	2024	2025
617	620	5,357	11,276	210	222

Awards and Accolades





NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of THE CO-OPERATIVE BANK OF KENYA LIMITED will be held via electronic communication on Friday, 15th May, 2026 at 11.00 a.m. for the transaction of the following business: -

A. ORDINARY BUSINESS

- To read the notice convening the meeting and determine if a quorum is present.
- To receive, consider and, if approved, adopt the Audited Consolidated Financial Statements of the Company for the financial year ended 31st December 2025 together with the Directors' and Auditors' reports thereon.
- To approve a final dividend of Kshs. 1.50 per share in respect of the year ended 31st December 2025 to be paid to the shareholders on the Register as at the close of business on 30th April 2026. If approved, and the Company having paid an interim dividend of Kshs 1.00 per share on 4th December 2025, the full dividend per share for the period ended 31st December 2025 will be Kshs 2.50 per share. The final dividend will be paid on 5th June 2026.
- Election of Directors.
 - Mr. Wilfred Ongoro being a director appointed under Article 104A of the Company's Articles under which the Majority and strategic shareholder of the Company, Co-oholdings Co-operative Society Limited, nominates to the Board of the Company seven (7) directors, is retiring by rotation and being eligible offer himself for re-election in accordance with Article 100 of the Company's Articles of Association. Co-oholdings Co-operative Society Limited has already nominated him for re-election.
 - In accordance with Article 100 of the Company's Articles of Association, Mrs. Margaret Karangatha is due for retirement by rotation and, being eligible for re-election, offers herself for re-election.
 - In accordance with Article 100 of the Company's Articles of Association, Mr. Lawrence Karissa retires and does not offer himself for re-election.
 - In accordance with Article 102 of the Company's Articles of Association, the Board appointed Mr. Wanyambura Mwambia as director to the Board to fill a casual vacancy. Mr. Wanyambura is therefore due to retire from office at the Annual General Meeting, and, being eligible, offers himself for re-election as a director of the Company.
 - In accordance with the provisions of Section 769 of the Companies Act, 2015, the following directors being members of the Board Audit Committee, be elected to serve as members of the said Committee:-
 - Mrs. Weda Welton.
 - Mr. Musa Kathanje.
 - Mr. Wanyambura Mwambia.
 - Mr. Benedict Simiyu.
 - Mr. David Muthigani.
- To approve the remuneration of the Directors for the year ended 31st December 2025 and to authorize the Board to fix the remuneration of Directors for the ensuing year.
- To re-appoint KPMG, who have expressed their willingness to continue in office, as Auditors of the Company for the ensuing financial year and to authorize the directors to fix their remuneration.

B. SPECIAL BUSINESS

- To consider and if thought fit to pass the following resolutions as special resolutions:
 - Reorganization into a Non-Operating Holding Company (NOHC) Structure**

THAT, subject to obtaining all necessary regulatory, statutory, and third-party approvals (including but not limited to the approval of the Cabinet Secretary to the National Treasury of Kenya, the Central Bank of Kenya and the Capital Markets Authority, the proposed reorganization of The Co-operative Bank of Kenya Limited ("The Company") and its subsidiaries and relevant associates into a Group structure comprising a Non-Operating Holding Company (NOHC) at the apex in accordance with Section 13(1)(e) of the Banking Act (Cap. 488, Laws of Kenya) and the applicable Prudential Guidelines issued by the Central Bank of Kenya ("CBK") ("the Reorganization") be and is hereby **APPROVED**.

THAT, subject to the grant of an NOHC licence by the CBK, the Company be converted from an operating commercial bank into a Non-Operating Holding Company in accordance with Section 13(1)(e) of the Banking Act (Cap. 488, Laws of Kenya) and the applicable Prudential Guidelines issued by the Central Bank of Kenya, under the name **Co-opbank Group PLC**.

THAT upon the successful transfer of the banking business of the Bank by the Company to the NewBank, the Company (as NOHC) shall change its name to "**Co-opbank Group PLC**", subject to the approval of the Registrar of Companies.
 - Incorporation of the new Subsidiary (NewBank)**

THAT the incorporation of a wholly owned subsidiary of the Company for the purpose of taking over, undertaking and carrying on the banking business currently conducted by the Company, to be named "**Co-op Bank Kenya Limited**" (the "**NewBank**"), subject to the approval of the Registrar of Companies, be and is hereby **RATIFIED** and **APPROVED**.

THAT the initial core capital of the NewBank shall be **Kshs 20 Billion** divided into **200 Million** ordinary shares of **Kshs 100** each, all of which shall be issued to and held by the Company.

THAT any two Directors of the Company, or any one Director and the Company Secretary, be and are hereby authorized to execute all incorporation documents and the constitution/articles of association of NewBank on behalf of the Company.

iii) Regulatory Applications and Engagement

THAT the Board of Directors and the senior management of the Company be and are hereby authorized to:

- Apply for and pursue the grant of an NOHC License for the Company pursuant to the Banking Act and CBK Prudential Guidelines;
- Seek all necessary licences, approvals, consents or no-objection letters from the CBK, Capital Markets Authority, Insurance Regulatory Authority, Competition Authority of Kenya, and any other applicable domestic or regional regulator; and
- Undertake all regulatory engagements necessary to give effect to the reorganization.

iv) Amendment of Memorandum and Articles of Association

i) THAT upon the Company being converted into a NOHC, the existing Memorandum and Articles of Association of the Company be amended by the adoption of the draft new Articles of Association presented to the meeting in place of the existing Memorandum and Articles of Association in order to, inter alia:-

- reflect the Company's status as an NOHC;
- align the Company's objects and governance framework with the NOHC Structure and modernize the Articles of Association in light of the Companies Act, No. 17 of 2015 and best practices; as more particularly set out in the draft Amended Articles of Association presented before the Meeting.

v) Transfer of Business

a) THAT, subject to the approval of the Cabinet Secretary to the National Treasury and Economic Planning of Kenya pursuant to Section 9 of the Banking Act, and the CBK, the Company be and is hereby **AUTHORIZED** to transfer its banking and related business, including such assets, employees, liabilities, rights and obligations to NewBank as a going concern pursuant to a Business Transfer Agreement to be entered into between the Company and NewBank (Co-op Bank Kenya Limited), on such terms and for such consideration and at such time as the Board may approve and as shall be set out in the said Business Transfer Agreement. Without prejudice to the foregoing, the consideration for the transfer of the said banking business shall include the allotment to the Company of the entire issued share capital of the NewBank.

b) THAT upon transfer of the business from the Company to the NewBank pursuant to the Business Transfer Agreement, the Company shall cease to conduct banking business and shall operate solely as a non-operating holding company in accordance with Section 13(1)(e) of the Banking Act (Cap. 488, Laws of Kenya) and the applicable Prudential Guidelines issued by the Central Bank of Kenya.

c) THAT the Board of the Company be and is hereby authorized to execute all agreements, deeds, instruments and documents, and to take all actions necessary or incidental to implement the Reorganization, including the transfer or novation of contracts, migration of systems, and transfer of assets and liabilities.

vi) THAT any actions of any officer of the Company, in carrying out the terms and intentions of these resolutions, whether taken prior to or subsequent to the passing of the aforementioned resolutions, be and the same are hereby in all respects ratified, confirmed and approved as the authorized actions of the Company.

- Transact any other business, which may be properly transacted at an Annual General Meeting.

Dated at Nairobi this 22nd day of April, 2026.

By order of the Board

SAMUEL M. KIBUGI
COMPANY SECRETARY

Notes

- The Co-operative Bank of Kenya Limited has convened and will conduct its Eighteenth Annual General Meeting via virtual/electronic mean in line with the Companies Act, 2015.
- Shareholders wishing to participate in the meeting should register for the AGM by doing the following:
 - dialing *483*904# for all Kenyan telephone networks and following the various registration prompts; or
 - Send an email request to be registered to co-opbankagm@image.co.ke
 - Shareholders with email addresses will receive a registration link via email through which they can use to register.

In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance shareholders should dial the following helpline number: (+254) 709 170 037/ 709 170 000 from 9:00 a.m. to 5:00 p.m. from Monday to Friday. Any shareholder outside Kenya should dial the helpline number to be assisted to register.

- Registration for the AGM opens on 24th day of April 2026 at 9:00 a.m. and will close on 13th day of May, 2026 at 11.00 a.m.
- In accordance with Section 283 (2) (c) of the Companies Act, the following documents may be viewed on the Company's website www.co-opbank.co.ke (i) a copy of this Notice and the proxy form; (ii) the Company's audited financial statements for the year ended 31st December 2025, and (iii) upon approval by the Capital Markets Authority, the Shareholders' Circular in respect of the Special Business.

The reports may also be accessed upon request by dialing the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.

- Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
 - sending their written questions by email to agm2026questions@co-opbank.co.ke
 - shareholders who will have registered to participate in the meeting shall be able to ask questions via sms by dialing the USSD code above and selecting the option (Ask Question) on the prompts;
 - to the extent possible, physically delivering their written questions with a return physical address or email address to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, Nairobi, or;
 - sending their written questions with a return physical address or email address by registered post to the Company's address at P. O. Box 48231 - 00100 Nairobi.

Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.

The Company's Directors will provide responses to questions received via the channel used by shareholders to send their questions i.e. SMS (for USSD option), Email, Letters or Telephone call. Questions will also be responded to during the meeting.

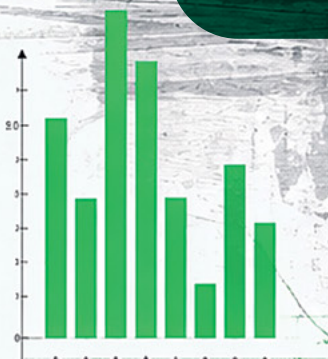
A full list of all questions received and the answers thereto will be published on the Company's website not later than 24 hours following the conclusion of the meeting.

- In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone. A proxy form is available on the Company's website via this link: <http://www.co-opbank.co.ke>. Physical copies of the proxy form are also available at the following address: Image Registrars Limited offices, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street and at all the branches of the Company. A proxy must be signed by the appointor or his attorney duly authorized in writing. If the appointor is a body corporate, the instrument appointing the proxy shall be under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to info@image.co.ke or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 - 00100 GPO, Nairobi, so as to be received not later than 13th May, 2026 at 11.00 a.m. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than 13th May, 2026 at 11.00 a.m. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 13th May, 2026 at 2.00 p.m. to allow time to address any issues.
- The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time and providing a link to the live stream.
- Shareholders and proxies who have registered to attend the AGM may follow the proceedings using the live stream platform, access the agenda and vote (when prompted via SMS) via the USSD prompts or using the "VOTE" tab on the livestream link.
- A poll shall be conducted for all the resolutions put forward in the notice.
- Results of the AGM shall be published on the Company's website within 24 hours following conclusion of the Annual General Meeting. Shareholders are encouraged to continuously monitor the Company's website www.co-opbank.co.ke for updates relating to the AGM.

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1. About this Report

This Integrated Report explains how The Co-operative Bank of Kenya Limited and its subsidiaries (together referred to as 'the Group', or 'the Bank', or 'Co-op Bank') create, preserve and distribute value over time for shareholders, the co-operative movement, customers, employees and the communities we serve. It presents a connected view of financial performance, strategy, governance, risk management and sustainability-related disclosures to support informed assessment of the Group's performance, resilience and long-term prospects.

The report covers the year ended 31 December 2025 and outlines the Group's strategic priorities, material matters, principal risks and opportunities, climate response, people and customer outcomes, and the performance measures used to monitor progress.

1.1. Reporting at a glance

Reporting period	1 January 2025 to 31 December 2025, with selected subsequent events described where they are material to understanding the Group's position, performance or outlook.
Reporting frequency	This Integrated Report is issued annually.
Reporting entity	The Co-operative Bank of Kenya Limited and entities under its control on a consolidated basis.
Reporting boundary	Unless explicitly labelled otherwise, disclosures in this report are presented on a Group basis; Bank-only, entity-specific, geography-specific, operational-control and value-chain disclosures are identified where relevant.
Principal markets	Kenya and South Sudan.
Presentation basis	Monetary amounts are presented in Kenya Shillings (KShs.) unless otherwise stated. Emissions are reported in tonnes of carbon dioxide equivalent (tCO ₂ e). Comparative figures for 2024 are presented where available.
Boundary extension	Where necessary to explain material sustainability-related risks and opportunities, the report extends beyond the operational footprint to selected upstream and downstream value-chain matters, including financed activities, portfolio-level climate exposures, critical suppliers and service dependencies, and selected customer or community outcomes.
Primary frameworks	International Integrated Reporting Framework, IFRS Accounting Standards, and selected sustainability-related frameworks and regulatory guidance described in this chapter.
Assurance position	The annual financial statements are independently audited. Sustainability-related information is primarily subject to internal review and control processes unless a specific disclosure states otherwise.

1.2. Reporting scope and boundary

This Integrated Report is prepared for The Co-operative Bank of Kenya Limited and the entities it controls, consistent with the Group's audited consolidated financial statements for the year ended 31 December 2025, unless otherwise stated.

Controlled entities include Co-optrust Investment Services Limited, Co-op Bancassurance Intermediary Limited, Kingdom Bank Limited, Kingdom Securities Limited, and Co-operative Bank of South Sudan Limited. The Group's principal jurisdictions of operation are Kenya and South Sudan. The Co-operative Bank Foundation disclosures are included for social-impact reporting only, are management-reported unless stated otherwise, and do not form part of the Group's consolidated financial statements.

Unless explicitly labelled otherwise, disclosures in this report are presented on a Group basis. Financial reporting follows the consolidation boundary used in the audited financial statements.

Selected non-financial and climate-related disclosures may, depending on topic, follow an operational-control boundary or extend into selected upstream or downstream value-chain matters where this is necessary to explain material risks, opportunities, dependencies, outcomes or exposures.

The table below summarizes the boundary model applied throughout this report.

Reporting boundary model

Boundary Layer	Included / Basis	Limits and how this appears in the Report
Financial consolidation	The Co-operative Bank of Kenya Limited and controlled subsidiaries, consistent with audited financial statements.	Associates, joint arrangements, and other non-controlled interests are excluded unless required by accounting standards. This is the default basis for financial analysis.
General reporting	Group basis by default across narrative, tables, and key performance indicators.	Bank-only, subsidiary-specific, geography-specific, and topic-specific exceptions are explicitly labelled. This is the default reading rule for the report.
Non-financial and sustainability	Group operations and controlled subsidiaries where data is available and decision-useful.	Breadth varies by topic, data maturity, and reporting basis. This applies across governance, people, customers, community, sustainability performance and selected operational metrics.
Operational control	Facilities, branches, vehicles, and activities under the Group's operational control.	Used mainly for environmental data and resource-use metrics. Does not automatically extend to financed or outsourced activities.
Value chain and financed activity	Selected upstream and downstream effects where material, including financed activities, portfolio-level climate exposures, critical suppliers and service providers, and selected customer or community outcomes.	Not all categories are fully quantified for FY2025. Methods, assumptions, and limitations are disclosed. Used mainly in risk and climate disclosures.
Geographic	Primarily Kenya, with South Sudan and any other geography separately identified where relevant.	Where geographic data is unavailable, disclosures may be reported at Group level with limitations stated. Geographic qualifiers are included where material.
Foundation disclosures	Co-operative Bank Foundation programme outcomes managed and funded by the Group.	Disclosures specific to a programme (rather than Group-wide metrics) are explicitly stated in the relevant section.

Topic-specific data notes, estimates, limitations and changes in measurement basis are disclosed in the relevant sections and annexures to this report.

1.3. Basis of preparation and reporting frameworks

This Integrated Report has been prepared to provide a connected, decision-useful account of the Group's financial performance, strategy, governance, risk management and sustainability-related matters. It is structured in line with the International Integrated Reporting Framework and reflects the principles of integrated thinking, connectivity of information, materiality and value creation over time.

The Group's annual financial statements are prepared in accordance with the requirements of the Kenyan Companies Act, 2015 and IFRS Standards as issued by the International Accounting Standards Board (IASB Standards).

Sustainability and climate-related disclosures are informed, where relevant, by the concepts and architecture of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, taking into account current reporting maturity, data availability, methodological development and the evolving implementation landscape in Kenya.

The report also takes account of relevant statutory, regulatory and market guidance applicable to the Group. Detailed framework references, disclosure maps, technical conventions and methodology notes are set out in Annexures (Section 13).

1.4. Primary users and key stakeholders addressed in this report

This Integrated Report is prepared primarily for existing and potential investors, lenders and other capital providers who rely on general purpose financial reporting to assess the Group's ability to create, preserve or erode value over time. Their decisions influence the Group's access to finance, cost of capital and long-term resilience.

In addition, the report addresses the needs of a broader range of stakeholders whose interests are central to the Group's purpose, performance and long-term success. Their perspectives inform integrated thinking, issue identification and the way the Group explains performance, trade-offs and outcomes.

Stakeholder	Key information needs addressed in this report
Co-operative movement and members	Shared prosperity, ecosystem strength, service delivery to co-operatives, movement support and sustainable value creation.
Regulators and policymakers	Prudential resilience, governance quality, climate risk management, conduct, disclosure quality and readiness for evolving regulatory expectations.
Employees	Strategic direction, performance outcomes, organizational culture, people development, wellbeing and accountability.
Customers and communities	Financial inclusion, service quality, accessibility, customer protection, responsible banking and meaningful social impact.
Business and co-operative partners	Alignment with governance standards, operational reliability, sustainability priorities and the Co-op Bank banking model.
Civil society and development stakeholders	Environmental and social impacts, Sustainable Development Goals (SDGs) contribution, community investment outcomes and responsible business conduct.

1.5. Materiality summary

Materiality determines which matters are included in this Integrated Report. For the purposes of this report, a matter is considered material where omitting, misstating or obscuring it could reasonably be expected to influence decisions made by existing and potential investors, lenders and other creditors regarding the Group's prospects and long-term ability to create, preserve or erode value.

In determining material matters, the Group considers the external operating environment, strategic priorities, business model dependencies, principal risks and opportunities, regulatory developments, stakeholder perspectives, and relevant value-chain effects where these may credibly affect enterprise value. Wider stakeholder concerns and broader social and environmental outcomes inform the assessment, but the report's inclusion threshold remains enterprise-value relevance.

Further details on the Group's materiality methodology, stakeholder engagement inputs, prioritization process, material topics and linkages to strategic risks and opportunities are provided in Section 5 and the related annexures.

1.6. Assurance and reliability of information

The consolidated financial statements included in this report were independently audited by KPMG Kenya in accordance with International Standards on Auditing (ISA), providing reasonable assurance on the financial information presented. The auditor's opinion should be read together with the independent auditor's report included in the financial statements section.

Non-financial disclosures, including sustainability-related information, were prepared through internal review and validation processes involving relevant business functions and senior management to support the accuracy, consistency and completeness of the information presented. External assurance over sustainability-related information was not obtained for FY2025.

Where material, disclosures based on estimates, evolving methodologies, value-chain data limitations or reasonable management assumptions are identified transparently in the relevant sections. The Group continues to strengthen data governance, control ownership, reporting methodologies and evidence trails to support assurance readiness and the phased external assurance of selected sustainability metrics, from FY2026 where data maturity and control readiness allow.

1.7 How to navigate this report

This Integrated Report is organized into fourteen sections covering the Group's business model, operating context, governance, strategy, risk, climate, people, customers, sustainability performance and financial results.

Section	What you will find
Investor Snapshot	Key financial and sustainability highlights, capital and liquidity context, strategic priorities, and performance overview.
Section 1 About This Report	Scope, frameworks, materiality summary, assurance, navigation guide, and Board approval.
Section 2 Group Overview	Purpose, heritage, group structure, business model, six capitals, key performance highlights and shareholding structure.
Section 3 Leadership	Chairman's statement (governance and stewardship focus), Group Managing Director & CEO's statement (operational focus), Board of Directors profiles, Board of Management profiles, and subsidiary leadership.
Section 4 Operating Environment	Global and regional macroeconomic context; Kenya-specific dynamics; South Sudan context; banking industry developments; regulatory landscape; FY2026 outlook scenarios and early-warning indicators.
Section 5 Materiality	Stakeholder engagement, materiality methodology and the ten priority material topics (MT-01 to MT-10) with linkages to strategy, risks and financial effects.
Section 6 Governance	Governance architecture and regulatory framework; Board leadership, composition and effectiveness; Board committees; sustainability and climate governance; ethics, conduct and compliance; remuneration governance; internal controls; shareholder rights; subsidiary governance.
Section 7 Strategy and Value Creation	"Good to Great" 2025–2029 Corporate Strategic Plan; six strategic pillars with FY2025 performance and FY2026 priorities; Soaring Eagle Transformation Agenda; strategic trade-offs; value added statement; strategic review and outlook.
Section 8 Risk Management	Enterprise risk management framework; risk governance; risk universe; risk appetite and limits; principal risks with value-erosion pathways, controls and FY2026 actions; ESMS; stress testing and scenario analysis; emerging risks.
Section 9 Climate and Environmental Performance	IFRS S2-aligned climate governance, strategy, risk management, scenario analysis and metrics; operational footprint; sustainable finance readiness; financed emissions roadmap; broader environmental management; climate financial-statement connectivity.
Section 10 People and Culture	Workforce profile and diversity; learning and development; performance and reward; employee wellbeing and safety; FY2026 people priorities.
Section 11 Customers and Community	Customer experience; financial inclusion; the co-operative movement as a delivery architecture; Co-operative Bank Foundation community investment.
Section 12 Metrics, Targets and Sustainability Performance	Controlled sustainability scorecards; current commitments, milestones and managed priorities; SDG alignment; data notes and comparability guidance.
Section 13 Annexures	Framework indices including IFRS S1 and S2, Global Reporting Initiative (GRI), disclosure maps, methodologies, data notes, definitions, and selected regulatory cross-references.
Section 14 Financial Statements	Audited consolidated financial statements and KPMG Kenya independent auditor's report.

Cross-references are used throughout the report to connect related disclosures and direct readers to further detail. Section 13 contains the principal technical reference materials, including framework indices, disclosure maps, methodology notes, key performance indicators definitions, acronyms and selected regulatory cross-references.

Questions about this report may be directed to the Group's Investor Relations team at investorrelations@co-opbank.co.ke or the Sustainability team at esg@co-opbank.co.ke.

1.8. Forward-looking statements

This Integrated Report contains forward-looking statements relating to the Group's strategy, priorities, plans, targets, commitments, expectations and outlook. These statements are based on current assumptions, estimates, judgements and information available at the date of preparation.

Actual outcomes may differ materially from those expressed or implied in these forward-looking statements due to changes in macroeconomic conditions, regulatory and supervisory developments, market dynamics, customer behavior, technology risks, climate-related developments, litigation, geopolitical events, operational incidents and other factors, some of which may be outside the Group's control.

Forward-looking statements should be read together with the related risk disclosures, assumptions, limitations and time-horizon discussions presented elsewhere in this report. They are not a guarantee of future performance and apply as at the date of Board approval, unless updated in accordance with applicable law or regulation.

Board approval statement

This Integrated Report was reviewed and approved by the Board of Directors of The Co-operative Bank of Kenya Limited on behalf of the Group on 8 May 2026.

The Board accepts responsibility for the integrity of this report and is satisfied that, taken as a whole, it presents a balanced, connected and reasonable account of the Group's performance, strategic direction, governance, material matters and outlook, subject to the assurance status, reporting boundaries and limitations disclosed in the relevant sections.

John Murugu, OGW

Chairman

The Co-operative Bank of Kenya Limited



Dr. Gideon Muriuki, CBS, MBS

Group Managing Director & CEO

The Co-operative Bank of Kenya Limited



The Bank Chairman Mr. John Murugu, OGW is joined by the Group Managing Director & CEO, Dr. Gideon Muriuki, CBS, MBS, and the Vice Chairman Mr. Macloud Malonza, MBS, HSC, to review various documentation for the Annual General Meeting of Shareholders.












2. Group Overview

Who We Are, What We Do, and How We Create Value

For over 58 years, Co-op Bank has served Kenya's co-operative movement and the broader economy, with operations in South Sudan. Majority-owned by the co-operative movement, the Group combines the reach of a large co-operative network with a full-service commercial banking franchise, delivering financial solutions that support livelihoods and economic resilience.

2.1. Our Vision, Mission, Purpose and Values

 <p>Our Vision</p> <p>To be the dominant bank in Kenya and the region, riding on the unique Co-operative Model providing innovative financial solutions for distinctive customer experience</p>	 <p>Our Mission</p> <p>To offer a wide range of innovative financial solutions leveraging on our heavy investment in multi-channels, national and regional presence and with a focus on excellent customer experience by a highly motivated and talented team.</p>	 <p>Our Purpose</p> <p>A financial institution predominantly owned by the Kenyan Co-operative movement transforming lives.</p>
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 <p>We are Trustworthy</p>	<p>Values</p>  <p>We are Innovative & Agile</p>	 <p>We Value our Customers/People</p>
 <p>We Share and Collaborate</p>	 <p>We have Passion for Excellence</p>	 <p>We are Bold & Courageous</p>

These values guide decision-making across the Group, from lending and product innovation to customer service, risk management, and sustainability. They support long-term value creation through responsible financial intermediation, disciplined risk management, and sustainable practices.

→ See Section 7 – Strategy and Value Creation; how the Good to Great 2025–2029 Corporate Strategic Plan operationalizes this purpose.
 → See Section 5 – Materiality; how purpose informs material topic identification and stakeholder engagement.

2.2. Our Heritage: A Journey of Growth and Resilience

Over 58 years, Co-op Bank has navigated financial crises, technology revolutions, a global pandemic, and shifting regulatory landscapes, each time emerging stronger in its service to the co-operative movement and the broader Kenyan economy. The milestones below mark the defining moments of that journey.

1965

Registered under the Co-operative Societies Act.

1968

The Co-operative Bank of Kenya Limited opens its doors

1994

Converts into a full-fledged commercial bank, expanding beyond co-operatives to individuals, corporates, and institutions.

1998

The Bank's Head Office was struck by the terrorist attack targeting the adjacent US Embassy. Operations temporarily relocated.

2000

The Bank records a loss of KShs. 2.3Bn, a defining low point that catalyzed fundamental transformation.

2001

Dr. Gideon Muriuki, CBS, MBS appointed Group Managing Director & CEO with a mandate to return the Bank to profitability.

2002

Remarkable turnaround: returns to profitability with KShs. 103Mn. The Bank reoccupied the renovated Co-operative House.

2005

Capital base strengthened: share capital doubled from KShs. 1.2Bn to KShs. 2.3Bn.

2007

Profit Before Tax reaches KShs. 2.3Bn, confirming sustained recovery.

2008

The Bank successfully lists on the Nairobi Securities Exchange.

2009 - 2013

Rapid expansion: 77 new branches opened; customer accounts grew from 700,000 to 4.1Mn.

2014 - 2015

Launches the Soaring Eagle Transformation Agenda, positioning the Bank for greater growth, efficiency, and service excellence.

2016 - 2019

The Group maintains strong performance despite economic headwinds including interest rate capping; PBT reaches KShs. 20.7Bn in 2019.

2020 - 2021

Resilience through COVID-19: restructures KShs. 49Bn in credit facilities. Acquires Kingdom Bank Limited (formerly Jamii Bora Bank), strengthening the MSME segment. Reports PBT of KShs. 22.7Bn in FY2021.

2022 - 2024

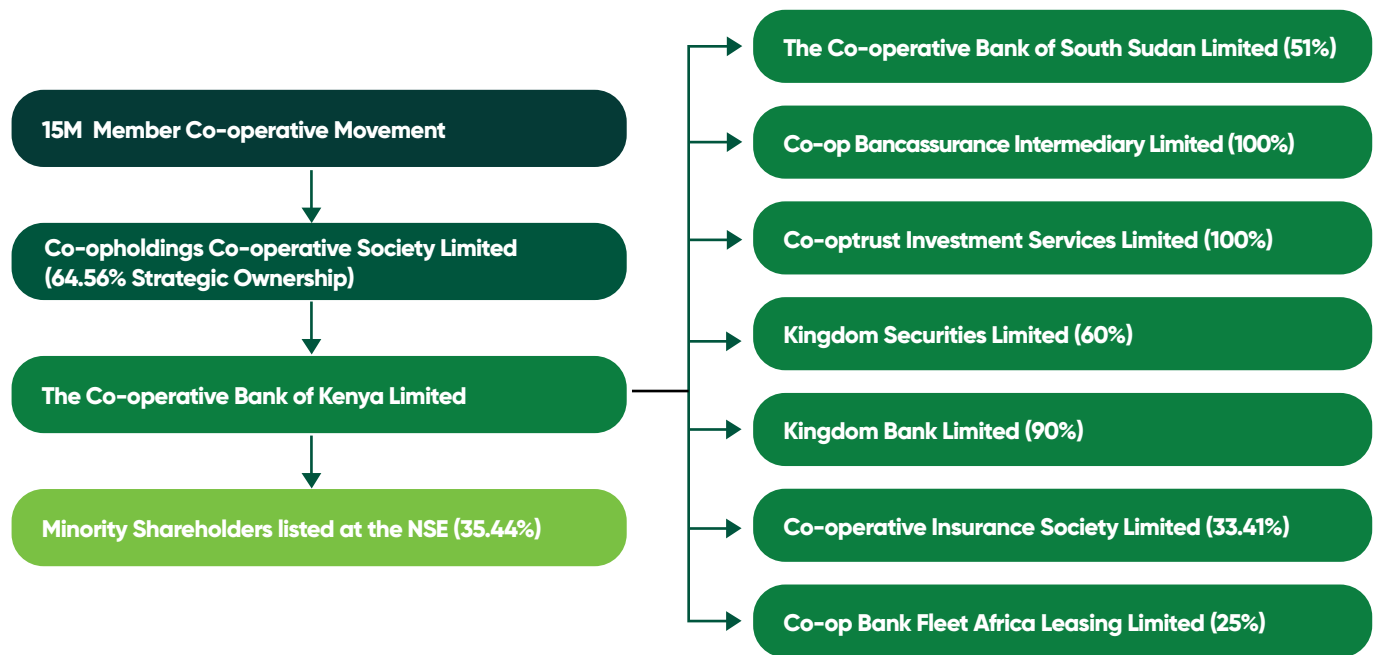
Establishes a dedicated Sustainability Unit and Committee; launches our largest-ever Core Banking System; Board approves the "Good to Great" 2025-2029 Corporate Strategic Plan.

2025

Total assets reach KShs. 827.4Bn (+11.3%). Best-ever PBT of KShs. 40.3Bn (+15.8%). Record dividend of KShs. 2.5 per share (KShs. 14.7Bn). First year of Good to Great execution. IFRS S1 and S2 early adoption.

2.3. Group Structure

The Group comprises the parent bank and five principal subsidiaries, each serving distinct segments within a universal banking model. Co-opholdings Co-operative Society Limited, the investment vehicle of the co-operative movement, is the majority shareholder, holding 64.56% of issued share capital.



Group principal entities

Entity	Segment	Principal Activities	Geography
The Co-operative Bank of Kenya Limited (Parent)	Universal Banking	Full-service commercial banking: retail, corporate, co-operative and institutional banking; MSMEs; digital banking	Kenya
Subsidiaries			
Kingdom Bank Limited	MSME Banking	Niche MSME-focused banking and deposit-taking	Kenya
Co-optrust Investment Services Limited	Asset Management	Fund management for pension schemes, unit trust holders, and high-net-worth clients	Kenya
Co-op Bancassurance Intermediary Limited	Bancassurance and Advisory	Bancassurance intermediation; consultancy and capacity building for co-operative societies	Kenya
Kingdom Securities Limited	Stockbroking	Stock brokerage services	Kenya
Co-operative Bank of South Sudan Limited	Commercial Banking	Full-service commercial banking; returned to profitability in FY2025	South Sudan
Associates			
Co-op Bank Fleet Africa Leasing Limited	Leasing	Leasing solutions for retail, MSME, corporate, PSV, government, and NGO clients	Kenya
Co-operative Insurance Society Limited	Insurance	Full-Service Insurance Services	Kenya
Registered Trust			
The Co-operative Bank Foundation Registered Trustees (Co-op Foundation)	Trust	Supporting key corporate social responsibility activities for the Group	Kenya

2.4. Operational Footprint

The Group operates across Kenya and South Sudan, serving customers through an extensive multi-channel network. The table below reflects the Group's operational footprint as of 31 December 2025.

Indicator	FY2024	FY2025
Markets served	Kenya, South Sudan	Kenya, South Sudan
Account holders (Mn)	94	98
Branches	210	222
Co-op Kwa Jirani agents	16,110	16,793
ATMs and cash deposit machines	617	620
Merchants enabled	5,357	11,276
Diaspora Banking customers	16,308	22,923
SACCO front offices served (FOSAs)	619	625
Staff (Group)	5,863	6,235



Prime Cabinet Secretary and Cabinet Secretary for Foreign and Diaspora Affairs H.E. Dr. Musalia Mudavadi, EGH, together with the Cabinet Secretary for Co-operatives and Micro, Small and Medium Enterprises Development, Hon. Dr. Wycliffe Oparanya, EGH, present the winner's trophy to Group Managing Director & CEO, Dr. Gideon Muriuki CBS, MBS, during the National Ushirika Day. Co-op Bank is the leading banker for the Co-operative Movement in Kenya and the region.

2.5. Business Model

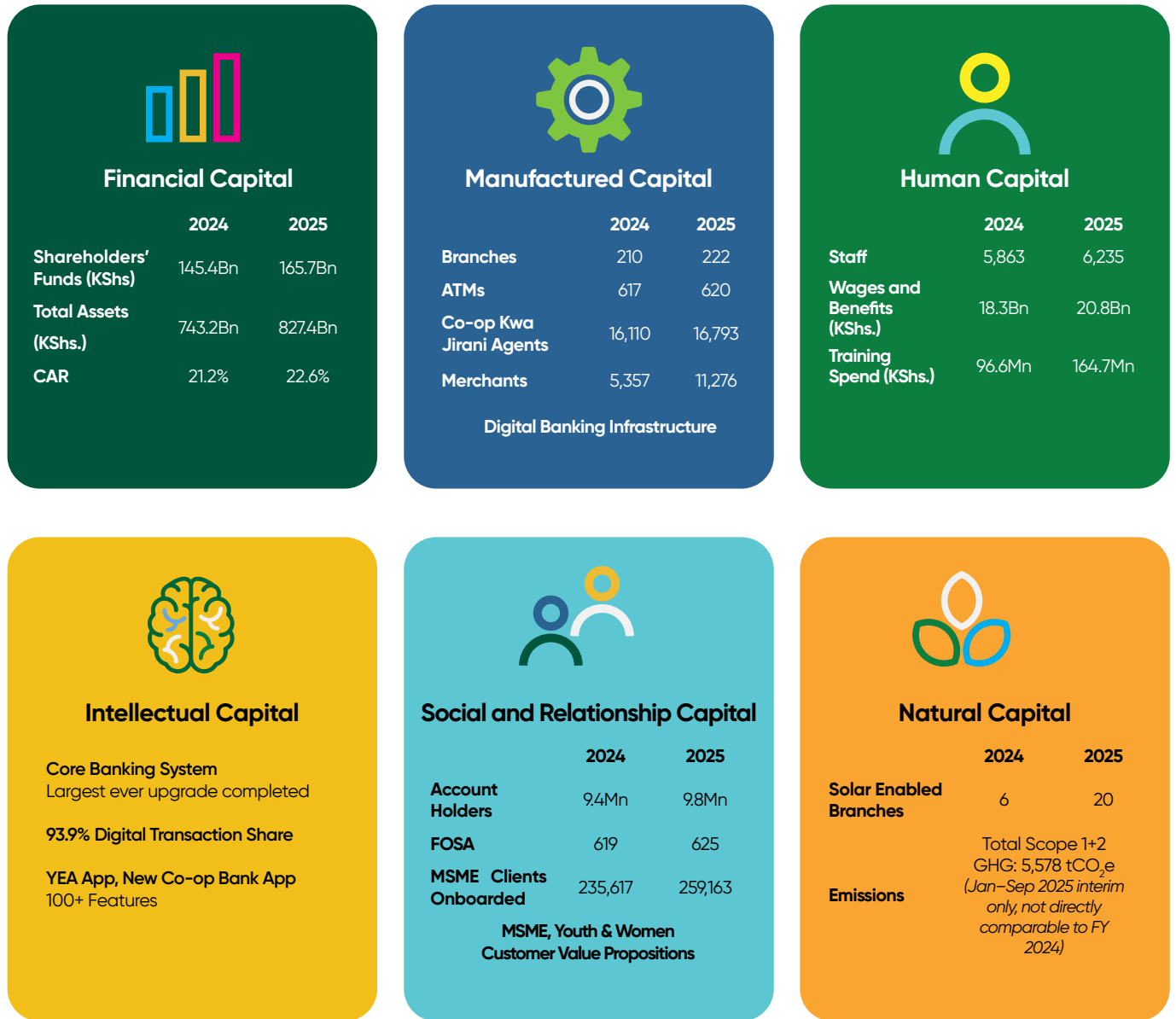
The Group's business model creates long-term value by integrating sustainability and risk management into core banking operations. Through responsible lending, multi-channel delivery, and targeted financial solutions, the Group supports financial inclusion, climate resilience, and economic development while managing financial and non-financial risks.

2.5.1. Integrated Thinking and Connectivity

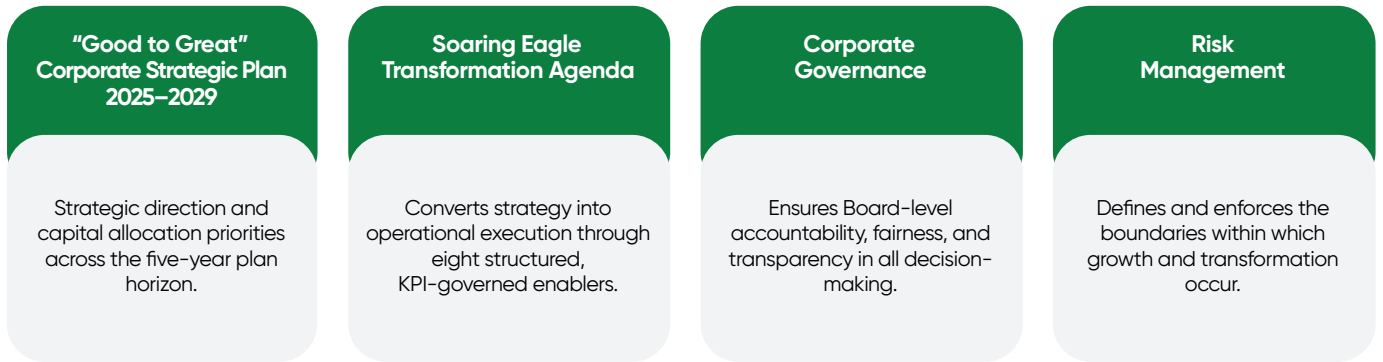
The Group integrates strategy, risk management, and the six capitals into decision-making to create and sustain value. Financial, human, intellectual, social, natural, and manufactured capital are deployed to address material risks, including climate risk, while supporting digital transformation and stakeholder expectations. This approach links governance, strategy, risk, and performance in line with IFRS S1 and IFRS S2.

Business Model

6 Capitals



How We Create Value : Four Drivers



FY2025 Outputs and Stakeholder Outcomes



→ See Section 5 – Materiality for how material topics link to capital preservation and erosion.
 → See Section 9 – Climate for natural capital inputs, GHG methodology, and ESMS screening.
 → See Section 12 – Metrics, Targets and Sustainability Performance for full capital outcomes quantification.
 → See Section 14 – Financial Statements: full financial performance, returns, capital adequacy, impairment analysis, and dividend detail

2.5.2. Business Segments and Solutions

The Group delivers financial solutions through three principal banking divisions, supported by its subsidiary entities. The Co-operative's banking division is a defining differentiator, underpinned by the Group's scale, long-standing relationships, and deep integration with the co-operative movement.

Business segments and solutions

Key Business Segment	Serving	Key solutions
Retail and Business Banking Division	Individual customers; micro, small and medium enterprises	Deposit accounts; savings; current; fixed and call deposits; forex; payment solutions; funds transfer; M-Wallet loans; trade finance; MSME loans; personal and consumer loans; working capital; asset finance; insurance premium financing; mortgage finance; bancassurance; investment services
Corporate and Institutional Banking Division	Corporates; institutions; government; parastatals; NGOs; international financial institutions	Full banking solutions tailored to the scale and complexity of large institutional clients
Co-operatives Banking Division	Large, medium and small SACCOs; housing SACCOs; agricultural and other co-operatives; PSV/transport SACCOs; investment SACCOs	Full banking solutions tailored to the co-operative model; FOSA integration; capacity building; co-operative movement consultancy
Kingdom Bank Limited	Niche MSMEs	MSME-focused banking with dedicated products for smaller businesses; PBT KShs. 1.1Bn in FY2025
Co-operative Bank of South Sudan Limited	Full Service Commercial Banking	Deposit accounts; savings; current; fixed and call deposits; forex; payment solutions; funds transfer; trade finance; MSME loans; personal and consumer loans; working capital; asset finance; insurance premium financing; mortgage finance; bancassurance; investment services
Co-optrust Investment Services Limited	Pension schemes; unit trust holders; high-net-worth clients	Fund management services; PBT KShs. 936.2Mn (+142.3%) in FY2025
Co-op Bancassurance Intermediary Limited	Co-operative societies; bancassurance clients	Bancassurance intermediation; consultancy and capacity building; PBT KShs. 1.5Bn (+23.7%) in FY2025
Kingdom Securities Limited	Retail and institutional investors	Stock brokerage services; PBT KShs. 129.7Mn (+74.8%) in FY2025
Co-op Bank Fleet Africa Leasing Limited	Retail; MSMEs; corporates; PSVs; government; NGOs	Leasing solutions across asset classes

→ See Section 7 – Strategy and Value Creation; strategic priorities under Good to Great.

→ See Section 11 – Customers and Community; customer outcomes and MSME impact.

2.6. Key Performance Highlights

The following highlights reflect the Group's performance trajectory over the three years to 31 December 2025. Financial indicators are drawn from the audited financial statements. Non-financial indicators are internally prepared and subject to internal validation.

Group Financial Performance

Indicator	FY2023	FY2024	FY2025
Profit before tax (KShs. Bn)	32.4	34.8	40.3
Profit after tax (KShs. Bn)	23.2	25.5	29.8
Total assets (KShs. Bn)	671.1	743.2	827.4
Customer deposits (KShs. Bn)	451.6	506.1	574.2
Net loans and advances (KShs. Bn)	374.2	373.7	421.0
Net interest income (KShs. Bn)	45.2	51.5	62.9
Net interest margin on loans (%)	7.8	8.5	10.1
Non-funded income (KShs. Bn)	26.5	29.1	29.0
Total operating income (KShs. Bn)	71.7	80.8	91.6
Cost of funds (%)	4.8	6.4	5.0
Cost-to-income ratio (%)	47.0	47.2	46.3
Market capitalization (KShs. Bn)	66.3	96.5	140.7
Shareholders' Funds (KShs. Bn)	113.6	145.4	165.7
Return on equity (%)	21.0	19.7	19.1
Return on assets (%)	3.6	3.6	3.8
Dividend per share (KShs.)	1.50	1.50	2.50
NPL ratio (%)	16.7	16.8	15.4
Total capital adequacy ratio (%)	22.5	21.2	22.6
Core capital ratio (%)	18.2	18.3	20.3
Liquidity reserve ratio (%)	52.0	59.9	60.0
Total tax contribution (KShs. Bn)	18.9	20.9	21.5

Subsidiaries' Contribution

Subsidiary Performance (Profit Before Tax)	FY2024	FY2025	Growth
	KShs '000'	KShs '000'	%
Co-operative Bank of South Sudan	11,065	236,319	2035.7%
Kingdom Bank Limited	1,068,427	1,125,318	5.3%
Co-optrust Investment Services Limited	386,445	936,179	142.3%
Co-op Bancassurance Intermediary Limited	1,201,660	1,486,422	23.7%
Kingdom Securities Limited	74,209	129,692	74.8%
Subsidiaries Total	2,741,806	3,913,930	42.80%

Non-Financial Performance

Indicator	FY2023	FY2024	FY2025
Staff wages and benefits (KShs. Bn)	16.7	18.3	20.8
Co-op Foundation students supported	10,984	11,639	11,834
Scope 1 GHG emissions (tCO ₂ e)	2,119	2,048	2,465*
Scope 2 GHG emissions (tCO ₂ e)	4,693	4,410	3,113*
Total Scope 1+2 GHG emissions (tCO ₂ e)	6,812	6,458	5,578*
Electricity cost (KShs. Mn)	271.5	279.4	264.5
Water cost (KShs. Mn)	45.1	41.4	42.6
Generator fuel cost (KShs. Mn)	28.5	26.2	25.9

→ See Section 12 – Metrics, Targets and Sustainability Performance; full five-year data tables and sustainability performance detail.

→ See Section 14 – Financial Statements; detailed financial analysis and ratio commentary

* Jan-Sept interim, not annualized

2.7. Shareholding Structure

The Co-operative Bank of Kenya Limited is listed on the Nairobi Securities Exchange (NSE: COOP). As of 31 December 2025, the Bank had 5.87Bn issued shares held by 106,440 shareholders. Co-opholdings Co-operative Society Limited remains the majority shareholder at 64.56%.

Shareholding data is sourced from the share register maintained by the Group's Registrar, in compliance with Capital Markets Authority and Nairobi Securities Exchange reporting requirements. All disclosures reflect the position as of 31 December 2025.

Top 10 Shareholders

Rank	Shareholder	Shares Held	% Held
1	Co-opholdings Co-operative Society Limited	3,787,715,404	64.56%
2	Gideon Maina Muriuki	135,028,400	2.30%
3	Patel, Baloobhai; Patel, Amarjeet Baloobhai	100,000,000	1.70%
4	Standard Chartered Nominees Resd A/C KE11443	75,661,370	1.29%
5	NIC Custodial Services A/C 077	58,466,543	1.00%
6	NCBA Custodial Service Acc 325	46,040,100	0.78%
7	Kenya Commercial Bank Nominees Ltd A/C 915B	42,213,811	0.72%
8	Standard Chartered Nominees Resd A/C KE11401	30,918,200	0.53%
9	Stanbic Nominees Ltd R6631578	27,908,042	0.48%
10	Kenya Commercial Bank Nominees Ltd A/C 1094A	27,260,400	0.46%
	Sub-total (Top 10)	4,331,212,270	73.82%
	Other shareholders	1,535,967,833	26.18%
	Total	5,867,180,103	100.00%

The Co-operative Bank of Kenya Limited – Director Shareholding Interests

Director	Role	Shares Held
John Murugu, OGW (Chairman)	Independent, Non-Executive	2,076,316
Macloud Malonza, MBS, HSC (Vice Chairman)	Non-Executive	5,940,300
Dr. Gideon Muriuki, CBS, MBS (Group Managing Director & CEO)	Executive	135,028,400
Patrick K. Githendu (Late)	Non-Executive	86,415 – In Memoriam
Lawrence Karissa	Independent, Non-Executive	3,860
Wilfred Ongoro, HSC	Non-Executive	84
Alice Mwololo (Mrs.)	Independent, Non-Executive	-
Julius Sitienei	Non-Executive	4,000,000
Weda Welton (Mrs.)	Independent, Non-Executive	3,018,559
Richard L. Kimanathi	Non-Executive	100
Benedict W. Simiyu	Non-Executive	3,360
Godfrey K. Mburia	Non-Executive	800,000
Margaret Karangatha (Mrs.)	Independent, Non-Executive	237,413
David Muthigani Muriuki	Non-Executive	11,592

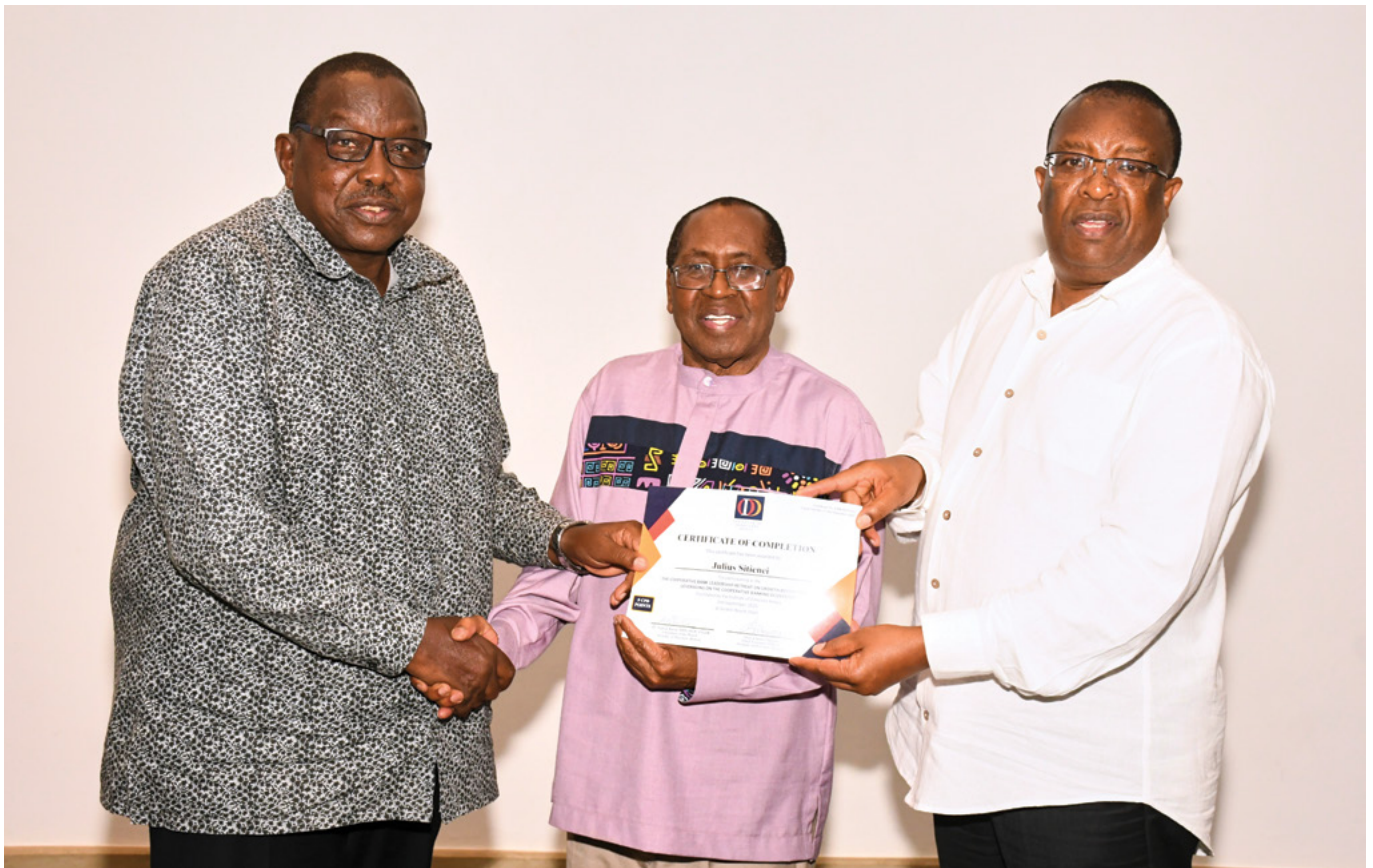
Detailed shareholding disclosures, including shareholder bands and the full register, are provided in Section 13 – Annexures (Shareholding Structure) and on the Group's investor relations portal at:

https://www.coopbank.co.ke/investor_categories/shareholder-profile/

2.8. Awards and Accolades

The following awards reflect the Group's performance in innovation, sustainability, customer service, and reporting during FY2025, as recognized by independent awarding bodies.

Award	Awarding Body	Category	Year
Global SME Finance Awards	SME Finance Forum	Winner – Product Innovation of the Year	2025
Energy Management Awards (EMA)	Energy and Petroleum Regulatory Authority	Winner – Financial Institution Award	2025
Infosys Finacle Innovation Awards	Infosys Finacle	Platinum Winner – Transformation Excellence; Platinum Winner – ESG-led Innovation	2025
FiRe Awards	The Institute of Certified Public Accountants of Kenya	Winner – ESG Reporting (GRI Category)	2025
PesaLink Bank Awards	Kenya Bankers Association	Winner – Ecosystem Collaboration Champion	2025
Visa Client and Partner Awards	Visa	Winner – Best Bank in MSME Enablement	2025



Co-opholdings Co-operative Society Limited Vice – Chairman Mr. Julius Sitienei receives his Certificate of Completion for Executive Training on Growth in the Digital Age. From the Bank Chairman Mr. John Murugu, OGW, and the Group Managing Director & CEO, Dr. Gideon Muriuki, CBS, MBS.



3. Leadership

3.1. Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Group's Integrated Report for the financial year ended 31 December 2025. This report outlines how we continued to deliver sustainable value to our shareholders and stakeholders, while strengthening resilience, governance and long-term competitiveness in a dynamic operating environment.

Operating Context

Global conditions in 2025 remained broadly supportive, though uneven, shaped by moderating inflation, improving financial conditions, and continued investment in technology, even as trade-policy shifts and geopolitical tensions continued to influence risk sentiment and cross-border flows. Across Sub-Saharan Africa and the East African region, growth remained resilient despite fiscal constraints and climate variability, with currencies and funding conditions still sensitive to sovereign risk and the pace of policy reform.

In Kenya, the economy experienced policy-driven stabilization, with full-year growth estimated at 5.0% in 2025, supported by a resilient services sector, an anchored agricultural base, and a recovery in industrial activity. Inflation eased to 4.1% in 2025 driven by improved food production, falling oil prices, and a more stable currency. This created room for a looser monetary policy stance, with the Central Bank Rate ending the year at 9.0%.

As yields on government securities moderated in line with the easing monetary stance, funding costs began to ease, deposit competition stabilized, and credit conditions gradually improved, supporting a measured recovery in private sector lending.

Against this backdrop, the Board remained focused on ensuring that the Group responded with prudence and clear strategic direction. Our oversight during the year was centred on preserving capital strength, maintaining liquidity resilience, safeguarding asset quality, and supporting Management's execution of the "Good to Great" 2025–2029 Corporate Strategic Plan.

Regulatory and policy developments

The regulatory environment continues to evolve. Key developments included enhanced cybersecurity oversight, improvements in payments infrastructure, reforms to credit pricing frameworks, and the continued progression of capital requirements.

A key milestone was the establishment of the Banking Sector Cyber Security Operations Centre (BS-SOC) regulation in 2025. The BS-SOC continues to support the Group's threat monitoring and coordinated response towards cybersecurity incidents.

The Group has fully adopted Kenya Overnight Interbank Average Rate (KESONIA) as its reference benchmark in line with CBK regulatory guidance on enhancing transparency in credit pricing and improving borrower awareness of total borrowing costs.

Our Kenyan banking operations met the FY2025 requirement of minimum capital of KShs.3.0Bn, and we remain on track to achieve the KShs. 5.0Bn threshold for FY2026.

The CBK issuance of the Kenya Green Finance Taxonomy and the Climate Risk Disclosure Framework are enabling our Group efforts towards addressing sustainability and climate related risks and opportunities disclosures. The Board continues to oversee the strengthening of climate risk management and reporting capabilities in line with evolving regulatory expectations.

Financial Performance and Capital Stewardship

The Group delivered a strong financial performance in FY2025, with Profit Before Tax growing by 15.8% to KShs. 40.3Bn, while Profit After Tax increased by 16.9% to KShs. 29.8Bn, representing the highest earnings in the Group's history.

Our total assets stood at KShs. 827.4Bn, customer deposits at KShs. 574.2Bn, and loans and advances at KShs. 421.0Bn, supported by strong capital and liquidity buffers. Shareholders' Funds rose to KShs. 165.7Bn and total capital adequacy stood at 22.6%. Cost discipline was sustained, with the cost-to-income ratio improving to 46.3%, while return on equity remained strong at 19.1%, reflecting continued value creation for shareholders.

In line with this performance, the Board approved the Bank's first-ever interim dividend of KShs. 1.0 per share and proposed a final dividend of KShs. 1.5 per share, bringing the total dividend to KShs. 2.5 per share. This represents a total payout of KShs. 14.7Bn, with approximately KShs. 9.5Bn accruing to the co-operative movement.

Governance, risk oversight and trust infrastructure

The Board comprises 13 directors, including 12 non-executive members and the Group Managing Director & CEO, bringing together a diverse blend of expertise across banking, finance, public policy, co-operative enterprise, and risk management. We remain firmly committed to the highest standards of corporate governance, ethical leadership, and accountability, recognizing these as fundamental to building trust, protecting stakeholders, and sustaining long-term value creation.

The Board and its committees continued to provide structured oversight across the Group's strategic direction, financial performance, and risk profile, while ensuring that execution remained consistent with the long-term objectives and stakeholder expectations. Particular focus was placed on strengthening our risk management architecture, including credit, market, operational, cyber, and climate-related risks, supported by ongoing refinement of risk appetite, policies, and control frameworks. In addition, the Board continued to guide the integration of sustainability considerations into the Group's business processes, ensuring alignment with the guiding principles and frameworks.

The Board also maintained close oversight of the Group's trust infrastructure, including regulatory compliance, customer protection, data governance, and operational resilience. In this regard, we remained satisfied with the robustness of the Group's governance and control environment, supported by continuous investment in systems, processes, and people.

Board Changes

We regret the passing of Mr. Patrick K. Githendu on 1 February 2025, a dedicated and long-serving member of the Board. The Board paid tribute to his distinguished service in the prior year, and we continue to honour his contribution to the Group and the wider Co-operative Movement.

The Board also announces with sadness the passing of Prof. Mathew Gordon Udo on 9 January 2026, a Director of

Co-operative Bank of South Sudan since August 2012. We honour his valuable contribution to the Bank, South Sudan's agriculture, public service, and co-operative development. May his soul rest in eternal peace.

Hon. Malek Anthony Majak Achuoth, Under Secretary for Co-operatives and Rural Development, was appointed as a Director of Co-operative Bank of South Sudan in March 2026.

Outlook

The outlook for 2026 is supported by macroeconomic stabilisation, with inflation remaining within target, supportive monetary policy stance and a gradual recovery in economic activity expected to support credit demand. The Group remains well positioned to continue supporting our customers across the economy while delivering sustainable value for shareholders.

The Board in April 2026 has also approved a proposed alignment of the Group structure through the implementation of a Non-Operating Holding Company structure, in line with CBK guidelines and regulations. Under the proposed structure, The Co-operative Bank of Kenya Limited would become Co-opbank Group Plc as the listed non-operating holding company, while a new banking subsidiary, Co-op Bank Kenya Limited, would be incorporated to undertake the Kenyan banking business.

This proposed reorganization, which remains subject to shareholder and regulatory approvals, is intended to strengthen governance, enhance strategic flexibility, and provide a stronger platform for sustainable growth in Kenya and the region.

Appreciation

The gains of 2025 are a result of collective effort across the Group's ecosystem. They reflect the dedication of our teams, the confidence of our customers, and the steadfast support of our shareholders.

We value the continued partnership with our regulators and stakeholders, whose engagement has contributed to a stable and forward-looking operating environment.

The Board recognizes the leadership of the Board of Management, under the stewardship of the Group Managing Director & CEO, Dr. Gideon Muriuki, CBS, MBS, together with the broader Co-op Bank team.

I also extend my appreciation to my fellow Board Members for their diligence, sound judgement, and commitment to serve this institution.



John Murugu, OGW

Chairman

The Co-operative Bank of Kenya Limited





Taarifa ya Mwenyekiti

Wapendwa Wanahisa,

Kwa niaba ya Bodi ya Wakurugenzi, ninafurahi kuwasilisha Ripoti Jumuishi ya Kundi kwa mwaka wa fedha ulioishia tarehe 31 Desemba 2025. Ripoti hii inaelezea jinsi tulivyoendelea kutoa thamani endelevu kwa wanahisa na wadau wetu, huku tukiimarisha ustahimilivu, utawala na ushindani wa muda mrefu katika mazingira ya uendeshaji yenye mabadiliko.

Utendaji wetu na ustahimilivu wetu unaendelea kuimarishwa na urithi wetu wa ushirika, ya kipekee iliyojengwa kwa zaidi ya miaka 58 juu ya uaminifu, ustawi wa pamoja na mahusiano ya kina katika ukanda huu.

Muktadha wa Uendeshaji

Hali za kimataifa mwaka wa 2025 zilibaki kuwa msaada kwa ujumla, ingawa hazikuwa sawa, zikiundwa na kupunguza mfumuko wa bei, kuboresha hali ya kifedha, na kuendelea uwekezaji katika teknolojia, hata kama mabadiliko ya sera za biashara na mvutano wa kijiografia yaliendelea kushawishi hisia za hatari na mtiririko wa mipaka. Kote Afrika Kusini mwa Jangwa la Sahara na kanda ya Afrika Mashariki, ukuaji ulibaki kuwa thabiti licha ya vikwazo vya kifedha na tofauti za hali ya hewa, huku sarafu na hali za ufadhili bado zikiwa nyeti kwa hatari huru na kasi ya mageuzi ya sera.

Nchini Kenya, uchumi ulipata utulivu unaoendeshwa na sera, huku ukuaji wa mwaka mzima ukadiriwa kuwa 5.0% mwaka wa 2025, ukiungwa mkono na sekta ya huduma thabiti, msingi wa kilimo ulioimarishwa, na kufufuka kwa shughuli za viwanda. Mfumuko wa bei ulipungua hadi 4.1% mwaka wa 2025 ukisababishwa na uzalishaji bora wa chakula, kushuka kwa bei za mafuta, na sarafu imara zaidi. Hii iliunda nafasi ya msimamo dhaifu wa sera ya fedha, huku Kiwango cha Benki Kuu kikimaliza mwaka kwa 9.0%.

Huku faida kwenye dhamana za serikali zikipunguzwa sambamba na msimamo dhaifu wa fedha, gharama za ufadhili zilianza kupungua, ushindani wa amana ulitulia, na hali ya mikopo iliboreka polepole, ikisaidia kufufuka kwa kipimo katika mikopo ya sekta binafsi.

Kinyume na hali hii, Bodi iliendelea kuzingatia kuhakikisha kwamba Kundi linajibu kwa busara na mwelekeo wazi wa kimkakati. Uangalizi wetu wakati wa mwaka ulijikita katika kuhifadhi nguvu ya mtaji, kudumisha uthabiti wa ukwasi, kulinda ubora wa mali, na kusaidia utekelezaji wa Usimamizi wa Mpango Mkakati wa Kampuni wa "Wema hadi Mkubwa" wa 2025–2029.

Maendeleo ya Kisheria na Sera

Mazingira ya udhibiti yanaendelea kubadilika. Maendeleo muhimu yalijumuisha usimamizi ulioimarishwa wa usalama wa mtandao, maboresho katika miundombinu ya malipo, mageuzi ya mifumo ya bei ya mikopo, na kuendelea kwa mahitaji ya mtaji.

Hatua muhimu ilikuwa kuanzishwa kwa kanuni ya Kituo cha Uendeshaji wa Usalama wa Mtandao wa Sekta ya Benki (BS-SOC) mnamo 2025. BS-SOC inaendelea kuunga mkono ufuatiliaji wa vitisho wa Kundi na mwitikio ulioratibiwa dhidi ya matukio ya usalama wa mtandao.

Kundi limepitisha kikamilifu Kiwango cha Wastani wa Benki ya Kenya Usiku Mmoja (KESONIA) kama kipimo chake cha marejeleo sambamba na mwongozo wa udhibiti wa CBK kuhusu kuimarisha uwazi katika bei ya mikopo na kuboresha ufahamu wa wakopaji kuhusu gharama zote za kukopa.

Shughuli zetu za benki za Kenya zilikidhi hitaji la mtaji wa chini wa KShs.3.0Bn katika Mwaka wa Fedha wa 2025, na tunabaki kwenye njia sahihi kufikia kizingiti cha KShs. 5.0Bn katika Mwaka wa Fedha wa 2026.

Utoaji wa CBK wa Utawala wa Fedha Kijani wa Kenya na Mfumo

wa Ufichuzi wa Hatari ya Hali ya Hewa unawezesha juhudi za Kundi letu kushughulikia uendeleu na hatari zinazohusiana na hali ya hewa na fursa. Bodi inaendelea kusimamia uimarishaji wa uwezo wa usimamizi wa hatari za hali ya hewa na kuripoti kulingana na matarajio ya udhibiti yanayobadilika.

Utendaji wa Kifedha na Usimamizi wa Mtaji

Kundi lilitoa utendaji mzuri wa kifedha katika mwaka wa fedha wa 2025, huku Faida Kabla ya Ushuru ikikua kwa 15.8% hadi KSh. Bilioni 40.3, huku Faida Baada ya Ushuru ikiongezeka kwa 16.9% hadi KSh. Bilioni 29.8, ikiwakilisha mapato ya juu zaidi katika historia ya Kundi.

Jumla ya mali zetu zilisimama kwa KSh. Bilioni 827.4, amana za wateja kwa KSh. Bilioni 574.2, na mikopo na mikopo ya awali kwa KSh. Bilioni 421.0, ikiungwa mkono na vizuizi vikali vya mtaji na ukwasi. Fedha za wanahisa zilipanda hadi KSh. Bilioni 165.7 na utoshelevu wa jumla wa mtaji ulisimama kwa 22.6%. Nidhamu ya gharama ilidumishwa, huku uwiano wa gharama kwa mapato ukiboreka hadi 46.3%, huku faida ya usawa ikibaki imara kwa 19.1%, ikionyesha uundaji wa thamani unaoendelea kwa wanahisa.

Sambamba na utendaji huu, Bodi iliidhinisha gawio la kwanza la muda la Benki la KShs. 1.0 kwa kila hisa na kupendekeza gawio la mwisho la KShs. 1.5 kwa kila hisa, na kuleta jumla ya gawio hilo hadi KShs. 2.5 kwa kila hisa. Hii inawakilisha jumla ya malipo ya KShs. 14.7Bn, huku takriban KShs. 9.5Bn zikitokana na harakati za ushirika.

Utawala, Usimamizi wa Hatari na Miundombinu ya Uaminifu

Bodi ina wakurugenzi 13, wakiwemo wanachama 12 wasio watendaji na Mkurugenzi Mtendaji wa Kundi na Afisa Mkuu Mtendaji, wakileta pamoja mchanganyiko mbalimbali wa utaalumu katika benki, fedha, sera za umma, biashara ya ushirika, na usimamizi wa hatari. Tunabaki kujitolea kikamilifu kwa viwango vya juu zaidi vya utawala wa kampuni, uongozi wa maadili, na uwajibikaji, tukitambua haya kama msingi wa kujenga uaminifu, kulinda wadau, na kudumisha uundaji wa thamani wa muda mrefu.

Bodi na kamati zake ziliendelea kutoa usimamizi uliopangwa katika mwelekeo wa kimkakati wa Kundi, utendaji wa kifedha, na wasifu wa hatari, huku zikihakikisha kwamba utekelezaji unabaki sambamba na malengo ya muda mrefu ya Kundi na matarajio ya wadau. Mkazo maalum uliwekwa katika kuimarisha usanifu wa usimamizi wa hatari wa Kundi, ikiwa ni pamoja na mikopo, soko, uendeshaji, mtandao, na hatari zinazohusiana na hali ya hewa, zikiungwa mkono na uboreshaji unaoendelea wa hamu ya hatari, sera, na mifumo ya udhibiti. Zaidi ya hayo, Bodi iliendelea kuongoza ujumuishaji wa mambo ya uendeleu katika michakato ya biashara ya Kundi, ikihakikisha upatanifu na kanuni na mifumo elekezi.

Bodi pia ilidumisha usimamizi wa karibu wa miundombinu ya uaminifu ya Kundi, ikiwa ni pamoja na kufuata sheria, ulinzi wa wateja, utawala wa data, na ustahimilivu wa uendeshaji. Katika suala hili, tuliridhika na uimara wa mazingira ya utawala na udhibiti wa Kundi, yanayoungwa mkono na uwekezaji endelevu katika mifumo, michakato, na watu.

Mabadiliko ya Bodi

Tunasikitika kufariki kwa Bw. Patrick K. Githendu mnamo tarehe 1 Februari 2025, mjumbe aliyejitolea na kuhudumu kwa muda mrefu katika Bodi. Bodi ilitambua kwa heshima huduma yake bora katika mwaka uliopita, na tunaendelea kutambua mchango wake kwa Kundi na harakati pana ya ushirika.

Bodi pia inatangaza kwa masikitiko kufariki kwa Prof. Mathew Gordon Udo mnamo tarehe 9 Januari 2026, Mkurugenzi wa Co-operative Bank of South Sudan tangu Agosti 2012. Pia tunatambua kwa heshima mchango wake muhimu kwa Benki, kilimo cha Sudan Kusini, huduma ya umma, na maendeleo ya ushirika. Roho yake ipumzike kwa amani ya milele.

Mheshimiwa Malek Anthony Majak Achuoth, Katibu Msaidizi wa Ushirika na Maendeleo Vijijini, aliteuliwa kama Mkurugenzi wa Co-operative Bank of South Sudan mnamo Machi 2026.

Mtazamo wa Baadaye

Mtazamo wa Mwaka wa Fedha wa 2026 ni chanya, ukionyesha hali tulivu ya uchumi mkuu mwaka wa 2025. Mfumuko wa bei unatarajiwa kubaki ndani ya lengo, viwango vya riba vinatarajiwa kupungua zaidi na utulivu wa kiwango cha ubadilishaji ili kusaidia imani. Mambo haya yanaunga mkono kuendelea kupona kwa mahitaji ya mikopo na shughuli

za kiuchumi, hasa katika biashara ndogo na za kati na sekta zinazohusiana na biashara. Kundi linabaki katika nafasi nzuri ya kuendelea kuwasaidia wateja wetu katika uchumi huku likitoa thamani endelevu kwa wanahisa.

Tunathamini ushirikiano unaoendelea na wadhibiti na wadau wengine, ambao umechangia mazingira thabiti na yenye mtazamo wa mbele.

Bodi inatambua uongozi wa Menejimenti chini ya Mkurugenzi Mkuu wa Kundi & Afisa Mtendaji Mkuu, Dkt. Gideon Muriuki, pamoja na timu nzima ya Co-op Bank.

Pia ninatoa shukrani zangu kwa wanachama wenzangu wa Bodi kwa bidii yao, hekima na kujitolea kuhudumia taasisi hii.



John Murugu, OGW

Mwenyekiti

The Co-operative Bank of Kenya Limited



3.2 Board of Directors Profiles



John Murugu, OGW – Chairman (75)

Joined the Board on 27 May 2015 and became Chairman on 1 October 2017. He is a seasoned banker and public finance expert, with extensive experience in sovereign debt management and financial sector regulation.

He previously served as Director of Debt Management at the National Treasury and held senior roles at the Central Bank of Kenya (CBK), including Director of Bank Supervision, with over 25 years of experience in banking oversight and regulatory policy.

Mr. Murugu has also served as Alternate Director representing the Permanent Secretary to the Treasury on the boards of Kenya Commercial Bank, Industrial Development Bank, and Jomo Kenyatta University of Agriculture and Technology.

He holds a Bachelor of Education degree and a Master of Arts in Economics, and is an Associate of the Chartered Institute of Bankers (ACIB). He currently serves as Chairman of Co-op Bank Fleet Africa Leasing Limited and Chairman of Co-op Foundation Registered Trustees.



Maclaud Malonza, MBS, HSC – Vice Chairman (57)

Joined the Board in 2005 and became Vice Chairman on 1 October 2017. He brings extensive experience in the co-operative movement and public sector leadership, and is the Chairman of Co-op Holdings Co-operative Society Limited, the Bank's majority shareholder.

He has served in various roles within the Civil Service and currently chairs Harambee Co-operative Society Limited, which serves employees across Government departments under the Office of the President.

Mr. Malonza holds a Bachelor of Arts degree, a Masters in Organizational Change and Development, Master of Business Administration, Post-graduate Diploma in Management and Information Systems, Certificate in Strategic Planning and Management and CPS 1. He has also attended Senior Management and Strategic Leadership Development Courses.

He currently serves as Chairman of Co-optrust Investment Services Limited, Chairman of Co-op Bancassurance Intermediary Limited, and Vice Chairman of The Co-operative Bank Foundation Registered Trustees.



Dr. Gideon Muriuki, CBS, MBS – Group Managing Director & CEO (61)

He was appointed Managing Director in 2001 and has led the Bank's turnaround from a loss position of KShs. 2.3Bn in 2000 to a profit before tax of KShs. 40.3Bn in 2025. He joined the Bank in 1996 as a Senior Corporate Manager, was appointed Director, Corporate and Institutional Banking in 1999, and became Managing Director in 2001 with a clear mandate to restore the Bank to profitability.

He holds a Bachelor of Science degree in Mathematics, is a Fellow of the Kenya Institute of Bankers, and has over 37 years' experience in banking and finance. He is a former Chairman of the Governing Council of Africa International University and former Chairman of the African Rural and Agricultural Credit Association (AFRACA).

In recognition of his leadership and service, he was awarded the Order of the Grand Warrior (OGW) in 2005, the Moran of the Order of the Burning Spear (MBS) in 2011, and the Chief of the Order of the Burning Spear, First Class (CBS) in 2017 for his role in the successful turnaround of the Bank and exemplary service to the nation. He is also a recipient of the Chevalier de L'ordre National du Burkina Faso, awarded by the President of Burkina Faso in recognition of his outstanding contribution to the development of rural finance in Africa.

His industry and leadership accolades include CEO of the Year Africa 2014 by International Banker; the Lion of Judah Award and Mtumishi Bora Grand Award in 2016 for servant leadership and marketplace impact; Best Banking CEO Kenya by International Finance in 2018; and Banking CEO of the Year by EMEA Finance – African Banking Awards in 2021.

He was awarded an Honorary Doctorate in Business Management by Kabarak University in 2011 for Business Leadership. In 2022, he received a second Honorary Doctorate from The Co-operative University of Kenya in recognition of his contribution to banking and the co-operative sector, and a third honorary distinction, Doctor of Humane Letters (Honoris Causa) – DLitt., from Africa International University.



Julius Sitienei – Director (71)

Joined the Board in 2003. He is a businessman and educationist, with over 20 years' experience in the teaching profession before transitioning into leadership roles within the co-operative movement.

He is the Vice Chairman of Co-opholdings Co-operative Society Limited and serves as a Director of Kingdom Securities Limited, and Kingdom Bank Limited.

He holds a Bachelors Degree in Business Administration and Human Resources Management.



Weda Welton (Mrs.) – Director, Independent (67)

She is an independent Human Resources consultant. She previously served as Director of Human Resources at the Bank, retiring in 2014 after a distinguished career spanning over 20 years, and brings over 35 years' experience in human resource management within the banking and financial sectors.

She holds a Bachelor's degree in Arts from the University of Delhi, a Diploma in International Law and Diplomacy; and a Masters degree in Human Resources Management and Development from Manchester University, UK. She has served as a member of the Human Resources Committee of the Kenya Bankers Association, IPM(K), and the Kenya Institute of Management.

She has also served as a director of Menno Plaza Ltd and a trustee of the Bank's pension scheme. During her tenure, she played a key role in implementing the Bank's organizational structure in collaboration with McKinsey in 2014, under the 'Soaring Eagle' Transformation Agenda, which has supported the Bank's sustained growth and performance. She is the Chairperson of the Board Audit Committee.



Lawrence Karissa – Director, Independent (70)

Joined the Board of Directors on 27 May 2015. He has over 26 years' experience in banking having previously served in various senior positions in Co-operative Bank of Kenya.

He has previously worked with PricewaterhouseCoopers. He holds a Bachelor of Commerce degree in accounting and is a Certified Public Accountant of Kenya CPA (K). He is the Chairman of the Staff and Nomination Committee.



Benedict W. Simiyu – Director (64)

Joined the Board of Directors in 2014. He is an Educationist and holds a Diploma in Education Management. He has also attended various management courses. He is a non-executive Board member of Ng'arisha Sacco (Former Bungoma Teachers Sacco). He is a Director of Co-opholdings Co-operative Society Limited.



Richard L. Kimanthy – Director (69)

Joined the Board of Directors in 1994. He is a businessman and has served in various leadership positions in the co-operative movement for a considerable period. He holds a Diploma in Co-operative Management. He is a Director of Co-opholdings Co-operative Society Limited.



Alice Mwololo (Mrs.) – Director, Independent (60)

Mrs. Alice Mwololo is an economist by profession with over 30 years' experience as a career civil servant in various departments at the National Treasury and Economic Planning dockets. She is notably the current Director of Planning, Financial and Sectorial Affairs. She has served as an Alternate Director to the Principal Secretary – National Treasury in various boards and also represents the National Treasury in several inter-ministerial Committees and Taskforces on key Government Agendas.

She holds a Bachelor of Arts degree in Economics, a Master of Arts in Economics, both from the University of Nairobi and a Post Graduate Diploma in Development Planning Techniques with Computer Applications with the Institute of Social Studies in the Netherlands.



Margaret Karangatha (Mrs.) – Director, Independent (65)

Mrs. Karangatha was appointed to the Board on 24 September 2019. She is the Executive Director of The Lead Consortium Ltd and has over 25 years' consulting experience in Kenya and across several African countries.

She is an Executive Coach, mentor, and Organizational Development Consultant, with experience across sectors including healthcare, publishing, engineering, real estate, educational institutions, and floriculture. She has also served on several boards, including as Board Chairperson of the Navigators Economic Transformation Facility and Regional Treasurer of Scripture Union Africa.

She specialises in Organizational Planning, Leadership, Human Resource Management, and Finance for Finance and Non-Finance Managers. She previously served as a Management Coordinator for United Bible Societies, overseeing work in over 34 countries in Africa for 15 years, and is an Associate Consultant with AMREF, CORAT, and the Kenya Institute of Management (KIM).

Mrs. Karangatha holds a Bachelor's degree in Commerce (Accounting Option) from The University of Nairobi, a Master's degree in Business Administration (MBA, Strategic Management) from United States International University, and is a Certified Public Accountant – Kenya (ICPAK). She is the Chairperson of the Board Credit Committee, Board Risk Committee, and Kingdom Bank Limited.



Wilfred Ongoro, HSC – Director (70)

Joined the Board of Directors in 2006. He is an educationist with over 20 years' experience and has served the Co-operative movement in various positions. He is a Director of Co-opholdings Co-operative Society Limited.



Godfrey K. Mburia – Director (69)

Joined the Board of Directors in 2017, having served on subsidiary boards since 2004. Has been a director of Golden Pillar Sacco Society (formerly Imenti Sacco Society) since 1985 and Chairman for the last 20 years. He is also the Chairman of Imenti Housing Co-operative Society from its formation in the year 2005. He is an Accountant by profession and served as Head of Finance, Meru Central Farmers Union. He is a Director of Co-opholdings Co-operative Society Limited and the Chairman of Kenya Co-operative Coffee Exporters (KCCE) and Kingdom Securities Limited.



Francis Ngone – Director (71)

Appointed Director on 27th April 2018. He has extensive knowledge and experience in the Co-operative movement and is currently the Chairman of Murang'a Farmers' Co-operative Union, one of the largest co-operative unions in Kenya and the Chairman of Gatunyu Kigio Farmers' Co-operative Society Limited.

He is the current Chairman of Catholic Men Association in the Catholic Diocese of Murang'a and the General Secretary of Catholic Men Association in Kenya. He holds a Diploma in Business Management and CPA II. He has previously worked for Cotton Board of Kenya as a Branch Manager and Kenya Post and Telecommunication as an accountant for a period spanning over 20 years cumulatively.



David Muthigani Muriuki – Director (57)

Joined the Boards of the subsidiaries in May 2014. He is a businessman and a coffee farmer, with vast experience in farm management and coffee production. He is the Chairman of Kibirigwi Farmers Co-op Society. He is a Director of Co-opholdings Co-operative Society Limited.



James N. Njiru – Director (58)

Joined the Boards of the subsidiaries in May 2014. He is a businessman and an Educationist. He holds a Diploma in Business Management and has experience in Co-operative Movement. He is a Director of Co-opholdings Co-operative Society Limited. He is also a Director in CIC Insurance Group, Chairman Co-operative Insurance Society and Chairman of Nawiri Sacco.



Scholastica Odhiambo (Mrs.) – Director (66)

Joined the boards of Co-optrust Investment Services Limited in 2005 and Co-op Bancassurance Intermediary Limited in 2008. She served at the Ministry of Finance and the Kenya Revenue Authority as a Revenue Officer for over 32 years. She holds a Bachelor of Business Administration and a Diploma in Corporate Governance from the KCA University. She is a Director of Co-opholdings Co-operative Society Limited.



Geoffrey M'Nairobi – Director (70)

Appointed Director on 27 April 2018. He has extensive knowledge and experience in the Co-operative movement and is currently the General Manager of Meru South Farmers' Co-operative Union Limited, one of the largest co-operative unions in Kenya, with over 32 years' experience. He is also a member of the Board of Management of Muthambi Girls High School and Chief Mbogori Girls High School.

He has attended various local and international courses on Co-operatives with emphasis on dairy and coffee management sectors. He has a Diploma in Senior Co-operative Management.



David Kirk Obonyo – Director (58)

He is a career civil servant who joined the Board of Directors in 2021. He is a holder of Master of Arts (Rural Economics and Co-operation) from Bundelkhand University, India, Bachelor of Arts in Sociology and Political Science from Agra University in India and a Diploma in Industrial Relations from Indian School of Labour Relations. He has also attended various local and international courses on strategic leadership, Co-operative, and SME Management. He is the current Commissioner for Co-operatives Development.

He has over 28 years working experience in Co-operative Movement having worked as a District Co-operative Officer in Kiambu, Maragua, Nyandarua and Machakos, Provincial Co-operative Officer – Eastern Province, County Commissioner for Co-operatives – Embu County, Head of Extension Services at the Ministry of Industry, Trade and Co-operatives, and Chief Executive Officer /Secretary at the Ethics Commission for Co-operative Societies Board. Previously he was Head of Finance and Marketing Department in the State Department of Co-operatives. He is also a Board member at New Kenya Co-operative Creameries Limited and Sacco Societies Regulatory Authority (SASRA) and a former Council Member of The Co-operative University of Kenya.



Simon Memia – Director (54)

He was appointed a Director in April 2025. He has extensive knowledge and experience in the co-operative movement and currently serves as Chairman of Theta Farmers Co-operative Society, one of the largest coffee co-operatives in Kenya.

He serves on the boards of Co-opholdings Co-operative Society Limited, Co-op Bancassurance Intermediary Limited, and Co-optrust Investment Services Limited.

Mr. Memia holds a Certificate in Computer Studies and CPA Section 3.

He has prior experience as an accountant at Kiamwangi Catholic Self Help Group and served as Chairman of the Self-Help Group for over six years. In addition, he has served as Chairman of St. Cecelia Small Christian Community and as Zone Secretary of Gatundu Deanery in the Archdiocese of Nairobi.



Michael M. Muthigani – Director (56)

Appointed a Director on 26 April 2019. He has extensive knowledge and experience in finance and accounting matters and has held various senior positions with Kenya Accountants and Secretaries National Examination Board (KASNEB) since 1994; notably Revenue Officer, Account Assistant, Accountant and is currently the Senior Accountant. He has also diligently served in the KASNEB Sacco in various capacities including as a Treasurer for 8 years.

He is currently pursuing a bachelor's degree at Moi University School of Business and is a Certified Public Accountant. Mr. Michael M. Muthigani is the current Vice Secretary of Saints Peter and Paul Catholic Church, Kiambu Town and a member of the Parish Pastoral Committee.



Samuel M. Kibugi – Company Secretary (49)

Has over 22 years' experience as a lawyer and prior to joining Co-op Bank in 2008, he worked for a leading bank as a Legal Counsel. He is an Advocate of the High Court of Kenya, a member of the Institute of Certified Public Secretaries ICPS (K) and an Associate Member of the Chartered Institute of Arbitrators.

As the Company Secretary of the Co-op Bank Group, he has responsibility for overall provision of legal counsel and company secretarial services, fraud prevention and investigations. He is also the Trust Secretary for the Co-operative Bank Foundation, a corporate social responsibility vehicle of the Bank.



Eng. William Mayar Wol – Chairman (63)

He is a South Sudanese Citizen by birth and holds a Higher Diploma in Agriculture Economics from Agriculture College Sudan University of Science and Technology, a Bachelor of Science Degree from Agriculture Engineering College, University of Alexandria - Egypt. He has served in various capacities including acting Head Government Banking in Co-operative Bank of South Sudan, field officer Ministry of Agriculture in Sudan, development, and formation of Cooperatives in South Sudan's various states among others.



Elijah Wamalwa – Managing Director (52)

He has over 27 years banking experience and is one of the pioneers of Co-operative Bank of South Sudan where he worked from 2013 as Head of Credit and Risk Management, in 2015 as Head of Retail and Operations before being appointed Managing Director in 2017. He has served in various other capacities at the Co-operative Bank of Kenya as a Portfolio Manager, Head of Credit Administration and later as Head of Credit-Core Banking Implementation Team. He holds a Master of Science Degree in Governance attained at International Leadership University (Kenya) and a Bachelor of Arts Degree from Egerton University (Kenya). He has additional qualifications in accounting and project management.



Prof. Mathew Gordon Udo (late) – Director (67)

He was appointed a Director of Co-operative Bank of South Sudan on 23 August 2012. He was a South Sudanese citizen by birth and was the Under Secretary in the Ministry of Agriculture, Forestry, Co-operatives, and Rural Development in charge of Administrative Affairs, Planning and Forestry Development.

He had a strong base and wide knowledge in different fields of agriculture and natural resource management and served in various capacities in both the academic field and Civil service in South Sudan spanning a period of over 30 years. He held an MSc. (Agric) Animal Production from the Sokoine University of Agriculture Morogoro Tanzania and a B.A. SA (Hons) Agriculture (Animal Production) from Gezira University of Agriculture Wad Medani Sudan. He was Professor of animal genetics and animal breeding in the CNRES University of Juba.



Zachary K. Chianda – Director (68)

He was appointed Director of the Co-operative Bank of South Sudan on 15 March 2023. Mr. Chianda is a former Managing Director and CEO of Co-operative Bank of South Sudan and one of the longest serving members of Co-op Bank having had a celebrated and distinguished service in Co-op Bank and the Kenyan Co-operative Movement and retired in December 2017. He joined Co-op Bank in 1980 and over the years he rose through the ranks to become Director – Co-operatives Banking and Director – Operations, and finally the Managing Director and CEO of the Co-operative Bank of South Sudan. He was a key pillar of the incredible transformation journey the subsidiary has undertaken despite the difficult operating environment.

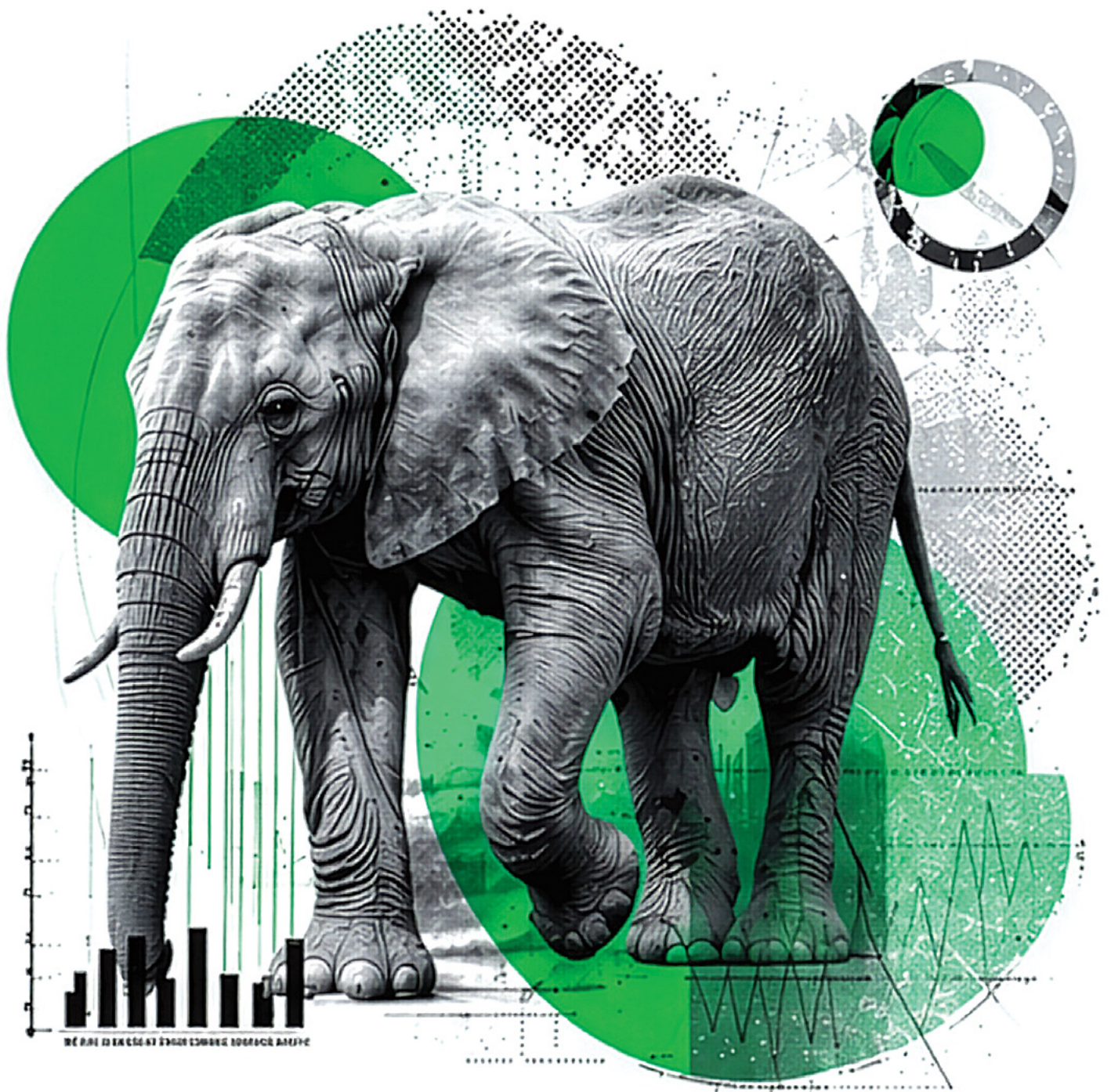
Mr. Chianda has a Bachelor of Science degree from the University of Manchester Science and Technology and an Associate Chartered Institute of Bankers (ACIB) of United Kingdom. He also holds a Certificate in Bank Management from Odense Business School in Denmark.



Hon. Benjamin West Ayali Koyongwa – Director (57)

He was appointed Director of Co-operative Bank of South Sudan on 8 August 2023. He is a South Sudan citizen and is currently Under Secretary for Planning in the Ministry of Finance and Planning. He is a seasoned finance, planning and budgeting technocrat with a decorated service on financial matters in South Sudan. He also has a vast international exposure having worked for various leading Non-Governmental Organizations such as Church Ecumenical Action in South Sudan, New Sudan Council of Churches, Sudan Humanitarian Services and Sudan Evangelical Mission among others.

He is a holder of Bachelor of Commerce in Accounting, Business Administration and Management from Daystar University.





3.3 Group Managing Director & CEO's Statement

Dear Shareholders,

I am honoured to present the Group's Integrated Report for the financial year ended 31 December 2025. This report sets out our performance for the year and the progress we have made in creating sustainable value for our shareholders and stakeholders, grounded in the resilience of our institution and the strength of our co-operative heritage.

FY2025 marked the first year of implementation of our "Good to Great" Corporate Strategic Plan (2025–2029). I am encouraged by the incredible momentum achieved during the year—reflected in strong performance, improving service outcomes, and our continued focus on transforming lives.

Operating Environment and Strategic Response

The operating environment in 2025 was shaped by a combination of global and domestic factors, including moderating inflation, easing monetary policy, exchange rate stabilization, and ongoing fiscal consolidation efforts. These dynamics influenced customer behavior, credit demand, and funding conditions across the banking sector.

In response, we maintained a disciplined and forward-looking approach to balance sheet optimization, pricing, and risk management. Our strategy remains anchored on supporting our customers, protecting asset quality, strengthening funding resilience, and sustaining profitability.

We prioritized high-quality growth, particularly within the retail, MSME, Corporate and Co-operative segments where we identified strong opportunities for value creation. Simultaneously, our risk management frameworks, including early warning systems, sector monitoring, and recovery capabilities helped us to navigate evolving risks in the operating environment.

Financial Performance

The Group delivered a strong financial performance in FY2025. Profit Before Tax grew by 15.8% to KShs. 40.3Bn, from KShs. 34.8Bn in 2024, while Profit After Tax increased by 16.9% to KShs. 29.8Bn, from KShs. 25.5Bn in the prior year – representing the highest earnings in the Group's history.

This performance was supported by continued expansion of the balance sheet, with total assets increasing by 11.3% to KShs. 827.4Bn, from KShs. 743.2Bn in 2024. Customer deposits grew by 13.5% to KShs. 574.2Bn, while loans and advances increased by 12.7% to KShs. 421.0Bn, reflecting sustained growth in our universal banking model and continued support to key sectors of the economy.

Net interest income grew by 22.0% to KShs. 62.9Bn, supported by improved investments and optimized pricing. Non-funded income remained resilient at KShs. 29.0Bn, accounting for 32.0% of total operating income and reflecting the strength of our diversified revenue streams. Total operating income increased by 13.4% to KShs. 91.6Bn, while continued cost discipline saw the cost-to-income ratio improve to 46.3%, demonstrating sustained progress in our efficiency agenda.

The Group maintained strong capital and liquidity positions, with Shareholders' Funds increasing by 13.8% to KShs. 165.7Bn, and return on equity at 19.1%, reflecting sustained value creation for shareholders. Asset quality improved during the year, with the non-performing loan ratio declining to 15.4%, reflecting strengthened credit risk management, enhanced monitoring frameworks, and sustained recovery efforts.

Across the Group, our subsidiaries also delivered strong performance, reinforcing the strength of our universal banking model. Co-optrust Investment Services Limited recorded Profit Before Tax of KShs. 936.2Mn, representing growth of 142.3%, while Co-op Bancassurance Intermediary Limited delivered KShs.

1.5Bn, up 23.7% from the prior year. Kingdom Bank Limited posted Profit Before Tax of KShs. 1.13Bn, while Kingdom Securities Limited recorded KShs. 129.7Mn, reflecting growth of 74.8%, and Co-operative Bank of South Sudan Limited returned to profitability, underscoring improved performance across the Group's regional operations. Subsidiaries' contribution to Group Profit Before Tax increased to 9.8% in 2025.

In line with this strong performance and our commitment to shareholder returns, the Board approved the Bank's first-ever interim dividend of KShs. 1.0 per share, and proposed a final dividend of KShs. 1.5 per share, bringing the total dividend for the year to KShs. 2.5 per share. This represents a total payout of KShs. 14.7Bn, compared to KShs. 8.8Bn in FY2024, a 67% increase and the highest in the Group's history. Of this, approximately KShs. 9.5Bn will flow to the co-operative movement, our strategic shareholder with a 64.56% stake, reinforcing our commitment to shared prosperity.

Investor confidence in the Group remained strong, with Co-op Bank's market capitalization closing the year at KShs. 140.7Bn, positioning the Bank among the most valuable banking groups in the region and affirming the strength of our universal banking model.

Good to Great Strategy – Corporate Strategic Plan 2025–2029

The Group's Strategic Plan focus is converting strategic intent into tangible progress across the enterprise, anchored on our universal banking model. The outcomes achieved during the year provide clear validation that the strategy is gaining strong momentum, strengthening how we serve our customers while remaining true to our purpose of transforming lives.

Our growth continues to be anchored on how effectively we extend our presence and deepen our relevance across the markets we serve. During the year, we expanded our reach through a strong and integrated distribution network of 222 branches, over 16,700 agents, 620 ATMs and cash deposit machines, and 625 SACCO front offices, reinforcing accessibility and convenience for our customers. Merchants have more than doubled to over 11,000 outlets, further strengthening our payments ecosystem, while the Bank remains the largest issuer of VISA cards in Kenya. This footprint is supported by a dedicated team of 6,235 staff, enabling us to deliver seamless multi-channel experience and sustain our position as a leading financial services provider.

At the core of this expansion is our deep integration within the co-operative movement, which remains a defining strength of our business model. Through this ecosystem, we continue to serve and support over 15 million members, working with hundreds of SACCOs and co-operative societies, and delivering over 3,800 advisory and capacity-building engagements to strengthen governance, operational efficiency, and sustainability.

As customer expectations continue to evolve, we remain focused on delivering a consistently high-quality and seamless experience across all touchpoints. In FY2025, our Net Promoter Score increased to 72, while customer satisfaction reached 90.8%. Average queue time stood at 7.7 minutes, reflecting continued focus in service efficiency across our branch network. Building on this progress, we continue to enhance customer loyalty and deliver exceptional service across all channels, in line

with our commitment to customer-centric service.

Digital transformation remains central to how we scale efficiently, improve accessibility, and innovate. Digital and alternative channels accounted for 93.9% of transaction volumes, underlining the strength of our multi-channel model and the continued shift in customer behavior. We also deepened our digital lending capability, with KShs. 73.0Bn disbursed through E-Credit in FY2025, bringing cumulative disbursements to over KShs. 501.8Bn. Within our MSME segment, which we recognize as a key economic driver, we onboarded over 259,000 customers, with the segment accounting for 16.8% of the loan book and 23.4% of customer deposits.

We continued to invest in platform modernization, including the implementation of a new Trade and Treasury System, which will enhance our value proposition across trade, corporate, and institutional banking segments. In addition, Kingdom Bank Limited is undergoing migration onto the Finacle Core Banking System, with the integration expected to unlock synergies across the Group. In parallel, we have enhanced our digital client experience through end-to-end digital onboarding and continued improvements to the Co-op Bank App, which remains our primary channel of engagement with customers.

We continued to strengthen the operating foundations of the Group by investing in our people, whom we regard as our greatest asset, while fostering a supportive and high-performance work environment that promotes employee wellness, productivity, and retention. In parallel, we further strengthened our risk management framework, enhancing our ability to respond proactively to credit, market, operational, cyber, and climate-related risks, while maintaining strict compliance with regulatory requirements.

Sustainability remains integral to our strategy and our business processes. During the year, we strengthened our alignment with evolving sustainability frameworks, including IFRS S1 and S2, in readiness for full FY2027 adoption. We continue to advance our green initiatives, including the expansion of solar-powered branches, supporting our transition towards more sustainable operations.

Beyond our operations, we remain committed to driving positive social impact through the Co-operative Bank Foundation, which continues to support various thematic areas to uplift communities. To date, the Foundation has supported over 11,800 students, with cumulative investments of over KShs. 1.98Bn since inception. These efforts underscore our belief that sustainable business goes beyond financial performance, it is about creating lasting value for society, the environment, and the communities we serve.

Awards and Recognition

During the year, the Group was recognized as Product Innovation of the Year (Africa) at the Global SME Finance Forum Awards 2025, reflecting our continued leadership in delivering impactful financial solutions for MSMEs. In addition, the Group received the Financial Institution Award at the Energy Management Awards (EMA) 2025, underscoring our commitment to energy efficiency and sustainable operations.

Our digital transformation and innovation agenda was further recognized at the Infosys Finacle Innovation Awards 2025, where the Bank received two Platinum Awards – Transformation Excellence and ESG-Led Innovation. The Group also received the ESG Reporting (GRI Category) Award at the 2025 FiRe (Financial Reporting) Awards, in recognition of excellence in sustainability reporting and transparency.

These recognitions reflect the Group's continued focus on delivering excellence across financial performance, innovation, sustainability, and stakeholder value creation.

Outlook

Looking ahead, we remain optimistic about the opportunities before us, while maintaining a disciplined and vigilant approach to a dynamic operating environment. The outlook for 2026 is supported by continued macroeconomic stabilization, with stable monetary conditions, improving inflation trends, and increased economic activity expected to support credit demand.

We continue to closely monitor global and regional developments, including evolving geopolitical dynamics, and remain confident in the Group's resilience and ability to adapt to changing conditions.

Against this backdrop, we remain focused on sustaining responsible growth, exceeding customer expectations, and delivering consistent value to our stakeholders. We will continue to invest in technology, people, and infrastructure to support our growth ambitions, underpinned by a firm commitment to innovation, strong risk management, and operational excellence.

Acknowledgements

I extend my appreciation to our shareholders and customers for their continued trust and support, which remain central to our growth and long-term success. Your confidence in Co-op Bank continues to inspire our ambition to innovate, grow, and deepen our impact across the communities we serve.

As we advance the implementation of our "Good to Great" 2025–2029 strategy, we remain focused on deepening financial inclusion, supporting enterprise growth, and delivering sustainable value across the markets we serve.

I thank the Chairman, Mr. John Murugu, OGW, and the Board of Directors for their invaluable guidance and oversight in steering the Group. My appreciation also goes to our regulators, partners, and the broader Co-operative Movement for their continued collaboration in advancing shared prosperity.

To the Co-op Bank team, your commitment and professionalism continue to drive our performance and position the Group for the future. Together, we remain focused on building a resilient institution that delivers long-term value and transforms lives.

May God bless you abundantly.

Dr. Gideon Muriuki, CBS, MBS

Group Managing Director & CEO

The Co-operative Bank of Kenya Limited





Taarifa ya Mkurugenzi Mkuu na Afisa Mkuu Mtendaji wa Kikundi

Waheshimiwa Wanahisa,

Ninajivunia kuwasilisha Ripoti Jumuishi ya Kundi kwa mwaka wa fedha ulioishia Desemba 31, 2025. Ripoti hii inaelezea utendaji wetu kwa mwaka na maendeleo tuliyoyapata katika kuunda thamani endelevu kwa wanahisa na wadau wetu, iliyojengwa katika ustahimilivu wa taasisi yetu na nguvu ya urithi wetu wa ushirika.

Mwaka wa Fedha wa 2025 uliashiria mwaka wa kwanza wa utekelezaji wa Mpango wetu wa Mkakati wa Kampuni wa "Wema hadi Mzuri" (2025–2029). Ninatiwa moyo na kasi ya ajabu iliyopatikana wakati wa mwaka - iliyoonyeshwa katika utendaji mzuri, kuboresha matokeo ya huduma, na mwelekeo wetu unaoendelea katika kubadilisha maisha.

Mazingira ya Uendeshaji na Mwitikio wa Kimkakati

Mazingira ya uendeshaji mwaka wa 2025 yaliundwa na mchanganyiko wa mambo ya kimataifa na ya ndani, ikiwa ni pamoja na kudhibiti mfumuko wa bei, kurahisisha sera ya fedha, utulivu wa kiwango cha ubadilishaji, na juhudi zinazoendelea za ujumuishaji wa fedha. Mienendo hii iliathiri tabia ya wateja, mahitaji ya mikopo, na hali ya ufadhili katika sekta ya benki.

Kwa kujibu, tulidumisha mbinu yenye nidhamu na inayoangalia mbele ya uboreshaji wa mizania, bei, na usimamizi wa hatari. Mkakati wetu unabaki umejikita katika kuwasaidia wateja wetu, kulinda ubora wa mali, kuimarisha ustahimilivu wa ufadhili, na kudumisha faida.

Tulipa kipaumbele ukuaji wa ubora wa juu, hasa ndani ya sekta ya rejareja, biashara ndogo na za kati, makampuni na vyama vya ushirika ambapo tulibaini fursa nzuri za kuunda thamani. Wakati huo huo, mifumo yetu ya usimamizi wa hatari, ikiwa ni pamoja na mifumo ya tahadhari za mapema, ufuatiliaji wa sekta, na uwezo wa kurejesha ulitusaidia kukabiliana na hatari zinazobadilika katika mazingira ya uendeshaji.

Utendaji wa Kifedha

Kundi lilitoa utendaji mzuri wa kifedha katika mwaka wa fedha wa 2025. Faida Kabla ya Kodi ilikua kwa 15.8% hadi KShs. Bilioni 40.3, kutoka KShs. Bilioni 34.8 mwaka wa 2024, huku Faida Baada ya Kodi ikiongezeka kwa 16.9% hadi KShs. Bilioni 29.8, kutoka KShs. Bilioni 25.5 mwaka uliopita - ikiwakilisha mapato ya juu zaidi katika historia ya Kundi.

Utendaji huu ulisaidiwa na upanuzi unaoendelea wa mizania, huku jumla ya mali ikiongezeka kwa 11.3% hadi KShs. Bilioni 827.4, kutoka KShs. Bilioni 743.2 mwaka wa 2024. Amana za wateja ziliongezeka kwa 13.4% hadi KShs. Bilioni 574.2, huku mikopo na mikopo ikiongezeka kwa 12.7% hadi KShs. Bilioni 421.0, ikionyesha ukuaji endelevu katika mfumo wetu wa benki kwa wote na usaidizi unaoendelea kwa sekta muhimu za uchumi.

Mapato halisi ya riba yalikuwa kwa 22.0% hadi KShs. Bilioni 62.9, yakiungwa mkono na uwekezaji ulioboreshwa na bei bora. Mapato yasiyofadhiliwa yalibaki thabiti katika KShs. Bilioni 29.0, yakichangia 32.0% ya jumla ya mapato ya uendeshaji na kuonyesha nguvu ya mito yetu mbalimbali ya mapato. Jumla ya mapato ya uendeshaji yaliongezeka kwa 13.4% hadi KShs. Bilioni 91.6, huku nidhamu ya gharama ikiendelea ikiona uwiano wa gharama kwa mapato ukiboreka hadi 46.3%, ikionyesha maendeleo endelevu katika ajenda yetu ya ufanisi.

Kundi lilidumisha nafasi nzuri za mtaji na ukwasi, huku fedha za wanahisa zikiongezeka kwa 13.8% hadi KSh. Bilioni 165.7, na faida ya hisa ikiwa 19.1%, ikionyesha uundaji endelevu wa thamani kwa wanahisa. Ubora wa mali uliimarika wakati wa mwaka, huku uwiano wa mikopo usiofanya kazi ukipungua hadi 15.4%, ikionyesha usimamizi ulioimarishwa wa hatari za mikopo, mifumo iliyoimarishwa ya ufuatiliaji, na juhudi

endelevu za kurejesha.

Kote katika Kundi, matawi yetu pia yalitoa utendaji mzuri, ikiimarisha nguvu ya mfumo wetu wa benki wa ulimwengu wote. Co-optrust Investment Services Limited ilirekodi Faida Kabla ya Ushuru ya KSh. Bilioni 936.2, ikiwakilisha ukuaji wa 142.3%, huku Co-op Bancassurance Intermediary Limited ikitoa KSh. Bilioni 1.5, ikiwa ni ongezeko la 23.7% kutoka mwaka uliopita. Kingdom Bank Limited ilitoa Faida Kabla ya Ushuru ya KSh. Bilioni 1.13, huku Kingdom Securities Limited ikirekodi KSh. Milioni 129.7, ikionyesha ukuaji wa 74.8%, na Benki ya Ushirika ya Sudan Kusini Limited ilirejea kwenye faida, ikisisitiza utendaji ulioboreshwa katika shughuli za kikanda za Kundi. Mchango wa matawi kwa Faida ya Kundi Kabla ya Ushuru uliongezeka hadi 9.8% mwaka wa 2025.

Sambamba na utendaji huu mzuri na kujitolea kwetu kwa marejesho ya wanahisa, Bodi iliidhinisha gawio la kwanza la muda la Benki la KShs. 1.0 kwa kila hisa, na kupendekeza gawio la mwisho la KShs. 1.5 kwa kila hisa, na kuleta jumla ya gawio la mwaka huo hadi KShs. 2.5 kwa kila hisa. Hii inawakilisha jumla ya malipo ya KShs. Bilioni 14.7, ikilinganishwa na KShs. Bilioni 8.8 katika Mwaka wa Fedha wa 2024, ongezeko la 67% na la juu zaidi katika historia ya Kundi. Kati ya haya, takriban KShs. Bilioni 9.5 zitatiririka kwa harakati za ushirika, mbia wetu wa kimkakati akiwa na hisa ya 64.56%, na kuimarisha kujitolea kwetu kwa ustawi wa pamoja.

Imani ya wawekezaji katika Kundi ilibaki imara, huku mtaji wa soko wa Benki ya Co-op ukifunga mwaka kwa shilingi bilioni 140.7, na kuiweka Benki miongoni mwa vikundi vya benki vyenye thamani kubwa katika eneo hilo na kuthibitisha nguvu ya mfumo wetu wa benki kwa wote.

Good to Great Strategy - Mpango Mkakati wa Kampuni 2025–2029

Mpango Mkakati wa Kundi unalenga kubadilisha nia ya kimkakati kuwa maendeleo yanayoonekana katika biashara nzima, yaliyowekwa kwenye mfumo wetu wa benki kwa wote. Matokeo yaliyopatikana wakati wa mwaka huu yanatoa uthibitisho wazi kwamba mkakati unapata kasi kubwa, ukiimarisha jinsi tunavyowahudumia wateja wetu huku tukibaki waaminifu kwa kusudi letu la kubadilisha maisha.

Ukuaji wetu unaendelea kujengwa kwenye jinsi tunavyopanua uwepo wetu kwa ufanisi na kuimarisha umuhimu wetu katika masoko tunayohudumia. Katika mwaka huo, tulipanua ufikiaji wetu kupitia mtandao imara na jumuishi wa usambazaji wa matawi 222, zaidi ya mawakala 16,700, ATM 620 na mashine za kuweka pesa taslimu, na ofisi 625 za mbele za SACCO, na kuimarisha ufikiaji na urahisi kwa wateja wetu. Wafanyabiashara wameongezeka maradufu hadi zaidi ya maduka 11,000, na hivyo kuimarisha mfumo wetu wa malipo, huku Benki ikiendelea kuwa mtoaji mkubwa zaidi wa kadi za VISA nchini Kenya. Ushawishi huu unaungwa mkono na timu iliyojitolea ya wafanyakazi 6,235, na kutuwezesha kutoa uzoefu usio na dosari wa njia nyingi na kudumisha nafasi yetu kama mtoa huduma mkuu wa kifedha.

Kiini cha upanuzi huu ni ujumuishaji wetu wa kina ndani ya harakati za ushirika, ambao unabaki kuwa nguvu inayofafanua mfumo wetu wa biashara. Kupitia mfumo huu wa ikolojia, tunaendelea kuwahudumia na kuwaunga mkono zaidi ya wanachama milioni 15, tukifanya kazi na mamia ya SACCO

na vyama vya ushirika, na kutoa zaidi ya ushirikiano 3,800 wa ushauri na ujenzi wa uwezo ili kuimarisha utawala, ufanisi wa uendeshaji, na uendelevu.

Matarajio ya wateja yanaendelea kubadilika, tunabaki tukizingatia kutoa uzoefu wa hali ya juu na usio na mshono katika sehemu zote za mawasiliano. Katika mwaka wa fedha wa 2025, Alama yetu ya Wakuzaji Mtandaoni iliongezeka hadi 72, huku kuridhika kwa wateja kukiwa 90.8%. Muda wa wastani wa foleni ulikuwa dakika 7.7, ikionyesha mwelekeo unaoendelea katika ufanisi wa huduma katika mtandao wetu wa matawi. Kwa kuzingatia maendeleo haya, tunaendelea kuboresha uaminifu wa wateja na kutoa huduma ya kipekee katika njia zote, sambamba na kujitolea kwetu.

Mabadiliko ya kidijitali yanabaki kuwa muhimu kwa jinsi tunavyoongeza ufanisi, kuboresha ufikiaji, na kubuni. Njia za kidijitali na mbadala zilichangia 93.9% ya ujazo wa miamala, ikisisitiza nguvu ya mfumo wetu wa njia nyingi na mabadiliko yanayoendelea katika tabia ya wateja. Pia tuliimarisha uwezo wetu wa kukopesha kidijitali, huku KSh. Bilioni 73.0 zikitolewa kupitia E-Credit katika mwaka wa fedha wa 2025, na kuleta malipo ya jumla hadi zaidi ya KSh. Bilioni 501.8. Ndani ya sehemu yetu ya MSME, ambayo tunaitambua kama kichocheo muhimu cha kiuchumi, tulipokea wateja zaidi ya 259,000, huku sehemu hiyo ikichangia 16.8% ya kitabu cha mkopo na 23.4% ya amana za wateja.

Tuliendelea kuwekeza katika uboreshaji wa mifumo, ikiwa ni pamoja na utekelezaji wa Mfumo mpya wa Biashara na Hazina, ambao utaimarisha thamani yetu katika sekta za biashara, makampuni, na taasisi za kibenki. Zaidi ya hayo, Kingdom Bank Limited inapitia uhamiaji kwenye Mfumo wa Benki ya Finacle Core, huku ujumuishaji ukitarajiwa kufungua ushirikiano katika Kundi lote. Sambamba na hilo, tumeboresha uzoefu wetu wa wateja wa kidijitali kupitia ujumuishaji wa kidijitali kutoka mwanzo hadi mwisho na kuendelea kuboresha Programu ya Benki ya Co-op, ambayo inabaki kuwa njia yetu kuu ya ushiriki na wateja.

Tuliendelea kuimarisha misingi ya uendeshaji wa Kundi kwa kuwekeza katika watu wetu, ambao tunawaona kama mali yetu kubwa, huku tukikuza mazingira ya kazi yenye usaidizi na utendaji wa hali ya juu ambayo yanakuza ustawi wa wafanyakazi, tija, na uhifadhi. Sambamba na hilo, tuliimarisha zaidi mfumo wetu wa usimamizi wa hatari, tukiimarisha uwezo wetu wa kujibu kwa vitendo hatari za mikopo, soko, uendeshaji, mtandao, na hali ya hewa, huku tukidumisha uzingatiji mkali wa mahitaji ya udhibiti.

Uendelevu unabaki kuwa muhimu kwa mkakati wetu na michakato yetu ya biashara. Katika mwaka huu, tuliimarisha upatanifu wetu na mifumo inayobadilika ya uendelevu, ikiwa ni pamoja na IFRS S1 na S2, katika utayari wa kupitishwa kikamilifu kwa mwaka wa fedha wa 2027. Tunaendelea kuendeleza mipango yetu ya kijani kibichi, ikiwa ni pamoja na upanuzi wa matawi yanayotumia nishati ya jua, kusaidia mpito wetu kuelekea shughuli endelevu zaidi.

Zaidi ya shughuli zetu, tunabaki kujitolea kuendesha athari chanya za kijamii kupitia Wakfu wa Benki ya Ushirika, ambao unaendelea kusaidia maeneo mbalimbali ya mada ili kuinua jamii. Hadi sasa, Wakfu umesaidia zaidi ya wanafunzi 11,800, kwa uwekezaji wa jumla wa zaidi ya Shilingi bilioni 1.98 tangu kuanzishwa. Jitihada hizi zinasisitiza imani yetu kwamba biashara endelevu inapita zaidi ya utendaji wa kifedha, ni kuhusu kuunda thamani ya kudumu kwa jamii, mazingira, na jamii tunazohudumia.

Tuzo na Utambuzi

Katika mwaka huo, Kundi lilitambuliwa kama Ubunifu wa Bidhaa wa Mwaka katika Tuzo za Jukwaa la Fedha la Kimataifa la SME la IFC 2025, ikionyesha uongozi wetu unaoendelea katika kutoa suluhisho zenye athari za kifedha kwa SME. Zaidi ya hayo, Kundi lilipokea Tuzo la Taasisi ya Fedha katika Tuzo za Usimamizi wa Nishati (EMA) 2025, ikisisitiza kujitolea kwetu kwa ufanisi wa nishati na shughuli endelevu.

Ajenda yetu ya mabadiliko ya kidijitali na uvumbuzi lilitambuliwa zaidi katika Tuzo za Infosys Finacle Innovation 2025, ambapo Benki ilipokea Tuzo mbili za Platinamu – Ujuzi wa Mabadiliko na Ubunifu Unaoongozwa na ESG. Kundi pia lilipokea Tuzo ya Kuripoti ESG (GRI Category) katika Tuzo za FiRe (Financial Reporting) za 2025, kwa kutambua ubora katika kuripoti uendelevu na uwazi.

Utambuzi huu unaonyesha mwelekeo unaoendelea wa Kundi katika kutoa ubora katika utendaji wa kifedha, uvumbuzi, uendelevu, na uundaji wa thamani ya wadau.

Mtazamo

Tukiangalia mbele, tunabaki na matumaini kuhusu fursa zilizo mbele yetu, huku tukidumisha mbinu yenye nidhamu na umakini kwa mazingira ya uendeshaji yenye nguvu. Mtazamo wa 2026 unasaidiwa na utulivu unaoendelea wa uchumi mkuu, pamoja na kupunguza hali ya kifedha, kuboresha mitindo ya mfumuko wa bei, na kupona taratibu katika shughuli za kiuchumi zinazotarajiwa kusaidia mahitaji ya mikopo.

Tunaendelea kufuatilia kwa karibu maendeleo ya kimataifa na kikanda, ikiwa ni pamoja na mienendo inayobadilika ya kijografia, na kubaki na imani katika ustahimilivu na uwezo wa Kundi wa kuzoea hali zinazobadilika.

Kutokana na hali hii, tunabaki tukizingatia kudumisha ukuaji wa uwajibikaji, kuzidi matarajio ya wateja, na kutoa thamani thabiti kwa wadau wetu. Tutaendelea kuwekeza katika teknolojia, watu, na miundombinu ili kuunga mkono matarajio yetu ya ukuaji, yakiongozwa na kujitolea kwa dhati kwa uvumbuzi, usimamizi imara wa hatari, na ubora wa uendeshaji.

Shukrani

Nawashukuru wanahisa wetu na wateja kwa uaminifu na usaidizi wao unaoendelea, ambao unabaki kuwa msingi wa ukuaji wetu na mafanikio ya muda mrefu. Imani yenu kwa Benki ya Co-op inaendelea kuhamasisha azma yetu ya kubuni, kukua, na kuongeza athari zetu katika jamii tunazohudumia.

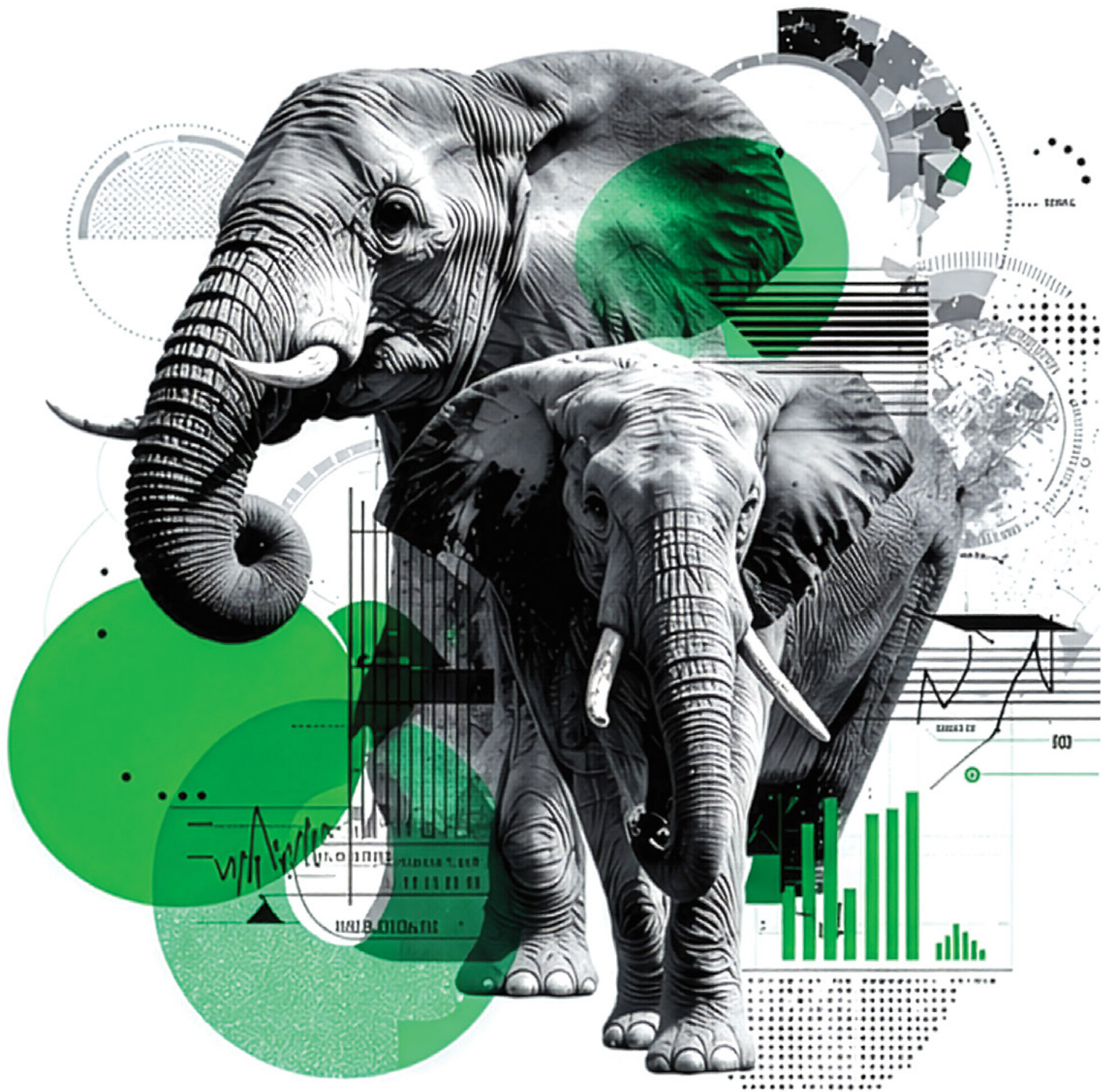
Tunapoendeleza utekelezaji wa mkakati wetu wa Good to Great 2025–2029, tunabaki tukizingatia kuimarisha ujumuishaji wa kifedha, kusaidia ukuaji wa biashara, na kutoa thamani endelevu katika masoko tunayohudumia.

Ninamshukuru Mwenyekiti, Bw. John Murugu, OGW, na Bodi ya Wakurugenzi kwa mwongozo wao muhimu na usimamizi katika kuendesha Kundi. Shukrani zangu pia ziende kwa wasimamizi wetu, washirika, na Harakati pana ya Ushirika kwa ushirikiano wao unaoendelea katika kuendeleza ustawi wa pamoja.

Kwa timu ya Benki ya Ushirika, kujitolea na utaalamu wenu unaendelea kusukuma utendaji wetu na kuiweka Kundi katika nafasi nzuri kwa ajili ya siku zijazo. Kwa pamoja, tunazingatia kujenga taasisi imara inayotoa thamani ya muda mrefu na kubadilisha maisha.

Dkt. Gideon Muriuki, CBS, MBS

Mkurugenzi Mkuu wa Kundi na Afisa Mtendaji Mkuu The Co-operative Bank of Kenya Limited



3.4 Board of Management Profiles



Dr. Gideon Muriuki, CBS, MBS – Group Managing Director & CEO (61)

He was appointed Managing Director in 2001 and has led the Bank's turnaround from a loss position of KShs. 2.3Bn in 2000 to a profit before tax of KShs. 40.3Bn in 2025. He joined the Bank in 1996 as a Senior Corporate Manager, was appointed Director, Corporate and Institutional Banking in 1999, and became Managing Director in 2001 with a clear mandate to restore the Bank to profitability.

He holds a Bachelor of Science degree in Mathematics, is a Fellow of the Kenya Institute of Bankers, and has over 37 years' experience in banking and finance. He is a former Chairman of the Governing Council of Africa International University and former Chairman of the African Rural and Agricultural Credit Association (AFRACA).

In recognition of his leadership and service, he was awarded the Order of the Grand Warrior (OGW) in 2005, the Moran of the Order of the Burning Spear (MBS) in 2011, and the Chief of the Order of the Burning Spear, First Class (CBS) in 2017 for his role in the successful turnaround of the Bank and exemplary service to the nation. He is also a recipient of the Chevalier de L'ordre National du Burkina Faso, awarded by the President of Burkina Faso in recognition of his

outstanding contribution to the development of rural finance in Africa.

His industry and leadership accolades include CEO of the Year Africa 2014 by International Banker; the Lion of Judah Award and Mtumishi Bora Grand Award in 2016 for servant leadership and marketplace impact; Best Banking CEO Kenya by International Finance in 2018; and Banking CEO of the Year by EMEA Finance – African Banking Awards in 2021.

He was awarded an Honorary Doctorate in Business Management by Kabarak University in 2011 for Business Leadership. In 2022, he received a second Honorary Doctorate from The Co-operative University of Kenya in recognition of his contribution to banking and the co-operative sector, and a third honorary distinction, Doctor of Humane Letters (Honoris Causa) – DLitt., from Africa International University.



Caroline Karimi – Director, Finance and Strategy (48)

She joined the Bank in 2012 and has overall Group responsibility for Finance and Strategy. Previously she oversaw financial reporting and information management of the business. She has a career spanning 24 years as finance professional and has worked in key corporates including Unilever, Safaricom and Toyota East Africa.

She holds an MBA in strategic management, Bachelor of Commerce degree from The University of Nairobi. She is a Certified Public Accountant (CPA-K) and Certified Public Secretary. She is also a certified productivity coach CEPC (ICF) and is a graduate of Harvard Kennedy School leadership program. She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).



Samuel Birech – Director, Retail and Business Banking (61)

He joined the Bank in 2002. He is a career banker with over 29 years' experience in local and international banks. He has previously held various senior positions including Chief Operating Officer and Director, Retail Banking for 8 years where he presided over the transformation of the Retail and SME business at the Bank.

He holds a Bachelor of Commerce degree from The University of Nairobi and has attended various local and international courses. He is a Board Member at Pan Africa Christian University.



Lydia Rono – Director, Corporate and Institutional Banking (60)

She has held many senior positions in the Bank and has over 37 years banking experience. She has the critical mandate of driving business growth in the Corporate and Institutional Banking Division.

She has previously held the role of Director Operations. She also sits on the Board of CIC Group Ltd. She holds a Bachelor's Degree in Commerce and an MBA from The University of Nairobi and has attended various courses.



Charles Washika – Director, ICT and Innovations (49)

He joined the Bank in 2015 and brings extensive experience in providing leadership in ICT, Innovation, Project Management and Change Management of mission critical Financial Systems, including the new Core Banking System implementation.

He is responsible for Co-operative Bank's Strategic technological direction, championing the use of information and communication technology to meet the Bank's Strategic objectives and providing strategic leadership to align investments in ICT with the Bank's strategy.

He has managed the Implementation of Core Banking systems around Africa and Asia including Uganda, South Africa, Cote d'Ivoire, Senegal, Zambia, Tanzania, Kenya, India and Sri Lanka. He holds a Bachelor of Education Degree, is a member of the Project Management Institute and has attained various Technology Certifications.



James Njane – Director, Human Resource and Administration (48)

He joined the Bank in 2019. He leads the Group's people agenda by fostering a high-performance culture, overseeing sourcing and facilities, and driving cost optimization. Previously, he headed the Human Resources Services Hub, where he streamlined HR operations and enhanced the employee experience.

He has over 22 years' banking experience across international and local institutions, with expertise in people management, governance and organizational development. He holds an MBA (Strategic Management) from the University of Nairobi and a BSc in International Business Administration (Finance) from USIU. He is a CHRP-K holder with an International Diploma in HRM (Cambridge International College) and Harvard Manage Mentor certification. He is also a Certified Coach (ICF) and a member of the Institute of Human Resource Management (IHRM).



Vincent Marangu – Director, Co-operatives Banking (46)

He joined the Bank in 2003 and has wide experience in business and financial advisory working with co-operatives and rural finance sectors as Head of Co-op Consultancy and Bancassurance Intermediary Limited. Vincent has key competencies in corporate finance, strategic planning, business planning, organizational development and business operations review.

He has consulted for co-operatives in Kenya and East Africa region and implemented many donor projects with international agencies. He holds a Bachelor's Degree in Economics and Business Studies and is a graduate of the School of African Microfinance. He is a member of the Association of Professional Co-operators (APC), Kenya.



Samuel M. Kibugi – Company Secretary (49)

He has over 22 years' experience as a lawyer and prior to joining Co-op Bank in 2008, he worked for a leading bank as a Legal Counsel. He is an Advocate of the High Court of Kenya, a member of the Institute of Certified Public Secretaries ICPS (K) and an Associate Member of the Chartered Institute of Arbitrators.

As the Company Secretary of the Co-op Bank Group, he has responsibility for overall provision of legal counsel and company secretarial services, fraud prevention and investigations. He is also the Trust Secretary for the Co-operative Bank Foundation, a corporate social responsibility vehicle of the Bank.



Jacquelyne Waithaka – Director, Operations and Business Support (49)

A career Corporate Banker with over 23 years' experience having worked with various commercial Banks. She joined the Bank in 2005 and was appointed Head Corporate Banking in 2015 to oversee the growth of the Bank's Corporate portfolio. She was appointed Director Operations in 2023 responsible for driving key operations and efficiency functions of the Group.

She has previously held the role of Director Corporate and Institutional Banking. She holds a Bachelor of Law degree and a Bachelor of Business Administration degree. She also holds a diploma in Banking; advanced Diploma Credit Management by Omega of UK and Culhane of South Africa. She is a Certified Engagement and Productivity Coach CEPC (ICF) and has attended various courses including executive leadership at Strathmore Business School and Harvard Kennedy School Executive Education on adaptive leadership for Africa.



William Ouma Otieno – Director, Credit Management (41)

He joined the Bank in September 2023. He was appointed in February 2025 to oversee the Credit Management Division, mandated to drive strategic credit growth and credit risk management. He was previously the Head of Corporate Credit Analysis. He brings onboard extensive experience in Credit Management and Enterprise Risk Management.

He is a career specialist in Credit Risk with 16 years of experience in Kenya and the regional markets. He has previously held various credit roles in local and regional Banks. He holds a Master's Degree in Economics and Finance, Bachelor's Degree in Mathematics and Business Studies, Advanced Diploma in Credit, is a Certified Public Accountant of Kenya (CPA-K) and a member of Institute of Certified Public Accountants of Kenya (ICPAK). He has training in Leadership, Treasury, Trade Finance, ESG (Environmental and Social Risk Management and Sustainable Financing) and Risk Management.



Andrew Wanjau – Director, Transformation (44)

He joined the Bank in 2011. He has extensive experience in Change Management, Business Analysis, Project Management and Enterprise-wide Transformation programs management. He is responsible for the Co-operative Bank's "Soaring Eagle" transformation in the Transformation Office, which provides leadership in delivery of the Bank's Transformation initiatives.

He has extensive experience in Organizational change having worked with Big 4 Consultancy firms to deliver ICT Projects and Process reengineering. He holds a B.Sc. in Computer Science and Engineering, Project Management and Business Analysis Certifications among them CISA, ITIL, CBAP and Prince2. He is also a graduate of Harvard Kennedy School Leadership program, the Aga Khan University and is a Certified Engagement and Productivity Coach



Mutahe Karuoro – Treasurer (44)

Joined the Bank in 2010 and has over 19 years' experience in Treasury management. She is responsible for the Bank's Treasury management and growth objectives. Prior to her appointment she was the Head of Trading for the Bank. She previously worked with Stanbic Bank for five years.

She has held various leadership positions in the industry during her career, including President of ACI Financial markets Association of Kenya for 5 years. She holds an MBA from Strathmore Business School and a Bachelor's Degree in Economics from Moi University. She is a certified dealer and a member of the financial markets Association of Kenya (ACI Kenya)



James Kaburu – Chief Risk Officer (56)

He has a wealth of experience spanning over 24 years in Financial Management and Strategy in Financial Services sector, having worked with a number of International and local banking institutions in the Country. James is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

He holds a Master's in Business Administration (Strategic Management), a Bachelor's Degree in business administration (Accounting), both from the United States International University (USIU), and a Global Diploma in Engagement and Productivity Coaching from CDI-Africa Coaching Group Limited. He was awarded PECB Certified ISO 31000 Senior Lead Risk Manager in 2024.



Joseph Gatuni – Chief Internal Auditor (54)

He is responsible for the Internal Audit function that evaluates the effectiveness of risk management, control and governance processes of the Bank, its subsidiaries, and related companies. He is an experienced professional in internal/external audits, consultancy, and risk management.

He holds a Bachelor of Commerce Degree, Certified Public Secretaries CPS (K), Certified Internal Auditor (CIA) and Certified Public Accountants CPA (K). He has also attended various audit and Risk management training both locally and internationally. He is member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Internal Auditors



Henry Karanja – Head of Compliance (49)

He is responsible for the AML/CFT compliance function for the Bank, its subsidiaries, and related companies. He is an experienced professional in Risk, compliance, and Anti-Money Laundering.

He holds a bachelor's degree in business management, Certified Public Accountants of Kenya CPA (K), Certified Information Systems Auditor (CISA), and Certified Public Secretary (CPS). He has attended various AML/CFT training both locally and internationally. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

3.5. Subsidiary Leadership



Anthony Mburu – MD and CEO, Kingdom Bank Limited (60)

He is a leading credit specialist in the banking industry with over 31 years of banking experience both in Kenya and the region. Most of these years were spent in the line of Credit and Risk Management as the Director Credit Management division of Co-operative Bank of Kenya and previously with Standard Chartered Bank.

He holds a Bachelor's Degree in Commerce and has attended various proprietary and international Credit courses. Appointed Managing Director and CEO of Kingdom Bank in August 2020.



Nicholas Ithondeka – MD and CEO, Co-optrust Investments Services Limited (43)

He joined Co-optrust Investment Services Limited (CISL) as the Managing Director and CEO in April 2016. Prior to joining CISL he served as Vice President, Pinebridge Investments EA. Ltd (Sanlam) and before that as a Portfolio Manager at Old Mutual Asset Managers (OMAM). He has over 21 years' experience in Actuarial, Investment advisory and Fund Management Services. Nicholas holds G-CEO (Yale University – Lagos Business School), BSC (Actuarial Science) from the University of Nairobi.

He is a member of the Institute and Faculty of Actuaries (UK), ICIFA (Kenya) and is also a Certified Public Accountant of Kenya (CPA-K). He serves as a Board member in Fund Managers Association (FMA), ICIFA registration Committee, Central Bank of Kenya (MLF Committee), Bond Markets Association (BMA) of Kenya and sits in Nyeri High School Board on behalf of the Nyeri Archdiocese. Nicholas has attended a number of courses in Leadership, Investments and Strategy as well as received several awards both locally and internationally within the investments banking industry.



Nicholas Kamonye – MD and CEO, Co-op Bancassurance Intermediary Limited (46)

He joined the Bank in 2005. At Co-op Bancassurance Intermediary he gives leadership to the various capacity building initiatives targeting Co-operative societies across the country. He has consulted for Co-operatives on microfinance, financial modelling, strategic and business planning, business process improvements and human resource development.

He holds a Bachelor of Commerce Degree in Finance, Diploma in Project Management, is a Certified Public Accountant (K) and a member of ICPAK.



Elijah Wamalwa – MD and CEO, Co-operative Bank of South Sudan Limited (52)

He has over 27 years banking experience and is one of the pioneers of Co-operative Bank of South Sudan where he worked from 2013 as Head of Credit and Risk Management, in 2015 as Head of Retail and Operations before being appointed Managing Director in 2017. He has served in various other capacities at the Co-operative Bank of Kenya as a Portfolio Manager, Head of Credit Administration and later as Head of Credit-Core Banking Implementation Team. He holds a Master of Science Degree in Governance attained at International Leadership University (Kenya) and a Bachelor of Arts Degree from Egerton University (Kenya). He has additional qualifications in accounting and project management.



Samantha K. Ngeera – Managing Director and CEO, Kingdom Securities Limited (47)

Appointed as Managing Director in 2023, she is an experienced corporate leader with a deep understanding of Strategic Management and Stakeholder Engagement.

She has over 18 years' experience leading investment management firms in the capital markets and has previously held various roles within the industry, including Senior Portfolio Manager, Financial Planning, and Head of Business and Client Relations. She holds a Bachelor of Commerce degree and is a member of the Institute of Certified Investment and Financial Analysts (ICIFA). She is also a Certified Engagement and Productivity Coach CEPC (ICF).

How Co-op Bank is Lighting the Stage for Kenya's Creative Economy

Co-operative Bank enabled the landmark television production KITO by stepping in as a structured financial partner, not merely a sponsor. Through deliberate investment and professional oversight, the Bank provided formal financing that transformed KITO from concept to reality. This approach demonstrated that creativity is bankable and that Kenya's Orange Economy deserves a place within formal finance. Despite the creative sector contributing over 5% to GDP and expanding 15% annually to a market size of US\$3.8 billion, (*"Why Kenya's booming creative goldmine still feels like a hustle"* Business Daily, June 18 2025), many creative professionals have long struggled to secure financial support. Powered by a young, digitally native population across film, music, fashion, digital arts and live events, the Orange Economy is now poised for transformation.

Co-operative Bank's involvement in KITO was a deliberate, strategic response to that gap. Under our Transforming Lives purpose and Good to Great strategy, the Bank positioned itself not as a passive sponsor but as a structured financial partner. We treated the production with the same rigour and discipline we would apply to any commercially viable enterprise.

A Production Built on Professional Foundations

The KITO production directly employed 24 cast members, 150 to 200 background actors, and 75 crew members. This workforce included cinematographers, set designers, make-up artists, and production assistants, collectively generating a ripple effect of formal employment. Furthermore, local businesses benefited from millions of shillings invested in the production, with spending directed towards locally owned enterprises throughout the value chain. This approach deepened economic participation well beyond the confines of the production set itself.

KITO, produced by Tosh Gitonga and Namiri Black Production Ltd, showcases rising stars Isaac Juma (Kito), Joan Keduywa (Maka), Samuel Ochieng (Pogba), and Breanna Njeri (Thea), alongside music from some of Kenya's popular musicians.

Reach, Resonance and Relationship Capital

With nearly 1,000,000 digital views and strong engagement among youth audiences, KITO has expanded the Bank's Social and Relationship Capital. The production met young Kenyans on their own cultural terrain, demonstrating that Co-operative Bank understands their world and is ready to invest in it.

Co-operative Bank's approach through KITO, however, goes further: it creates a tangible, public demonstration of what structured financial partnership with the creative economy looks like in practice.

By engaging with KITO as a bankable enterprise, the Bank has helped shift the narrative, validating creative work as a viable career path and affirming financial access for creative professionals.

A Soundtrack Built in Kenya, For Kenya

Co-operative Bank engaged and commissioned eight of Kenya's top musical acts—Watendawili, Bensoul, Okello Max, Charisma, Nikita Kering', Maureen Kunga, Trio Mio and Ssarú—to craft original tracks for KITO's soundtrack, directly benefitting both the music and film industries. Each artist retained creative credit, catalogue ownership, and revenue, ensuring the soundtrack remains authentically Kenyan and financially empowering. This strategic investment reflects the Bank's belief in structured backing for creative talent, unlocking real opportunities and professionalism.

"Coming into KITO, I didn't know what to expect. Many of us on set were in the early stages of our careers, but from day one, it was clear that this was something different. There was structure, there was investment and there was belief; not just in the story, but in us as young people building careers. Co-op Bank didn't just make the show possible; they made it possible for the rest of the crew and cast to see themselves as professionals. That changes how you carry yourself, how you approach your craft, and what you believe you can do next." – Isaac Juma, Lead Actor, KITO

"KITO was never just about making a show. It was about proving that Kenyan stories, told by Kenyan talent, can be produced to the highest professional standards when the right partners believe in the vision. Co-operative Bank's involvement gave us the structural foundation to do this properly." – Tosh Gitonga, Director of Production, KITO



4. Operating Environment

Understanding the environment in which we create value

4.1. Overview

FY2025 marked a transition from macroeconomic stress to stabilization, with easing inflation, declining interest rates, and exchange rate stability reshaping funding conditions, credit demand, and risk outcomes across the financial sector. These improvements supported borrower affordability, credit expansion, and liquidity conditions.

At the same time, global uncertainty persisted, including geopolitical and trade-related tensions, while fiscal pressures remained elevated and climate-related disruptions continued to influence market dynamics and regulatory expectations, including the April 2025 issuance of the Kenya Green Finance Taxonomy (KGFT) and Climate Risk Disclosure Framework (CRDF). Digital adoption accelerated, supported by advances in artificial intelligence and data-driven technologies, reshaping customer behaviour, operational resilience requirements, and competitive positioning.

Together, these conditions influenced the Group's net interest margins, funding costs, asset quality, and strategic execution priorities. This chapter outlines the global, regional, and domestic factors that defined FY2025; highlights their implications for credit quality, funding conditions, and customer activity; and provides a forward view of the opportunities and risks expected to shape FY2026. These dynamics also inform the sustainability-related risks and opportunities presented in Section 5: Materiality.

→ See Section 5 – Materiality for the full materiality assessment and SRRO register.

→ See Section 8 – Risk Management for principal risks and the early-warning framework.

→ See Section 9 – Climate for IFRS S2 disclosure including KGFT and CRDF alignment.

4.2. Global and Regional Context

Global growth remained resilient at 3.3% in 2025, despite persistent geopolitical and trade-related uncertainty affecting capital flows, liquidity conditions, and investor risk appetite across emerging markets.

Emerging markets and developing economies grew at approximately 4.4%, outperforming advanced economies, although growth remained uneven due to structural constraints, exchange rate volatility, and elevated debt servicing costs. These conditions continue to shape funding costs, credit risk, and investment capacity across emerging markets.

Within the Sub-Saharan Africa region, growth improved from 4.1% to 4.4%, supported by macroeconomic stabilization and policy reforms. Fiscal pressures, sovereign risk concerns, and currency volatility continued to influence funding conditions and credit risk across the region.

In East Africa, growth remained relatively resilient, supported by infrastructure investment, trade integration, and stable agricultural performance. However, climate variability and fiscal constraints remain key structural risks, particularly for agriculture-dependent economies.

Implications for the Group

These dynamics influence foreign currency availability, funding conditions, and cross-border capital flows, with implications for liquidity, pricing, and cost of funds. Given the Group's exposure to agriculture, MSMEs, and co-operative societies, macroeconomic shifts and climate variability directly affect credit risk, portfolio resilience, and capital allocation decisions.

4.3. Kenya macroeconomic context

Consistent with global and regional trends, the Kenyan economy experienced policy-driven stabilization in 2025. Easing inflation, declining interest rates, and relative exchange rate stability supported credit demand, borrower affordability, and liquidity conditions across the financial sector.

Kenya macroeconomic snapshot

Indicator	FY2025	FY2024 / Direction
GDP Growth	5.0%	4.7% ▲ Recovery supported by services and industry
Inflation	4.1%	4.5% ▼ Easing driven by food and fuel price stability
Central Bank Rate	9.0%	13.0% ▼ 400 basis points reduction from August 2024
KShs./USD	Broadly stable	Volatile in 2024 → Stabilized through export, tourism, and diaspora inflows
Private sector credit	Recovering (H2 2025)	Subdued H1 → Accelerating in H2 as rates fell
Government domestic borrowing	Elevated	Moderating liquidity pressure in H2 2025

Economic growth is estimated at 5.0% in 2025, up from 4.7% in 2024, supported by a resilient services sector, recovery in industrial activity, and the continued role of agriculture as a key economic anchor. While operating conditions improved, structural vulnerabilities and sector sensitivities remain, particularly in climate-exposed segments aligned to the Group's core portfolio.

4.3.1. Inflation and interest rates

Inflation declined to 4.1% (FY2024: 4.5%), driven by improved food supply, stable fuel prices, and reduced exchange-rate pass-through effects. This enabled monetary easing, with the Central Bank Rate closing the year at 9.0%, representing a cumulative 400 basis point reduction from August 2024.

Lower interest rates improved demand and supported recovery in private sector credit, particularly in the second half of the year. For the Group, this improved demand across retail, MSME, and agricultural segments and informed pricing, risk management, and capital allocation decisions.

Structural pressures remain in climate-sensitive sectors, particularly agriculture, where input costs and seasonal variability continue to influence borrower cash flows and credit risk.

4.3.2. Exchange rate and external position

The Kenyan Shilling remained broadly stable against the US Dollar during FY2025, supported by export receipts, tourism inflows, diaspora remittances, and external financing inflows. This stability reduced foreign exchange pressure for trade-linked clients, supported working capital planning, and strengthened investor confidence.

External conditions remain sensitive to global commodity prices, capital flow volatility, and geopolitical developments. The Group continues to monitor foreign exchange exposures and client sensitivity through prudent pricing and stress testing.

Fiscal conditions, liquidity and crowding-out

Fiscal financing needs and domestic borrowing remained key influences on liquidity, deposit pricing, and private sector credit conditions. Moderating government securities yields, in line with the easing monetary policy stance, supported lower funding costs and improved credit conditions in the second half of the year.

However, elevated sovereign borrowing remains a structural consideration, given its potential to tighten liquidity and crowd out private sector lending. These dynamics continue to inform the Group's treasury positioning, funding strategy, and balance sheet allocation. The Group's well diversified deposit portfolio, provides a structural advantage in managing these pressures.

Co-op Bank Specific Context

These dynamics are structurally material to the Group. The Bank serves 9,842,536 account holders, operates through 625 SACCO front offices, and supports a 15-Million member co-operative movement. The easing rate environment improved demand and repayment capacity across the Group's core borrower base, particularly in agriculture and MSMEs.

The Group's well diversified deposit portfolio remains a key source of funding strength, contributing to a reduction in Total Cost of Funds to 5.0% (FY2024: 6.4%). This differentiated funding base supports margin resilience and balance sheet stability.

→ See Section 14 – Financial Statements for detailed net interest margin, cost of funds, and margin analysis.

→ See Section 9 – Climate for agricultural portfolio climate exposure and physical risk assessment.

4.4. South Sudan Macroeconomic Context

South Sudan Macroeconomic Indicators (estimates– FY2025)

Indicator	FY2025	FY2024 / Direction
GDP Growth	Strong rebound - ▲ 24.3%	Sharp contraction (26.1%) → ▼ Recovery driven by partial resumption of oil exports
Inflation	Elevated (97.5% range)	Hyperinflation (99.8%) → ▼ Moderating but still high due to currency depreciation and supply constraints
Central Bank Rate	End of Period approx. 13.0%	Stable → Limited monetary policy effectiveness amid fiscal dominance
SSP/USD	Volatile	Continued depreciation → Continued instability driven by oil revenue shocks and weak reserves
Private sector credit	Weak	Constrained → A young financial sector amid high-risk environment
Government domestic borrowing	Elevated / constrained	Fiscal crisis → Heavy reliance on oil revenues and monetary financing

Despite a difficult operating environment, Co-operative Bank of South Sudan returned to profitability in FY2025, underscoring the resilience of the subsidiary's management team and the Group's strategic commitment to the South Sudan market.

4.5. Banking Industry Developments

4.5.1. Technological Environment

Digital adoption continued to accelerate in FY2025, with customer expectations increasingly centred on speed, convenience, and seamless service delivery. Digital capability is now central to competitiveness, customer retention, and cost efficiency across the banking sector.

At the same time, increased digitalization elevates exposure to cybersecurity threats, fraud risk, and operational disruption, requiring strengthened controls, governance, and operational resilience.

Implications for the Group

The Group scaled its digital platforms, achieving a 93.9% digital transaction share and expanding its merchant network to 11,276. This supported growth in non-funded income, customer reach, and operational efficiency, while reinforcing continued investment in cyber resilience, fraud detection, and data governance.

→ See Section 8 – Risk Management for cybersecurity controls and digital risk management.
 → See Section 11 – Customers and Community for digital inclusion and E-Credit performance.

Competitive Landscape

The banking sector remained highly competitive, shaped by funding dynamics, digital disruption, and evolving customer expectations. Deposit competition reflected interest rate movements and customer yield preferences, while credit demand was influenced by affordability and economic recovery trends. Margin pressure remained evident in the first half of the year. However, disciplined asset repricing, a lower rate environment, and the strength of the Group’s well diversified deposit portfolio supported a recovery in Net Interest Margin to 10.1% (FY2024: 8.5%).

Banking industry signals and Group response - FY 2025

Industry Signal	What It Means for the Industry	Group Response / FY2025 Outcome
Digital acceleration	Digital capability is central to competitiveness, customer retention, and cost efficiency	93.9% digital transaction share; merchant network increased to 11,276 (FY2024: 5,357); YEA App and New Co-op Bank App deployed
Funding competition	Deposit franchise strength and pricing discipline influence margin performance in a rate-easing cycle	Cost of Funds reduced to 5.0% (FY2024: 6.4%); Net Interest Margin on loans improved to 10.1% (FY2024: 8.5%)
Asset quality sensitivity	Borrower cash flows remain sensitive to macroeconomic conditions despite improving trends	NPL ratio improved from 16.8% to 15.4%; enhanced credit scoring and early warning systems implemented
Fintech and cyber risk	Innovation increases customer expectations while elevating cyber and fraud risk exposures	Active participation in BS-SOC; 7,455 refresher trainings completed on AML/CFT; strengthened fraud monitoring and response
Sustainability integration	Climate risk is increasingly embedded in credit, risk management, and regulatory expectations	Early adoption of IFRS S1 and S2; KGFT and CRDF engagement commenced; FiRe Award 2025 – ESG Reporting (GRI Category)
Co-operative franchise strength	A stable, relationship-based deposit base supports funding resilience across rate cycles	625 SACCO FOSAs; 9.8Mn account holders, Co-opholdings Co-operative Society Limited (64.56%) as majority shareholder, distributor, and a core deposit base

Implications for the Group

The Group’s co-operative model provides a differentiated funding and distribution advantage. Maintaining underwriting discipline, strengthening early warning systems, and enhancing recoveries remain critical to managing credit risk in a recovering but still sensitive environment.

→ See Section 14 – Financial Statements for net interest margin, cost of funds, and non-funded income performance.
 → See Section 7 – Strategy for the Good to Great strategic plan and strategic pillars.

4.5.2. Climate and Environmental Landscape

Climate-related risks and opportunities are increasingly embedded in the operating environment, driven by regulatory developments, stakeholder expectations, and evolving market practice. This is particularly material given the Group’s exposure to agriculture and MSMEs, where physical risks such as drought and flooding directly affect borrower performance, collateral values, and repayment capacity.

The transition to enhanced disclosure frameworks, including IFRS S1 and IFRS S2 on an early-adoption basis, reinforces the integration of climate considerations into governance, strategy, and risk management.

Implications for the Group

Climate risk is managed as a financial risk, influencing credit assessment, portfolio resilience, and capital allocation. The Group’s Environmental and Social Management System screens relevant exposures, while transition-aligned lending opportunities continue to be explored across agriculture, MSMEs, and renewable energy.

→ See Section 9 – Climate for IFRS S2 aligned disclosure, scenario analysis, and ESMS detail.
 → See Section 5 – Materiality for MT-04 Climate Risk and MT-05 Sustainable Finance.










4.6. Regulatory and policy context

The regulatory and policy environment in FY2025 was characterized by strengthened supervisory oversight, enhanced consumer protection, and expansion into emerging areas including digital finance and climate risk. These developments directly influenced pricing frameworks, capital planning, liquidity management, compliance obligations, and disclosure readiness.

Measures introduced by the Central Bank of Kenya and other policymakers were aimed at improving monetary policy transmission, reinforcing financial stability, enhancing consumer protection, and aligning the financial sector with evolving sustainability and financial integrity expectations. While these developments supported operational resilience, responsible innovation, and sustainability integration, they also introduced additional compliance requirements and implementation costs.

Sustainability regulation has transitioned into a core prudential and disclosure requirement, with the introduction of the KGFT and CRDF in April 2025 formalizing expectations around portfolio classification, climate risk integration, and enhanced disclosure.

Key regulatory developments and Group response

Theme	Key Development	Trend	Impact on the Group	Our Response
Monetary Policy	Cash Reserve Ratio (CRR) reduction; interest rate corridor adjustments; discount window repricing	 Easing	Improved system liquidity and funding conditions; gradual rate transmission	Treasury repositioning; ALCO recalibration; loan repricing
Credit Pricing	Revised Risk-Based Credit Pricing Model (RBCPM) – KESONIA-based reference rate	 Reform	Increased pricing transparency; system and process changes required	Full alignment completed; staff briefed; systems updated
Capital	Phased minimum capital threshold reforms (ongoing)	 Strengthening	Increased capital planning discipline; consolidation pressure across smaller institutions	Capital Adequacy Ratio maintained at 22.6%; minimum regulatory thresholds met
Sustainability	KGFT and CRDF – April 2025	 New	Green lending classification and climate disclosure obligations formalised; sustainability integration required	Implementation roadmap activated; portfolio mapping initiated; disclosures aligned to Section 9
Payments	Kenya Electronic Payments and Settlement System (KEPSS) operating hours extension	 Enhancement	Improved settlement efficiency for corporate and institutional clients	Operational alignment completed; client communication issued
Cybersecurity	Banking Sector Cybersecurity Operations Centre (BS-SOC) establishment	 Strengthening	Higher cyber oversight; elevated reporting expectations; sector-wide threat intelligence sharing	Active participation in BS-SOC; cybersecurity controls strengthened
AML/CFT	Anti-Money Laundering (AML) Amendment Act	 Strengthening	Increased compliance obligations; enhanced customer due diligence requirements	AML/CFT frameworks strengthened; 7,455 refresher trainings completed
Digital Assets	Virtual Asset Service Providers Act	 New	New compliance obligations for digital asset-related activities	Risk and compliance assessment underway; policy updates in progress
Financial Inclusion	National Financial Inclusion Strategy 2025–2028	 Enabling	Supports retail, MSME, youth, and co-operative banking growth	MSME, Women, and Youth propositions expanded; 259,163 MSME clients onboarded

The Central Bank of Kenya issued both the KGFT and the CRDF in April 2025. The obligations summarized below are drawn directly from those frameworks.

KGFT and CRDF – regulatory obligations and Group status

Framework	What It Requires	Timeline	Group Status
KGFT	Classification of green and taxonomy-aligned economic activities; portfolio tagging; disclosure of taxonomy-aligned exposures; eligibility governance	Voluntary from April 2025. Mandatory from October 2026	Green Data Lab established; KGFT gap assessment initiated; priority sectors mapped (agriculture, renewable energy, MSMEs, real estate); portfolio tagging targeted mid-2026
CRDF	Climate risk governance; physical and transition risk assessment; credit portfolio climate exposure disclosure; scenario analysis; capital planning integration	Effective April 2025	Initial climate risk assessment completed in FY2025; CRDF acknowledged in risk framework; governance structures in place via Sustainability Champions Committee and Board Risk Committee

4.7. Our 2026 Outlook

The outlook for FY2026 remains constructive, building on the macroeconomic stabilization achieved in 2025. The Central Bank Rate was reduced to 8.75% at the February 2026 Monetary Policy Committee meeting, subsequent to the FY2025 reporting date, confirming the continuation of a supportive monetary policy stance. Inflation is expected to remain within target, while exchange rate stability is expected to support investor confidence, consumption, and business investment.

Credit demand is expected to strengthen across MSMEs, agriculture, and trade-related sectors. As a pre-election year, fiscal activity may support economic momentum, although domestic borrowing and global uncertainties remain key considerations.

Risks persist from global geopolitical tensions, trade policy uncertainty, elevated debt servicing costs, and climate variability. Against this backdrop, disciplined risk management, funding strategy, and balance sheet optimisation remain critical to sustaining growth and resilience.

The scenarios below illustrate how management is planning for different external conditions and the actions prioritized to protect value creation and resilience.

Outlook scenarios and management responses

Scenario	What we assume (external)	What we assume (Bank execution)	Implications (headline)	Management response (priority moves)
Base case	Private sector credit growth continues to recover; inflation remains contained; FX remains stable; funding conditions stabilize.	Balanced growth, disciplined pricing, and sustained digital improvement; recovery execution continues (targeted recovery programmes).	Moderate growth with improved risk-adjusted returns; asset quality stabilizes but remains a focus.	Protect asset quality; sustain cost discipline; accelerate digital while strengthening cyber/fraud controls; scale sustainable finance selectively.
Upside case	Faster easing of rates and stronger demand; improved FX stability and investor confidence; sector credit demand accelerates.	Execution outperforms on customer experience and productivity; risk costs reduce faster than plan.	Higher loan growth with stable risk cost; improved margins and profitability.	Scale priority-sector lending; deepen co-operative partnerships; invest in analytics-driven cross-sell while maintaining underwriting discipline.
Downside case	Renewed FX volatility and inflation pressure; higher funding costs; sector stress pockets deepen; regulatory strengthening accelerates.	Growth slows; impairment pressure rises; operational/cyber risk intensity increases.	Profitability pressured; capital and liquidity buffers become more binding constraints.	Refine underwriting and sector limits; strengthen recoveries; reprice and optimize funding; strengthen liquidity buffers; review discretionary spend.

To support resilience, management monitors early-warning indicators linked to material risks and opportunities and agrees response actions in advance.

Key assumption	Early-warning indicator	Trigger threshold	Why it matters	Management response
Asset quality stabilizes vs FY2025 stress	Group NPL ratio; sector watchlist migration; cure rates	A trigger is activated when NPLs exceed the established threshold or when sector migration rates breach the defined risk appetite for two consecutive quarters.	Higher credit stress increases impairment and constrains growth.	Refine underwriting standards; review sector limits; strengthen recoveries; and restructure exposures.
Funding cost stabilizes; deposit franchise remains resilient	Cost of funds; deposit mix; wholesale funding share	A trigger is activated when the cost of funds rises materially above plan or when the share of wholesale funding breaches internal thresholds.	Funding costs and deposit mix affect margins and liquidity resilience.	Reprice deposits selectively; optimize funding mix; review asset pricing; protect liquidity buffers.
Liquidity buffers remain above internal thresholds	Liquidity ratio; LCR/NSFR (if used internally); stress test results	Liquidity ratio < internal floor or stress test breach	Liquidity constraints can limit lending capacity and increase funding risk.	Activate contingency funding plan; review long-tenor lending; increase liquidity assets
Capital trajectory remains within regulatory and internal targets	Total capital/RWA; core capital trajectory to 2029 requirement	Capital ratio < internal buffer or capital plan deviation beyond tolerance	Capital adequacy supports resilience and growth capacity under regulatory expectations.	review capital allocation; manage RWA growth; review dividend posture; optimize portfolio
FX volatility remains manageable	KShs./USD, SSP/USD volatility; open FX position; customer stress indicators	A trigger is activated when the KShs. or SSP experiences a sharp quarter-on-quarter depreciation or when exchange rate volatility rises beyond the established limit.		
	FX movements affect customer stress and market risk exposure.	Hedge/optimize positions; refine FX limits; review sector stress impacts; review pricing		
Digital growth continues without control failures	Digital availability; fraud loss rates; major incident frequency	Critical incident or fraud losses breach appetite or availability below SLA	Operational disruptions or fraud losses can damage trust and increase costs.	Strengthen controls; enhance monitoring; maintain effective incident response; ensure clear customer communication; and advance vendor remediation.
Regulatory compliance remains strong with no major sanctions	Regulatory breaches; remediation closures; penalties	Any material breach or remediation backlog exceeds tolerance	Regulatory breaches can lead to sanctions and reputational harm.	Accelerate remediation; strengthen training; update policies; Board oversight escalation
Climate and sustainability disclosure readiness improves (IFRS S2 direction)	Coverage of financed emissions data; scenario capability; ESMS coverage	Disclosure readiness milestones missed or data coverage below plan	Improved climate readiness supports risk management and credible disclosures.	Implement data plan; portfolio mapping; scenario analysis roadmap; governance escalation

Closing Position

The Group enters FY2026 from a position of strength, supported by a well-diversified deposit portfolio, improved asset quality, and a strengthened capital base. These fundamentals underpin funding stability, margin resilience, and continued capacity to support growth.

Operationally, digital scale and enhanced risk management capabilities have improved efficiency, customer reach, and portfolio performance. Strategically, early adoption of IFRS S1 and S2 and alignment with emerging regulatory frameworks position the Group ahead of the evolving disclosure and sustainability landscape.

Against a stabilising but still uncertain macroeconomic backdrop, the Group is well positioned to balance growth with discipline, supporting its customers while advancing inclusive and sustainability-aligned outcomes.

→ See Section 8 – Risk Management for the full principal risks register and stress testing framework.

→ See Section 14 – Financial Statements for capital adequacy, liquidity ratios, and NIM analysis.

5. Materiality

What matters most, why it matters, and how it affects financial performance

5.1. Overview

Materiality determines which matters most affect the Group's ability to create, preserve or erode value over the short, medium and long term. For this Integrated Report, a matter is material where information about it could reasonably be expected to influence the decisions of existing and potential investors, lenders and other capital providers by affecting the Group's prospects, cash flows, earnings resilience, capital and liquidity, access to funding, cost of capital or long-term value creation.

The Group therefore applies an enterprise-value lens, while considering stakeholder perspectives and value-chain dependencies where they may affect enterprise value.

In FY2025, the material-topic architecture remained broadly stable, but the weighting attached to selected topics changed. Climate risk and resilience, sustainable finance and digital trust gained prominence in response to IFRS S1 and IFRS S2 early adoption, the Kenyan climate-disclosure trajectory, the Kenya Green Finance Taxonomy, and rising customer dependence on digital channels. Human-capital capability and customer experience also increased in strategic importance as the Group entered the first year of the Good to Great 2025–2029 Corporate Strategic Plan.

5.2. Materiality basis, boundary and time horizons

The assessment covers the Group's operations, governance, workforce, products, channels, and infrastructure. Where relevant, the boundary extends to upstream and downstream matters that may affect enterprise value, including critical suppliers and service providers, financed activities, portfolio-level climate exposures, and customer outcomes where product design or service delivery materially influences risk, trust or resilience.

Planning horizon	Definition	Illustrative matters assessed
Short term	1–3 years	Credit quality, customer trust, service resilience, cyber risk, regulatory changes, operating efficiency
Medium term	4–7 years	Talent and productivity, digital transformation, capital trajectory, customer and channel shifts
Long term	Over 7 years	Climate resilience, transition positioning, long-dated franchise and funding effects

Engineering resilience from education access to water innovation

Patrick Musembi's journey began with interruption rather than momentum. After first sitting KCPE, he still could not afford to transition to secondary school and had to repeat Class 8 while his family searched for a way forward. He improved to 395 marks, secured a Co-operative Bank Foundation scholarship, and moved into secondary school with something equally important as fee support: mental safety. For the first time, he could study knowing that his education had a path.

That path led him to mechanical engineering at the Technical University of Kenya and later into climate-oriented technical work. But Patrick's story did not stop at formal employment. Following job loss in April last year, he redirected his training toward an initiative focused on purifying wastewater for domestic use - applying design thinking and engineering discipline to a problem with immediate household and community relevance.

Patrick demonstrates how scholarship support can translate into problem-solving capacity that remains relevant even through labour-market disruption, with outcomes that speak directly to innovation, resilience and practical community benefit.



Patrick Musembi
Beneficiary Co-op Foundation

"The scholarship removed the barrier in front of me; engineering then gave me a way to solve real problems for people."

395 KCPE marks after repeating Class 8 | Mechanical engineering training | Now applying technical skills to a wastewater purification initiative for domestic use



5.3. Stakeholder engagement inputs

Stakeholder engagement informed management's assessment of material matters through ongoing engagement channels across the business and an externally commissioned FY2025 materiality study using interviews, surveys, questionnaires and desk research. The study achieved coverage across 15 stakeholder categories and 1,002 sample points, including customers, employees, community representatives, persons living with disabilities, suppliers, regulators, investors and other market stakeholders.

Employee and customer feedback most strongly influenced final prioritisation, while investor, regulator and community inputs sharpened the Group's focus on governance, disclosure quality, responsible financing, inclusion, digital trust and long-term resilience.

Stakeholder group	How we engage	Key issues raised in FY2025	How feedback shaped priorities and disclosure
Customers	Branch and digital service interactions; contact center insights; complaints and dispute-resolution channels; service experience monitoring; targeted market research.	Fair customer practices; service quality and experience; digital safety, fraud and phishing risks; service availability; accessibility and inclusion needs; transparency of terms and fees.	Strengthened disclosure on customer protection, service resilience, inclusion by design, fraud prevention, customer education and digital trust.
Employees	Leadership forums; staff surveys; training platforms; HR feedback channels; day-to-day management processes; targeted external research.	Employee wellbeing; human capital development; fairness in performance management; leadership quality; culture and accountability; climate action and resource efficiency.	Elevated people disclosures beyond training counts to include culture, fairness, wellbeing, capability and execution risk, and sharpened the internal dimension of climate and operational sustainability.
Investors and shareholders	Investor briefings; AGM; market engagements; ongoing shareholder communication.	Governance transparency; capital and dividend trajectory; earnings resilience; portfolio quality; climate readiness; disclosure discipline.	Reinforced the link between governance, resilience, climate readiness and long-term financial performance.
Regulators and supervisors	Supervisory reviews; compliance interactions; industry consultations; regulatory engagement.	Sustainability and climate disclosure expectations; digital oversight; conduct; financial crime controls; consumer protection; system resilience.	Increased emphasis on governance, risk management, controls, metrics, customer protection and conduct in the materiality narrative.
Communities, co-operative movement and civil society	Community programmes; financial literacy initiatives; co-operative ecosystem engagement; stakeholder meetings; targeted external research.	Community impact; practical inclusion; support for MSMEs and livelihoods; responsible financing; transparency and accountability; future-readiness.	Reinforced the role of inclusion, community impact and responsible financing in long-term franchise strength and social licence.
Suppliers and business partners	Procurement interactions; supplier relationship management; contractual and service review processes; targeted external research.	Ethical supply chain expectations; data privacy and security; service reliability; integrity in business relationships.	Informed the control environment and third-party risk narrative, although supplier themes were not prioritized as a standalone material matter.

5.4. How we identify and prioritize material matters

Potential matters were identified from the operating environment, strategy and business priorities, principal and emerging risks, complaints and incidents, portfolio and sector analysis, stakeholder feedback, and Board and management deliberations on performance, capital allocation and resilience.

Each matter was then assessed against a consistent set of criteria and challenged through the Group's management and governance structures before final prioritisation

Assessment criterion	Focus
Magnitude	The potential effect on earnings, cash flows, capital, liquidity, funding, cost of capital, franchise value or business-model resilience.
Likelihood	The probability that the matter will affect the Group directly or through regulation, customer behavior, litigation exposure, market conditions or operating disruption.
Timing and persistence	Whether effects are immediate, medium-term or long-dated, and whether they are temporary, structural or compounding.
Value-chain relevance	The extent to which the matter arises from upstream or downstream dependencies, including suppliers, service providers, financed activities, portfolio exposures, and customer outcomes.
Stakeholder signal	Strength and consistency of stakeholder concerns, including areas where perceived performance lags issue importance.

Potential matters are then reviewed by management against the Group's strategy, risk profile and stakeholder inputs, with final prioritization informed by the Group's broader oversight of strategy, risk and performance.

5.5. Priority material topics

The ten priority material topics below represent the issues that most shape the Group's ability to create and preserve value over time.

Priority material topic	Why it matters	How it affects value	Key linkages	Horizon	Boundary	Where addressed
MT-01 Corporate Governance and Business Ethics	Governance quality underpins trust, licence to operate, access to capital and resilience in decision-making. Weak oversight or ethical failures can lead to sanctions, financial loss, conduct failures and reputational damage.	Regulatory standing, trust, control effectiveness and long-term franchise strength.	SRRO-007; SRRO-010	Short to long	Group governance, control environment, ethics, compliance and leadership conduct.	Governance; Risk Management
MT-02 Ethical Banking and Responsible Lending	Responsible banking supports customer trust, reduces regulatory and litigation exposure, and strengthens the quality and sustainability of growth.	Asset quality, conduct outcomes, customer trust and sustainability of growth.	SRRO-001; SRRO-007	Short to medium	Lending products and customer-facing lending activities across the Group, including selected downstream effects where product design, terms, collections or client screening influence outcomes.	Risk Management; Customers and Community
MT-03 Cybersecurity and Data Privacy	Digital growth and channel dependence increase exposure to cyber threats, fraud losses, operational disruption and data privacy risk. Product innovation therefore depends on secure-by-design controls and resilient service infrastructure.	Operational continuity, fraud control, customer trust, remediation cost avoidance and resilient digital growth.	SRRO-003; SRRO-008	Short	Group operations, customer channels, digital platforms and critical third-party technology and service providers.	Risk Management; Customers and Community
MT-04 Climate Risk and Resilience	Climate-related developments can affect borrower performance, collateral values, operating continuity, portfolio quality, disclosure expectations and cost of capital. This is especially relevant to financed exposures linked to agriculture, MSMEs, SACCOs/FOSAs and other climate-sensitive sectors.	Credit risk, portfolio resilience, operating continuity and disclosure credibility.	SRRO-004; SRRO-001	Medium to long	Group operations and downstream financed activities, including portfolio-level climate exposures.	Climate; Risk Management
MT-05 Sustainable Finance and Green Investments	Sustainable finance supports strategic relevance, customer transition needs and responsible growth, while helping the Group manage transition risk and build new opportunity pipelines across the co-operative, MSME and agricultural ecosystem.	Product relevance, transition positioning, customer retention and growth in opportunity segments.	SRRO-004	Medium to long	Group financing and investment activity, including financed activities, product eligibility criteria and monitoring boundaries.	Climate; Metrics and Targets
MT-06 Financial Inclusion and Accessibility	Inclusion supports growth, competitive relevance and the Group's co-operative heritage, while strengthening long-term trust and social licence.	Co-operative franchise strength, MSME and retail customer growth, risk-adjusted inclusion and social licence.	SRRO-001; SRRO-008	Short to medium	Group customer footprint and selected enabled impacts where measurable, including access, affordability, digital reach, co-operative channels and targeted inclusion platforms.	Customers and Community; Strategy
MT-07 Diversity, Equity and Inclusion	Inclusive and fair systems support talent attraction, decision quality, innovation, conduct-risk reduction and organizational resilience.	Talent retention, decision quality, culture strength and conduct-risk reduction.	SRRO-009	Medium	Group workforce, culture and people systems, and selected expectations of key partners or suppliers where relevant.	People and Culture; Governance

MT-08 Human Capital Development	Long-term value creation depends on a capable, accountable and motivated workforce.	Execution capability, productivity, succession resilience and service quality.	SRRO-009	Medium	Group workforce capability, leadership and succession pipeline.	People and Culture
MT-09 Customer Experience and Digital Transformation	Customer experience is a driver of loyalty, growth, efficiency and franchise strength.	Customer retention, growth, efficiency, service resilience and digital channel adoption.	SRRO-008; SRRO-003	Short to medium	Group operations, customer journeys, channels, digital platforms and relevant third-party service dependencies.	Customers and Community; Strategy
MT-10 Community Investment and Social Impact	Effective community investment reinforces trust, strengthens the Group's social licence and supports long-term franchise value. Through the Co-op Foundation and allied programmes, the Group channels social investment into education, employability, women's financial capability and community resilience.	Trust, reputation, social licence and long-term franchise strength.	SRRO-010	Medium	Group community activity and selected measurable value-chain effects.	Customers and Community

What changed from FY2024

No material topic was removed in FY2025. Instead, management sharpened the enterprise-value pathways, refined topic framing and strengthened links to sustainability-related risks and opportunities.

FY2024 orientation	FY2025 treatment	Status	Why it changed
Climate change	Climate Risk and Resilience	Reframed and elevated	The FY2025 framing sharpens the topic around risk, portfolio resilience, disclosure readiness and transition pathways in line with IFRS S1 and S2, the CBK climate-disclosure trajectory and the KGFT.
Customer experience and digital innovation themes	Customer Experience and Digital Transformation, with stronger digital-trust linkage	Widened in scope	Customer dependence on digital channels, service-resilience expectations and fraud concerns made digital trust and service continuity more decision-useful within the topic architecture.
Employee welfare and people matters	Human Capital Development and Diversity, Equity and Inclusion	Broadened and made more decision-useful	The Group's new strategic cycle increased the importance of capability, productivity, succession resilience, fairness and culture as drivers of execution quality and long-term value creation.
Financial inclusion	Financial Inclusion and Accessibility	Clarified and strengthened	FY2025 framing more clearly links inclusion to co-operative franchise strength, affordability, digital reach and risk-adjusted growth.
Sustainable-finance and transition themes	Sustainable Finance and Green Investments	Elevated in prominence	The opportunity dimension became more explicit in FY2025 as management strengthened the linkage between transition needs, customer relevance, strategic growth and climate-related opportunity capture.

5.6. Materiality matrix

The matrix summarizes the relative positioning of the Group’s ten priority material topics. Enterprise-value significance remains the primary organizing lens, while stakeholder and value-chain considerations inform management’s assessment of that significance.

Enterprise value significance	Very High	MT-02	MT-03 MT-04
	Moderate	MT-07	MT-06 MT-08 MT-01 MT-09
		MT-05	MT-10
	High	Very high	Critical

Stakeholder and value-chain significance

Topics positioned toward the upper right represent the highest combined priority

From scholarship support to frontline healthcare service

When Mourine Andabwa lost her father during her KCPE year, the risk was not only emotional loss – it was the real possibility that a strong academic performer would be forced to stop at the point where opportunity should have begun. She still scored 405 marks and, through the Co-operative movement network, secured a Co-operative Bank Foundation scholarship that carried her through secondary school and then onward to university. That support did more than clear fees. It created stability, protected her focus, and gave her the confidence to pursue medicine with discipline and purpose.

Mourine progressed to the University of Nairobi, qualified in medicine, and volunteered during the COVID period when health systems were under intense strain. Today, she is applying that training in active medical service, extending the value of the Foundation’s investment far beyond the classroom.

Her story shows a full chain of support: academic promise identified early, sustained backing through critical transition points, professional qualification, and direct service to society.

The Foundation does not simply fund education – it helps build health professionals whose work improves resilience, dignity and access to care in the communities they serve.



Dr. Mourine Andabwa
Beneficiary Co-op Foundation

“I never went home for school fees – that stability allowed me to concentrate and become the doctor my community needed.”

405 KCPE marks | Secondary and university scholarship support | Now serving patients and communities through healthcare practice



5.7 Linkage to strategy, risks and opportunities, and financial effects

Material matters are embedded in strategy execution, risk management, capital allocation, product design, customer and channel decisions, and performance management. They inform management’s assessment of the Group’s prospects by affecting resilience, growth capacity, franchise strength, and access to capital over the short, medium, and long term.

Some effects are already visible in FY2025 through credit quality, operating costs, remediation spend, capital management, and service resilience. Others are expected to develop over longer horizons, particularly in relation to climate transition, portfolio resilience, cyber and data risks, talent and culture, and broader reputation and licence-to-operate considerations.

Where a matter cannot yet be quantified with sufficient reliability, the Group explains the nature of the exposure, the management response and the expected direction of effect in the relevant chapter. This supports transparent linkage between material matters, sustainability-related risks and opportunities, and financial effects, including potential effects on future cash flows, access to finance and cost of capital, consistent with IFRS S1. Material matters also inform the indicators, targets and performance measures disclosed in Chapter 12.

Area of effect	Illustrative channels and pathways	Linkage to strategy, risks and opportunities	How it appears in reporting
Credit quality and asset values	Borrower stress, collateral resilience, underwriting outcomes, sector concentration, portfolio mix, and changes in physical or transition risk exposure	Linked to prudent growth, risk appetite, portfolio resilience and sector strategy. Creates downside risk through impairment and opportunity through better risk selection and portfolio steering.	Risk Management; Climate; expected credit loss and impairment discussion in the financial statements
Operating costs and remediation	Control enhancements, cyber response, service recovery, fraud prevention, conduct remediation, compliance strengthening, training and resilience investment	Linked to operational resilience, control effectiveness, service quality and execution discipline. Near-term cost effects may support longer-term franchise protection and efficiency.	Risk Management; Governance; People and Culture; operating-expense commentary and relevant notes to the financial statements
Capital, liquidity and funding	Regulatory developments, deposit confidence, market perceptions, funding flexibility, margin pressure, capital buffers and cost of capital	Linked to balance-sheet resilience, capital planning, liquidity management and regulatory readiness. Affects the Group’s ability to support growth while maintaining prudential strength.	Risk Management; Governance; capital and liquidity discussion; funding, solvency and going-concern related disclosures
Revenue, growth and franchise strength	Customer retention, product relevance, responsible growth, sustainable finance opportunities, inclusion-led growth, channel effectiveness and service reliability	Linked to strategic growth priorities, customer value proposition and market positioning. Creates opportunity through product relevance, trust and responsible finance, while poor execution may weaken retention and growth.	Strategy; Customers and Community; Climate; segmental and business-performance commentary
Reputation, trust and licence to operate	Conduct outcomes, customer fairness, stakeholder confidence, community impact, governance credibility, responsiveness to societal expectations and disclosure quality	Linked to long-term franchise strength, regulatory relationships, customer loyalty and broader stakeholder confidence. Effects may be indirect but can become financially significant over time.	Governance; Customers and Community; People and Culture; cross-cutting narrative effects reflected across the report rather than a single financial-statement line item



Co-op Bank staff joined Embu Women’s Prison to contribute towards the building of a Mother and Child Unit at the prison. The Bank is committed to improving the lives of Kenyans across the country regardless of their immediate situations.

Principal sustainability-related risks and opportunities

Code	SRRO title	Horizon	Why it matters	Primary linkage to material matters
SRRO-001	Asset quality and credit risk	Short to medium	Protects earnings resilience, capital strength and prudent growth through disciplined underwriting, portfolio management and recoveries.	Credit quality, sector concentration, responsible financing, portfolio resilience
SRRO-002	Funding and liquidity resilience	Short	Protects liquidity buffers, funding flexibility and margin resilience under changing market and deposit conditions.	Capital and liquidity, depositor confidence, franchise trust
SRRO-003	Cyber resilience, fraud and data privacy	Short	Enables safe digital growth while protecting customer trust, continuity of service and loss control.	Digital trust, service resilience, operational risk, conduct
SRRO-004	Climate risk, transition and sustainable finance	Medium to long	Strengthens resilience to physical and transition risks, supports risk-aware portfolio decisions and enables sustainable-finance growth.	Climate readiness, portfolio resilience, sector exposure, strategic growth opportunities
SRRO-005	Capital resilience and regulatory trajectory	Short to medium	Supports resilience, regulatory compliance, balance-sheet strength and capacity for continued growth.	Capital allocation, prudential resilience, regulatory change
SRRO-006	Market risk and foreign-exchange volatility	Short	Helps manage volatility effects on customer stress, sector performance and balance-sheet risk.	Customer resilience, portfolio performance, macroeconomic sensitivity
SRRO-007	Regulatory compliance, conduct and financial crime	Short	Sustains compliance discipline, reduces the risk of sanctions or remediation backlogs and protects franchise integrity.	Governance quality, conduct, disclosure quality, licence to operate
SRRO-008	Customer experience and service resilience	Short	Supports loyalty, retention and growth through dependable service and effective customer journeys.	Service quality, fairness, inclusion, customer trust
SRRO-009	Talent, culture and productivity	Medium	Supports execution, accountability, leadership continuity and a resilient organizational culture.	People capability, wellbeing, culture, performance management
SRRO-010	Reputation and social licence	Medium	Sustains trust with customers, regulators, investors, the co-operative movement and society more broadly.	Stakeholder confidence, community impact, governance credibility, long-term franchise value

5.8. Governance oversight and review cycle

The materiality review is undertaken annually and updated during the year where significant changes arise in the operating environment, strategic direction, risk profile, stakeholder expectations or regulatory requirements.

Management coordinates the process and the results are reviewed through the Group's governance structures as part of oversight of strategy, risk and performance.

Taken together, the priority material topics, their linkages to SRROs and their effect channels show how material matters influence how the Group grows, allocates capital, manages risk, designs products, serves customers, develops its workforce and protects its franchise.



Co-op Bank was recognized as an Ecosystem Collaboration Champion at the Pesalink Bank Awards 2025. This recognition underscores the Bank's commitment to driving innovation and operational efficiency through strategic partnerships that empower businesses and communities across Kenya.

6. Governance

How the Group is governed: Board leadership, committees, ethics, compliance and assurance

6.1. Governance architecture and regulatory framework

6.1.1. Governance architecture snapshot

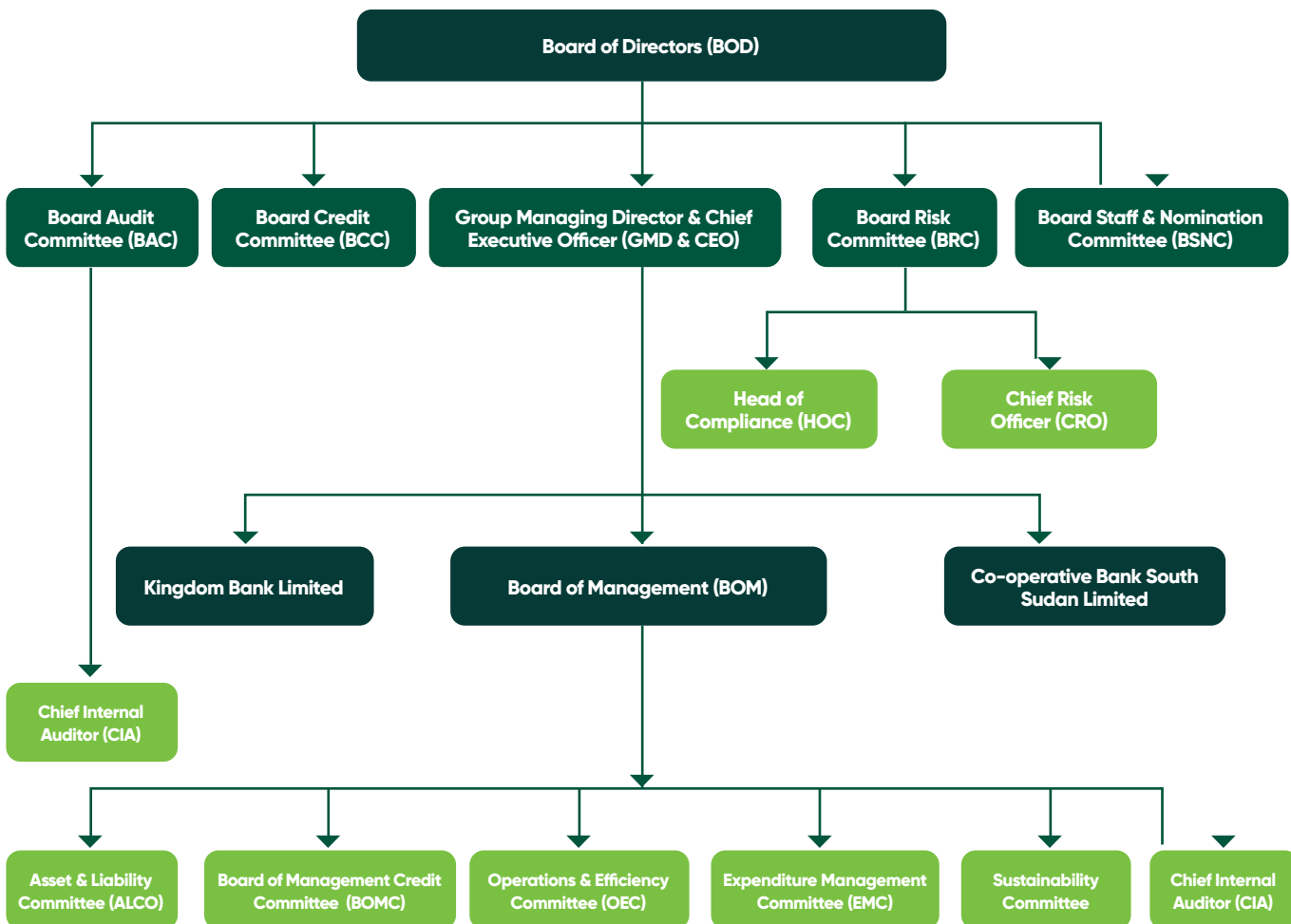
Governance supports the Group's ability to create and protect long-term value for shareholders, customers, employees and the wider co-operative ecosystem. We regard governance as a value-creation discipline that supports strategic execution, protects stakeholder trust, reinforces ethical conduct and enables responsible capital allocation.

The Group's governance model supports clear accountability, disciplined decision-making, risk oversight, internal control and reporting across the parent bank and its subsidiaries. Within the Group's co-operative model, governance also supports stewardship of member-driven capital and long-term financial inclusion, while reinforcing integrity and prudent risk-taking.

The framework is anchored in applicable legal and regulatory requirements, including the Companies Act, 2015 (Kenya), the Banking Act, the CBK Prudential Guidelines, and the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015. Board-approved charters, policies and delegated authorities define decision rights and escalation pathways across the Group, supporting alignment between strategy, risk management and performance oversight.

Supported by its committees, the Board oversees the strategic, risk, and conduct and people matters that shape long-term performance, including customer protection, financial resilience, ethical conduct, talent stewardship and sustainability readiness. Sustainability- and climate-related matters are integrated into this governance architecture through defined reporting lines, management coordination structures, and oversight by the Board Risk Committee and the Board.

Board-level governance



Governance architecture snapshot

Governance layer	Forum(s)	Primary responsibilities	Key outputs	Meeting cadence
Board	Board of Directors	Strategic direction; approval of risk appetite; performance oversight; approval of major policies and key disclosures, including sustainability- and climate-related disclosures where applicable	Board resolutions; directives to management; approval of key disclosures	Planned through the annual Board workplan; the full Board met five times in FY2025
Board committees	Board Credit Committee; Board Staff and Nomination Committee; Board Audit Committee; Board Risk Committee	Focused oversight and recommendations within delegated mandates under formal charters	Committee recommendations; approvals within delegated authority; escalations to the Board	In line with committee charters and annual calendars, with additional meetings as required
Executive governance	BOM; Board of Management Credit (BOMC) ; ALCO; EMC; Staff Disciplinary Committee; Operations and Efficiency Committee; Sustainability Champions Committee	Execution oversight; control environment; risk and performance escalation; implementation coordination across core business, control and support functions	Management decisions; programme delivery actions; risk escalations	Regular management committee cadence aligned to delegated authority, escalation needs and performance rhythms
Sustainability and climate governance	Sustainability Champions Committee; Sustainability Unit, with oversight through the Chief Risk Officer	Coordination of sustainability and climate implementation; data validation and reporting readiness; consolidation of sustainability reporting for submission to the Board Risk Committee and, where applicable, the Board	Implementation follow-ups; sustainability and climate reporting to the Board Risk Committee; escalations through the Chief Risk Officer	Regular committee cadence aligned to delegated authority, reporting needs and implementation priorities
Subsidiary governance	Subsidiary boards and management teams; subsidiary committees where applicable, including Kingdom Bank and Co-operative Bank South Sudan	Local oversight within the Group policy and reserved-matters framework; performance, risk and compliance oversight at subsidiary level	Subsidiary resolutions; reporting to Group structures; assurance and remediation actions	Through subsidiary board and committee calendars and Group reporting cycles, where applicable

6.1.2. Governance framework alignment

Framework / requirement	What it requires	How we respond
CBK Prudential Guidelines	Board oversight; fit and proper requirements; risk governance; capital and liquidity oversight; conduct controls	Board and committee oversight model supported by delegated authorities, defined escalation pathways and periodic reporting
CMA Code of Corporate Governance (2015)	Board composition and independence; committees; disclosure and transparency; shareholder rights; ethics	Board leadership structure, committee architecture and mandates, ethics and compliance controls, remuneration governance and shareholder engagement practices
Three Lines of Defence / combined assurance	Clear roles across management (controls), risk and compliance (challenge), and internal audit (assurance)	Defined accountability for controls, challenge and independent assurance across the governance architecture
IFRS S1 governance disclosure	Governance processes, controls and oversight for sustainability-related risks and opportunities	Sustainability and climate governance roles, decision rights and information flows are integrated into risk governance and committee reporting
IFRS S2 governance disclosure	Governance and oversight of climate-related risks and opportunities	The Board and Board Risk Committee oversee climate-related matters through regular reporting on risk posture, implementation priorities and disclosure readiness

6.1.3. Governance effectiveness and assurance approach

Governance effectiveness is monitored through annual Board and committee workplans, performance and risk reporting, compliance monitoring, internal audit coverage and periodic evaluations. This is supported by regulatory engagement and tracking of remediation actions arising from supervisory reviews, internal assessments and assurance activities.

These mechanisms support decision traceability, accountability, effective oversight, and confidence in the Group's control environment and disclosures.

How governance effectiveness is monitored

Mechanism	What it covers	How it strengthens governance outcomes
Annual Board and committee calendars	Planned agenda, risk reviews, policy approvals and strategic oversight items scheduled in advance	Supports disciplined oversight and decision traceability across strategy, risk, conduct and disclosures
Board and committee evaluations	Performance of the Board, committees, individual directors, the Chair and the Group Managing Director & CEO	Identifies improvement actions and strengthens Board effectiveness, including oversight of sustainability, technology and emerging risks
Skills and development planning	Board skills coverage and training priorities aligned to strategic, regulatory and market developments	Supports capability to oversee strategy, risk, technology, cyber resilience and sustainability transition readiness
Combined assurance planning	Three Lines of Defence and external assurance activities	Strengthens confidence in the effectiveness of controls and the credibility of disclosures
Regulatory engagement and remediation	CBK and CMA engagements, thematic reviews, inspections and remediation tracking	Strengthens compliance posture and supports timely response to emerging supervisory expectations

See Section 8 – Risk Management for the Group's Three Lines of Defence model and Board Risk Committee risk oversight.

See Section 5 – Materiality for the governance validation chain supporting materiality assessment and sustainability reporting.

See Section 9 – Climate for climate-related governance, including IFRS S2 oversight and management reporting flows.

6.2. Board Leadership, Composition and Effectiveness

6.2.1. Composition and diversity

Governance of the Group is anchored in the Board of Directors of The Co-operative Bank of Kenya Limited, which serves as the Group's principal Board for strategy, oversight, risk governance and accountability.

Around this principal Board, the Group's broader governance architecture also includes the Board of Management and executive committees, as well as subsidiary legal-entity boards and management structures, including Kingdom Bank Limited and Co-operative Bank of South Sudan Limited, operating within the Group's policy, delegated-authority and reserved-matters framework.

The Bank is governed by a Board of Directors appointed in accordance with the Articles of Association and applicable regulatory requirements. As at 31 December 2025, the Board comprised thirteen directors, of whom twelve were non-executive and one was executive. A majority of directors are drawn from the co-operative movement and represent the Bank's strategic and majority shareholder, Co-opholdings Co-operative Society Limited. In line with the Articles, the Board also includes the Treasury representative. The Company Secretary supports the Board, coordinates agendas and papers, and ensures that Board procedures are followed.

Board Transition

During the year, the Bank recorded a Board transition following the passing of the late Mr. Patrick Githendu on 1 February 2025. Mr. David Muthigani Muriuki moved from the Boards of Co-optrust Investment Services Limited and Co-op Bancassurance Intermediary Limited to the Board of Directors of The Co-operative Bank of Kenya Limited.

At Group level, Mr. Simon Memia joined Co-opholdings Co-operative Society Limited and the Boards of Co-op Bancassurance Intermediary Limited and Co-optrust Investment Services Limited in April 2025. After the year-end, in February 2026, Mrs. Alice Mwololo and Mr. Lawrence Karissa retired from the Board.

In South Sudan, following changes in Government representation, Hon. Malek Anthony Majak Achuo, the Under Secretary for Co-operatives and Rural Development, was appointed as a Director of Co-operative Bank of South Sudan Limited in March 2026.

Board composition and diversity snapshot as at 31 December 2025

Composition metric	FY2025 position	Commentary
Total number of directors	13	Full Board size at year end.
Non-executive directors	12	Includes the Chair, Vice Chair and Treasury representative.
Executive directors	1	Group Managing Director & CEO.
Women directors	3 (23.1%)	Mrs. Alice Mwololo, Mrs. Weda Welton and Mrs. Margaret Karangatha.
Men directors	10 (76.9%)	Balance of the Board at year end.
Independent director ratio	38.5%	Five independent directors provide objective oversight and ensure robust alignment with governance standards
Role separation	Maintained	The roles of Chairman and Group Managing Director & CEO remained separate throughout FY2025.

6.2.2. Appointments and induction

Directors are appointed in accordance with the Company's Articles of Association and applicable legal and regulatory requirements. In line with the Articles, one-third of directors retire at each Annual General Meeting and may offer themselves for re-election.

Board renewal is maintained through this rotation process, fit-and-proper and independence assessments, succession planning, and annual Board evaluation. The Group does not apply a fixed age or tenure cap, but relies on these mechanisms to support orderly Board refreshment and continued alignment with the Group's strategic and governance needs

On appointment, directors receive an induction covering the Group's business model, strategy, governance arrangements, risk profile, operating environment and key regulatory obligations. Directors also have access to the Company Secretary and receive updates on material legal, regulatory and industry developments as they arise.

6.2.3. Chair and Group Managing Director & CEO role separation

The roles of the Chair of the Board and the Group Managing Director & CEO remain clearly separated. The Chair leads the Board, supports effective deliberation and collective responsibility, and ensures that the Board remains focused on strategic, governance and oversight matters. The Group Managing Director & CEO is responsible to the Board for day-to-day management of the Group and for implementing Board-approved strategy, policies and decisions with the support of the Board of Management.

6.2.4. Board Charter responsibilities

The Board Charter defines the Board's core responsibilities, including setting strategic direction, approving major policies, determining risk appetite, overseeing performance and the control environment, and sustaining an ethical corporate culture. It also enables oversight of sustainability and climate-related matters through committee reporting, management escalation, and regular updates on risk, implementation, and disclosure readiness in line with IFRS S1 and IFRS S2 governance requirements.

FY2025 was the first year of implementing the Good to Great Corporate Strategic Plan (2025–2029). The Board focused on governance of execution, alignment of management actions with strategic priorities, and disciplined tracking of outcomes. Oversight centered on three thematic areas: credit risk, cyber risk, and AML/CFT compliance, with management responses kept proportionate to the Group's risk appetite.

6.2.5. Skills, training and development

The Board maintains a Skills and Competencies Matrix to support balanced composition, succession planning and targeted development. The matrix is refreshed through appointment processes, annual evaluations and training plans. In FY2025, the Board continued to strengthen depth in cyber governance, technology oversight, climate governance and ecosystem partnerships while retaining established coverage across strategy, finance, credit, risk, governance and the co-operative movement.

Board skills and competency matrix

Competency area	Maturity	FY2025 position and development focus
Strategic leadership and corporate governance	Established	Board leadership structure, annual workplans, formal evaluations, and charter-based oversight were in place. Governance effectiveness was assessed annually, with findings submitted to CBK.
Banking, finance and capital stewardship	Established	The Board oversaw financial performance, capital, liquidity, and business performance through Board and committee processes. Capital adequacy remained strong, with CAR at 22.6% against the 14.5% regulatory minimum.
Credit, risk management and regulatory compliance	Established	Oversight was exercised through the Board Credit Committee and Board Risk Committee, supported by prudential and compliance reporting. The NPL ratio was closely monitored and improved from 16.8% to 15.4% in FY2025.
Audit, controls and assurance	Established	The Board Audit Committee oversaw financial reporting, internal controls, internal and external audit, and sustainability disclosure controls. Combined assurance processes were in place.
Co-operative movement and stakeholder representation	Established	Board composition continued to reflect the Bank's co-operative heritage and strategic shareholder base, with a majority of directors drawn from the co-operative movement representing 15 million members.
Human capital, succession and remuneration	Established	The Board Staff and Nomination Committee oversaw talent, succession, Board evaluation, and remuneration governance, aligned to the Good to Great strategic plan.
Technology, cyber and digital transformation	Strengthening	FY2025 Board retreat sessions and targeted director development strengthened cyber governance and technology oversight. Capability in AI governance, independent technology risk challenge, and oversight of digital transformation risk will remain a priority in the FY2026 Board development programme.
Sustainability, climate governance and ecosystem partnerships	Strengthening	FY2025 training and governance processes strengthened oversight of climate risk, sustainability reporting, and ecosystem partnerships. Priority development areas for FY2026 include climate scenario analysis, financed emissions, nature-related financial risk, and partnership governance, including dedicated IOD-led development.

Director development remained active during FY2025. Training covered ethical leadership, director effectiveness, audit and risk committee effectiveness, cyber governance, and governance of ecosystem partnerships. These sessions complemented on-the-job Board learning and supported the Board's oversight of technology, conduct, sustainability and partnership risks.

Board training and capacity building

Programme / Topic	Institution	Dates	Participants
The Ethical Leadership and Good Governance Forum	Institute of Directors	2–6 June 2025	Macloud Malonza, MBS, HSC, Wilfred Ongoro, HSC; Julius Sitienei; Richard L. Kimanthi; Benedict W. Simiyu; Godfrey K. Mburia; David Muthigani Muriuki; Scholastica Odhiambo; James N. Njiru; Francis Ngone; Geoffrey M'Nairobi; Simon Memia; Michael M. Muthigani
The Effective Director Programme	Strathmore Business School	10–12 June 2025	Alice Mwololo (Mrs.)
The Effective Director Master-class Programme	Strathmore Business School	17–18 July 2025	Weda Welton (Mrs.); Michael M. Muthigani; Lawrence Karissa
Highly Effective Audit and Risk Committee Boards Training	Strathmore Business School	7–9 October 2025	Alice Mwololo (Mrs.); David Muthigani Muriuki
Cyber Boardroom – Governance in a Hacking World	Institute of Directors	2 September 2025	Full Board during the Board retreat
Building Beyond the Bank – Governance of Ecosystem Partnerships	Institute of Directors	2 September 2025	Full Board during the Board retreat

6.2.6. Board evaluation

The Board is responsible for ensuring that an evaluation of its performance and that of its committees and individual directors is carried out each year. The evaluation process assesses Board capacity, functionality and effectiveness against agreed objectives and provides a basis for continuous improvement in procedures, composition, skills mix and information flows. Findings from the evaluation inform Board workplans, succession planning and development priorities and are submitted to the Central Bank of Kenya in line with regulatory expectations.

6.3. Board Committees and Management Governance

6.3.1. Board committees

Board committees provide focused oversight and recommendations to the Board. Each committee operates under a charter that defines its mandate, membership requirements, quorum, delegated authority and matters reserved for the Board. The structure remained in place during FY2025, with updated memberships reflecting Board changes during the year. Management attends committee meetings as required to present business, finance, risk, compliance and sustainability matters.

Board committee structure and membership

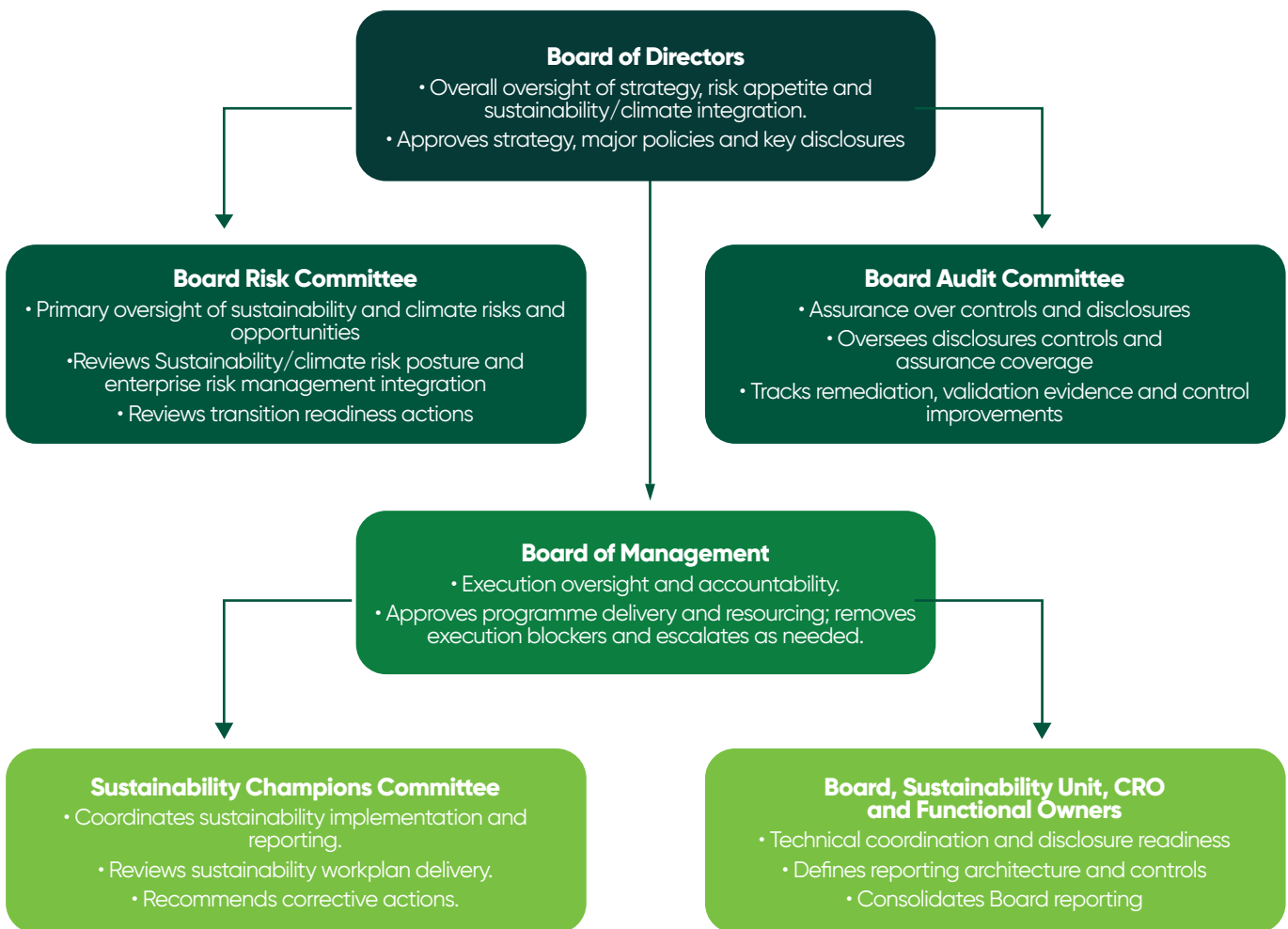
Committee	Chairperson	Members	Meeting frequency	Mandate highlights
Board Credit Committee	Margaret Karangatha (Mrs.)	John Murugu, OGW; Macloud Malonza, MBS, HSC; Wilfred Ongoro, HSC; Richard L. Kimanthi; Dr. Gideon Muriuki, CBS, MBS	At least every 3 months	Lending policy; credit approvals above management limits; portfolio monitoring; provisioning adequacy.
Board Staff and Nomination Committee	Lawrence Karissa	John Murugu, OGW; Julius Sitienei; Weda Welton (Mrs.); Godfrey K. Mburia	At least twice a year	HR policies; Board composition and evaluation; director nominations; executive compensation framework.
Board Audit Committee	Weda Welton (Mrs.)	Benedict W. Simiyu; David Muthigani Muriuki; Lawrence Karissa; Alice Mwololo (Mrs.)	At least every 3 months	Financial reporting; internal controls; internal and external audit; related-party transactions; ethical conduct monitoring.
Board Risk Committee	Margaret Karangatha (Mrs.)	Benedict W. Simiyu; David Muthigani Muriuki; Lawrence Karissa; Alice Mwololo (Mrs.)	At least every 3 months	Risk management and compliance oversight; risk appetite monitoring; regulatory engagement; sustainability and climate risk oversight.

6.3.2. Executive committees and management governance

Management committees support disciplined execution of strategy and operation of the control environment through defined decision rights, escalation thresholds and reporting cadence. In FY2025, the Board of Management was chaired by the Group Managing Director & CEO and comprised the leaders of Human Resources and Administration, Credit Management, Corporate and Institutional Banking, Retail and Business Banking, Co-operatives Banking, Finance and Strategy, Operations & Business Support, ICT and Innovations, Transformation and the Company Secretary as secretary.

Executive committee governance (summary)

Committee	Core decision rights and outputs
Board of Management	Assists the Group Managing Director & CEO in day-to-day management, including formulation and implementation of business strategy and policy; overseeing sustainability strategy implementation.
Board of Management Credit	Receives, reviews and considers material, high-value and sensitive credit cases, incorporating sustainability risk assessments into lending decisions in line with credit policy.
Asset and Liability Committee	Manages the balance of assets and liabilities, considering interest rates, liquidity, foreign-exchange exposure and capital adequacy.
Expenditure Management Committee	Approves capital and recurrent expenditure, considering cost efficiency and sustainability criteria in procurement decisions.
Staff Disciplinary Committee	Reviews staff disciplinary cases and reinforces adherence to the Code of Conduct and Ethics.
Operations and Efficiency Committee	Reviews business-process changes to improve customer experience, manage operational risks and enhance efficiency.
Sustainability Champions Committee	Cross-functional management committee overseeing day-to-day management of sustainability-related risks and opportunities and escalating matters through BOM and, via the CRO, to the Board Risk Committee.



Primary oversight sits with the Board Risk Committee. The Audit Committee provides assurance controls and disclosures.

Management drives implementation through the Board of Management, Sustainability Champions Committee, Sustainability Unit, CRO and functional owners coordinate implementation and reporting.

6.4. Sustainability and Climate Governance

Sustainability and climate-related risks and opportunities are overseen through governance arrangements that connect the Board, its committees and management. The Board Risk Committee has primary oversight responsibility for the effective management of sustainability-related risks and opportunities, including climate-related risks, and receives regular updates consolidated by the CRO and the Sustainability Unit.

Sustainability and climate governance roles and decision rights

Governance level	Role in sustainability/ climate oversight	Key decisions / approvals	Information received (inputs)	Outputs
Board of Directors	Overall oversight of strategy, risk appetite, and sustainability/ climate integration	Approves strategy and major policies; approves risk appetite; approves key disclosures including this Integrated Report	Board and committee packs; updates on climate programme milestones and sustainability reporting	Resolutions; directives; approval of key disclosures
Board Risk Committee	Primary oversight for sustainability and climate risks and opportunities; quarterly review of sustainability risk posture; CRDF and KGFT readiness oversight	Reviews sustainability/ climate risk posture and enterprise risk management integration; reviews transition readiness actions	Sustainability/ climate risk reporting; roadmap progress; escalations	Recommendations; management actions; escalation of material issues
Board Audit Committee	Assurance over controls and disclosures, including sustainability data governance	Oversees disclosure controls and assurance coverage; tracks remediation	Internal and external audit outputs; internal validation evidence	Assurance actions; remediation tracking; control improvements
Board of Management	Execution oversight and accountability for climate and sustainability programme delivery	Approves programme delivery and resourcing; removes execution blockers	Performance dashboards; risk escalations	Action plans; resourcing decisions; escalation to Board committees
Sustainability Champions Committee	Co-ordinates sustainability implementation and reporting across business lines; validates data and readiness milestones	Reviews sustainability workplan delivery; recommends corrective actions	Sustainability KPI dashboards; business line inputs, implementation progress updates	Implementation follow-ups; escalations (via CRO)
Sustainability Unit and CRO (with functional owners)	Technical coordination and disclosure readiness; consolidated sustainability reporting to the Board	Defines reporting architecture and controls; consolidates Board reporting; owns CRDF and KGFT alignment tracking	Implementation data; credit screening inputs; analytics	Sustainability/ climate reporting; coordination and progress reporting

→ See Section 9 – Climate for the full IFRS S2 governance disclosure, including committee cadence and assurance maturity.

→ See Section 5 – Materiality for the SRRO register and how material topics are escalated through governance.

6.5. Ethics, conduct and compliance

We maintain a zero-tolerance stance on unethical behavior and operate under a comprehensive Code of Conduct and Ethics that applies to directors, management and employees. Ethical conduct is reinforced through policies, training, and oversight by governance forums and confidential reporting channels. Marketplace practices and customer protection are integral to our control environment, including product governance, customer suitability considerations, supplier standards in procurement, fair competition practices, complaints management and data privacy. There were no material litigation, regulatory investigations, claims or contingent liabilities that were reported outside the matters disclosed in Note 50 to the financial statements.

Ethics, compliance and conduct control set

Control element	What it covers	How it operates	Governance oversight
Code of Conduct and Ethics	Expected behaviors, conflicts of interest, gifts and hospitality, integrity standards	Applies to directors, management and employees; embedded through communication, training, declarations, and enforcement mechanisms.	Board oversight through governance structures; ethical conduct monitoring within the Audit Committee mandate.
Conflicts of interest and related party discipline	Identification, disclosure and management of conflicts; arm's-length dealings	Directors and employees declare conflicts and recuse themselves from related decisions; related party transactions are disclosed in the audited financial statements.	Board governance processes; Audit Committee review of related party transactions.
Whistleblowing and investigations	Safe channels to report concerns accessible to employees, customers, and external stakeholders	Confidential whistleblowing channels are accessible to employees, customers, and external stakeholders; matters are investigated and remediation is tracked.	Escalation through the control environment; Internal Audit assurance over control effectiveness.

Anti-bribery and anti-corruption controls	Prevent and detect bribery, extortion, and corruption across all activities	Zero-tolerance policy, mandatory training, periodic risk assessments, disciplinary procedures, and supplier/partner commitments.	Board oversight through risk and control governance; reporting and assurance through Board committees.
Insider trading controls	Prevent market abuse and protect investor confidence	Insider trading policy restricts directors, management, and staff from dealing while in possession of unpublished price-sensitive information.	Board oversight and disclosure controls.
Fair competition and responsible marketing	Competition and consumer protection law; advertising standards	Marketing Operations Manual and Code of Advertising Practice guide truthful, non-misleading advertising.	Management controls with Board oversight through conduct dashboards and committee reporting.
AML/CFT compliance	Regulatory compliance monitoring and remediation; financial crime prevention	Dedicated Compliance Department monitors applicable laws and internal policies and reports through the risk governance structure.	Board Risk Committee oversight.
Customer complaints management	Customer protection and service outcomes	Customer complaints are tracked through a CRM-based complaint handling mechanism, with root-cause analysis and escalation where necessary.	Management oversight with escalation through governance forums and Board reporting.
Data privacy and information security	Customer data protection, cyber risk, and incident response	Enterprise Data Privacy Risk Management Framework and layered cybersecurity controls support prevention, detection, and response.	Risk governance oversight of cyber and information security and assurance through internal and external mechanisms where applicable.

Key ethics and compliance indicators monitored

Indicator monitored	FY2025 result	Why it matters	How it is used for oversight
Confirmed incidents of corruption	Zero incidents	Indicates the effectiveness of integrity controls.	Any incident triggers investigation, remediation and control review.
AML and fraud training coverage	7,455 refresher trainings completed	Supports AML/CFT and fraud-risk management.	Used to prioritize high-risk units and strengthen monitoring.
Insider dealings	No reported instances disclosed	Protects market integrity and investor confidence.	Monitored for breaches and escalated through governance channels.
Marketing / advertising violations	Zero reported violations	Supports conduct and consumer-protection discipline.	Used to test review controls and reinforce training where needed.
Customer complaint resolution within SLA	97.3% (FY2024: 97.8%)	Indicates responsiveness and customer-protection performance.	Monitored for root causes, service gaps and corrective action.
Regulatory fines and penalties	None reported in FY2025	Indicates compliance discipline and low regulatory exposure.	Any case is escalated for remediation and control strengthening.
Critical concerns escalated to the Board or Board committees*	No matters met the Group's escalation threshold in FY2025.	Indicates whether severe matters required direct governance attention.	Used to track severity, status, remediation and recurring themes.

*Critical concerns are matters assessed as sufficiently severe by reference to regulatory exposure, customer detriment, control breakdown, financial impact, reputational significance or other factors requiring escalation beyond management to a Board committee or the Board

Governance effectiveness is reflected not only in structures and policies but also in stakeholder confidence and outcomes. Key qualitative risks monitored through governance include trust and transparency, regulatory confidence, culture and conduct, customer protection, and sustainability credibility.

Qualitative and stakeholder governance risks

Qualitative risk	What we monitor	FY2025 status
Trust and transparency	Credibility of disclosures; responsiveness to incidents; speed and quality of remediation	No material disclosure failures; complaint resolution within SLA 97.3%; IFRS S1 and S2 early adoption; FiRe Award 2025 ESG Reporting
Regulatory confidence	Consistent governance practice; fit and proper expectations; conflicts management discipline	No regulatory sanctions: both Kenyan banking entities met revised minimum capital thresholds; CBK engagement maintained; CAR 22.6%
Culture and conduct	Ethical expectations reinforced; visible consequences for breaches; tone from the top	Zero corruption incidents; zero advertising violations; 7,455 AML/CFT refresher trainings
Customer protection	Fairness; complaint handling discipline; responsible product and marketing practices including digital fraud and data privacy risks	CSAT 90.8% (FY2024: 87.6%); NPS 72 (FY2024: 59.8); complaint resolution within SLA 97.3%; Bronze Client Protection Certification
Sustainability credibility	Governance and data controls that prevent over-claiming; disclosure quality improvement as climate expectations evolve	IFRS S1 and S2 early adoption; CRDF and KGFT acknowledged; Green Data Lab established; assurance roadmap active

6.6. Remuneration governance

Remuneration governance is designed to support sustained performance, prudent risk-taking and long-term value creation across the Group. At each Annual General Meeting, shareholders authorize the Board, by resolution, to determine directors' remuneration, emoluments and compensation, taking into account relevant market benchmarks, regulatory requirements and applicable governance standards. Non-executive directors receive fixed monthly fees and sitting allowances for meetings attended and do not participate in employee remuneration or pension schemes, reinforcing their independence. Aggregate directors' fees and emoluments are disclosed in the notes to the audited financial statements. (See Note 45 (d) to the Annual Financial Statements)

The Board Staff and Nomination Committee oversees executive remuneration to ensure alignment with risk-adjusted performance, strategic execution and the long-term objectives of the "Good to Great" Corporate Strategic Plan (2025–2029). Remuneration decisions reflect a holistic assessment of financial performance, leadership effectiveness, conduct, risk management and control outcomes. Across the Group, employee remuneration is supported by a performance-linked Reward and Recognition framework that links pay outcomes to individual and organizational performance and reinforces the high-performance culture underpinning the Soaring Eagle Transformation Agenda.

The Group's remuneration disclosures are prepared in line with Kenyan regulatory requirements and applicable governance standards, while recognizing appropriate confidentiality and competitive sensitivity. For FY2025, the Group did not apply a separately quantified sustainability modifier in executive short-term incentive outcomes. Instead, sustainability, conduct, customer, people and risk considerations were incorporated through the broader performance and control assessment applied by the Board Staff and Nomination Committee. The Board will keep under review the formal inclusion of selected measurable sustainability, conduct and customer-outcome indicators in future executive scorecards as disclosure practice and data maturity continue to evolve.

6.7. Internal control, risk management and assurance

6.7.1. Internal control and internal audit

The Board is collectively responsible for establishing appropriate systems of internal control, overseeing their operation, and reviewing their effectiveness. These include operational and financial controls designed to safeguard assets, ensure transactions are properly authorized and recorded, and provide reasonable assurance that material errors, irregularities, and losses are prevented or detected on a timely basis.

Business performance is reported regularly to management and the Board through trend analysis, forecasts, and comparisons of actual results against budget and prior periods. Independent internal assurance is provided by the Internal Audit function, which reports to the Board Audit Committee and reviews compliance with the Group's business standards, policies, and procedures. The Board recognizes, however, that no system of internal control can provide absolute assurance against material misstatement or loss.

During FY2025, the Board reviewed the effectiveness of the Group's internal controls on the basis of management reports, risk and compliance monitoring, internal audit work, external audit findings and Board Committee oversight, and is satisfied that no material control weaknesses were identified that remained unaddressed at year end. The Board is satisfied that any control weaknesses identified during the year were appropriately addressed or are subject to active remediation

6.7.2. Risk management and compliance

The Board has overall responsibility for establishing and overseeing the Group's risk-management and compliance framework. The Board Risk Committee is responsible for developing and monitoring the policies used to identify and analyze the risks faced by the Group, set appropriate limits and controls, and monitor adherence to those limits.

The Board Credit Committee oversees the Group's lending policy by directing, monitoring, reviewing and considering issues that may materially affect the present and future quality of credit-risk management. The Committee also ensures that the Credit Policy and lending limits are reviewed at least annually, and more frequently where the environment requires. A dedicated Compliance Department reports through the Board Risk Committee and evaluates the Group's compliance framework, monitors relevant legislation and tracks adherence to internal policies and regulatory requirements.

→ See Section 8 – Risk Management for the full enterprise risk management framework, principal risks register, and three-lines-of-defence model.

6.7.3. Report assurance

The Board approves the Integrated Report and confirms that it presents a balanced account of the Group's financial performance, sustainability initiatives and governance practices. The report is subject to internal review involving relevant functions and senior management, and the Group's consolidated financial statements are independently audited in accordance with International Standards on Auditing.

Assurance is obtained through a layered model aligned to the three lines of defence: management controls (first line), risk and compliance challenge (second line), and Internal Audit independent assurance (third line), reporting to the Board Audit Committee. For non-financial disclosures, including sustainability information, external assurance has not yet been obtained. These disclosures are subject to internal checks and validations, and the Bank continues to strengthen data governance and control processes in preparation for future assurance.

Assurance coverage snapshot

Area	Management controls	Second-line oversight	Independent assurance / external
Financial reporting	Finance-led close, reconciliations and disclosure controls	Risk and compliance oversight of key control issues	Statutory external audit by KPMG Kenya (unqualified opinion FY2025); regulator reviews
Enterprise risk and compliance	Control execution in business units	Risk Management and Compliance reporting through the Board Risk Committee	Internal Audit assurance to the Board Audit Committee
Fraud, cyber and information security	Access controls, monitoring, and incident response	Risk oversight of cyber and emerging risks	Internal Audit reviews; ISO 27001:2022 certification (achieved FY2024) provides assurance over ISMS maturity
Sustainability and climate disclosures	Data owners maintain source systems; internal validations by Sustainability Unit	Sustainability Unit and CRO consolidate reporting to the Board Risk Committee	No external assurance yet; roadmap to strengthen controls for future assurance

6.8. Shareholder rights and engagement

As a listed company on the Nairobi Securities Exchange (NSE: COOP), the Group recognizes shareholders as core providers of financial capital and maintains structures to protect shareholder rights, ensure equitable treatment, and enable informed participation. Shareholders are engaged through the Integrated Report, audited financial statements, investor briefings and roadshows, the Annual General Meeting (with virtual access to broaden participation), and timely market disclosures through NSE channels.

6.8.1. Minority and foreign shareholders

Minority shareholders represent 35.44% of issued shares. We support minority and foreign shareholder participation and protection through virtual AGM access, timely publication of AGM notices and supporting materials, clear dividend governance and transparent reserved-matter approvals, and accessible investor-relations contact points.

Shareholder rights – what matters, how it is enabled, and where to find more detail

Shareholder right / expectation	How the Bank enables it (summary)	Where to find more detail
Participation and voting	AGM / EGM notices and voting processes, including virtual participation and equitable access to meeting materials.	Section 3: Leadership Section 6: Governance Notice of AGM
Economic rights	Dividend governance aligned to performance, capital resilience and regulatory constraints, with dividend terms and payment dates disclosed.	Section 14: Financial Statements
Right to information	Integrated Report, audited financial statements and timely market disclosures.	Section 1: About this Report Section 14: Financial Statements Bank's Website
Election of directors / reserved matters	Directors appointed under the Articles, rotation and re-election at AGM, and shareholder approval of key reserved matters.	Section 6: Governance Bank's Website
Equitable treatment	Governance practices aligned to the CMA Code and listing obligations, supported by transparent disclosure of shareholding structure.	Section 2: Group Overview Section 6: Governance

6.8.2. Shareholding structure

Our shareholding remains anchored by Co-opholdings Co-operative Society Limited (64.56%) and minority shareholders (35.44%). Ownership by category is disclosed to support transparency and equitable treatment. Detailed shareholding distribution, top shareholders and share-capital disclosures are presented in the investor information section and the audited financial statements.

6.9. Subsidiary governance within the Group

For Kenyan subsidiaries, oversight is exercised through subsidiary boards and management teams, with alignment to Group governance through shared directors, reporting lines, and support from corresponding Group committees where applicable.

For Co-operative Bank of South Sudan Limited, governance combines local legal-entity oversight with parent-group representation, preserving local regulatory accountability while ensuring alignment with Group policy and governance standards

Subsidiary Boards, Chairs and Managing Directors / CEOs

Entity	Governance status within Group	Chair	Managing Director / CEO	Notes
Co-op Bancassurance Intermediary Limited	Kenyan subsidiary board	Macloud Malonza, MBS, HSC	Nicholas Kamonye	Legal-entity board sits within Group governance perimeter.
Co-optrust Investment Services Limited	Kenyan subsidiary board	Macloud Malonza, MBS, HSC	Nicholas Ithondeka	Legal-entity board sits within Group governance perimeter.
Kingdom Securities Limited	Kenyan subsidiary board	Godfrey K. Mburia	Samantha K. Ngeera	Stockbroking arm
Kingdom Bank Limited	Regulated banking subsidiary with own legal-entity board and management	Margaret Karangatha (Mrs.)	Anthony Mburu	Governed within Group policy and reserved-matters framework.
Co-operative Bank of South Sudan Limited	Regulated banking subsidiary / strategic joint venture	Eng. William Mayar Wol	Elijah Wamalwa	Local board and management with Group representation and escalation discipline.

6.10. Meetings and attendance

Meeting cadence and attendance provide an important indicator of governance discipline and director engagement. Attendance is disclosed on an eligible meeting basis to reflect in-year appointments, committee changes and subsidiary governance structures across the Group. Where the number in brackets differs from the total meetings scheduled for a governance body, it denotes the number of meetings for which the director was eligible during the year. A dash indicates that the director was not a member of that governance body.

Attendance at Board and Board Committee Meetings

Director	Full Board (5)	Audit Committee (5)	Staff and Nomination (2)	Credit Committee (3)	Risk Committee (4)
1 John Murugu, OGW	5	–	2	3	–
2 Macloud Malonza, MBS, HSC	5	–	–	3	–
3 Dr. Gideon Muriuki, CBS, MBS	5	–	–	3	–
4 Lawrence Karissa	5	5	2	–	4
5 Wilfred Ongoro, HSC	5	–	–	3	–
6 Alice Mwololo (Mrs.)	5	5	–	–	4
7 Julius Sitienei	5	–	2	–	–
8 Weda Welton (Mrs.)	5	5	2	–	–
9 Richard L. Kimanathi	5	–	–	0	–
10 Benedict W. Simiyu	5	4	–	–	3
11 Godfrey K. Mburia	5	–	2	–	–
12 Margaret Karangatha (Mrs.)	5	–	–	3	4
13 David Muthigani Muriuki	3 (3)	3 (3)	–	–	3 (3)

Attendance at Kenyan subsidiary board meetings

#	Director	Co-op Bancassurance (5)	Co-optrust (5)	Kingdom Securities (5)	Kingdom Bank (5)
1	Macloud Malonza, MBS, HSC	5	5	–	5
2	Dr. Gideon Muriuki, CBS, MBS	5	5	–	5
3	David Muthigani Muriuki	2 (2)	2 (2)	–	–
4	David Kirk Obonyo	4	4	–	–
5	Scholastica Odhiambo	5	5	–	–
6	James N. Njiru	5	5	–	–
7	Francis Ngone	5	5	–	–
8	Geoffrey M'Nairobi	5	5	–	–
9	Simon Memia	3 (3)	3 (3)	–	–
10	Michael M. Muthigani	5	5	–	–
11	Nicholas Ithondeka	–	5	–	–
12	Nicholas Kamonye	5	–	–	–
13	Godfrey K. Mburia	–	–	4	–
14	Julius Sitienei	–	–	5	5
15	Boaz Ouma Awitti	–	–	5	–
16	Mwangi Kariuki	–	–	4	–
17	William Otieno	–	–	5	–
18	Samantha K. Ngeera	–	–	5	–
19	Margaret Karangatha (Mrs.)	–	–	–	5
20	Wanyambura Mwambia	–	–	–	5
21	Charles Kamari	–	–	–	5
22	Anthony Mburu	–	–	–	5

Attendance at Co-operative Bank South Sudan Board and Committee Meetings

Director	Full Board (4)	Audit Committee (2)	Risk and Finance Committee (2)
Eng. William Mayar Wol	4	–	2
John Murugu, OGW	4	2	–
Macloud Malonza, MBS, HSC	4	–	2
Dr. Gideon Muriuki, CBS, MBS	4	2	2
Elijah Wamalwa	4	–	2
Prof. Mathew Gordon Udo (late)	4	2	–
Zachary K. Chianda	4	–	–
Hon. Benjamin West Ayali Koyongwa	1	–	–

These attendance disclosures should be read together with Section 6.9, which explains the Group's legal-entity and committee-oversight model for Kingdom Bank Limited and Co-operative Bank South Sudan Limited

From scholarship beneficiary to architect and skills multiplier

Brian Murimi's story shows why the strongest education investments do not stop with one beneficiary. Coming from a small co-operative-linked community in Embu, he earned Co-operative Bank Foundation support after strong academic performance opened the door to secondary education that would otherwise have been difficult to sustain. The scholarship then became a bridge to university, professional training and the wider confidence that comes from knowing someone has invested in your future.

Brian went on to study architecture, progressed into professional practice, and now teaches architectural design, model-making and related practical skills to diploma students. That final step is what makes the story especially valuable for the report.

The Foundation did not only help produce an architect; it helped develop a young professional who is now transferring knowledge, shaping aspirations and strengthening local capability.

Brian's journey reinforces the Foundation's pathway logic - education access, progression, employability and community contribution - in a way that is disciplined, credible and strongly aligned to the Bank's broader value-creation story.



Brian Murimi
Beneficiary Co-op Foundation

"What I received was not only for me - it was meant to benefit my community too."

390 KCPE marks | University training in architecture | Now teaching design and practical skills to the next generation



Senior Staff in the Bank participate in a panel discussion with Executive Customers at the launch of the Executive Plus Service Centre at the Westlands Square. The bank caters for the financial needs of a cross section of customers including segments that benefit from wealth planning and strategic investment options.

7. Strategy and Value Creation

How the Group executes its strategy to create and preserve value.

7.1. Strategic Context

FY2025 marked the first year of implementing the “Good to Great” 2025 to 2029 Corporate Strategic Plan. The operating environment was broadly supportive with a 400-basis point reduction in the Central Bank Rate from August 2024. This contributed to a reduction in the Group’s cost of funds to 5.0% (FY2024: 6.4%), easing inflation also improved borrower affordability across Kenya’s banking sector. At the same time, digital disruption was accelerated, competitive intensity remained elevated, and the April 2025 introduction of the KGFT and CRDF formalized sustainability as a regulatory requirement.

In South Sudan, the Group’s second operating market, economic activity experienced a rebound following the prior year’s contraction, and Co-operative Bank of South Sudan Limited returned to profitability.

In this environment, the Group made deliberate strategic choices: defending the co-operative deposit franchise over short term margin maximization; strengthening governance and data controls before scaling green lending; and absorbing the near term cost of Kingdom Bank’s core banking migration in exchange for long term platform convergence. Capital was also deployed prudently within defined risk parameters, supported by continued investment in operational efficiency and platform capability.







Our Group’s Strategy is applied as an integrated, enterprise-wide framework linking financial performance, customer franchise development, digital capability, governance, human capital, and sustainability considerations into a coherent approach to value creation over time.

- See Section 4 – Operating Environment: the macroeconomic, regulatory, and competitive context shaping our strategic choices
- See Section 5 – Materiality: the material topics and stakeholder sustainability risks and opportunities informing pillar priorities
- See Section 6 – Governance: Board and executive oversight structures governing strategy approval and execution monitoring

7.2. Our “Good to Great” Corporate Strategic Plan 2025–2029

The “Good to Great” Corporate Strategic Plan 2025 to 2029 was approved by the Board in 2024, establishing a five year pathway to grow the balance sheet beyond KShs. 1 trillion by 2029. Our Strategy is geared to deepen value across the co-operative ecosystem and all customer segments, and strengthen the Group’s position as the dominant bank in Kenya and the region.

The strategy is structured around six strategic pillars, each with a defined objective, measurable outcome and clear transformation focus:

Pillar	Strategic Objective
	<p>Aggressive deepening of our dominance in Kenya and the Region.</p> <p>Grow market share responsibly through disciplined balance sheet expansion and selective regional penetration.</p>
	<p>Primary provider of financial services to the Co-operative Movement in Kenya and the region.</p> <p>Cement the Group’s role as the financial backbone of Kenya’s 15 Million member co-operative community through ecosystem integration, advisory support and shared-value models.</p>
	<p>Seamless and delightful experiences across our touch points.</p> <p>Make every interaction faster, simpler, and more transparent, building trust, loyalty, and advocacy across all touchpoints.</p>
	<p>Leverage digital transformation/innovation for operational efficiency supported by an engaged and highly productive workforce</p> <p>Optimize digital innovation, data and staff productivity to drive efficiency, reduce the cost-to-income ratio, and strengthen the Group’s agility.</p>
	<p>Optimal Enterprise Risk and Compliance in the dynamic environment.</p> <p>Maintain a robust, forward-looking risk and compliance posture that protects the balance sheet and reinforces regulatory trust.</p>
	<p>Positive impact on the economy, society, and environment.</p> <p>Create lasting value for communities and the environment, integrating sustainability in strategy, lending, and operations.</p>

These pillars guide capital allocation, investment decisions and organizational priorities across the five year horizon, forming the strategic blueprint for value creation.

7.3. Execution Framework: The Soaring Eagle Transformation Agenda

Strategy is operationalized through the Soaring Eagle Transformation Agenda, which serves as the Group's enterprise wide execution framework. The Agenda translates each strategic pillar into structured, sequenced transformation programmes governed through defined disciplines, accountability structures, and KPIs tracked through Executive Committee dashboards and reported to the Board.

This approach supports the conversion of strategic priorities into operational capability and measurable outcomes, strengthening execution, efficiency, and performance across the Group.

Enabler	Focus
1 Branch Transformation	Modernizing customer touchpoints to improve access and service consistency.
2 MSME Transformation	Strengthening tailored solutions and structured support for MSME customers.
3 Sales Force Effectiveness	Optimizing frontline capability to support quality business growth and client relationships.
4 Shared Services and Digitization	Leveraging technology and centralised services to improve efficiency and service delivery.
5 NPL Management and Credit Processes	Strengthening credit quality, underwriting, and recovery processes.
6 Cost Management	Improving financial discipline and operational efficiency.
7 Data Analytics	Supporting decision making and portfolio monitoring through data insights
8 Staff Productivity	Building capability, leadership and performance culture to support transformation at scale.

7.4. Strategy Performance and Linkages

Each strategic pillar is supported by structured transformation workstreams that strengthen systems, enhance productivity, improve customer engagement, and reinforce balance sheet resilience. These workstreams are embedded capability building initiatives, aligned directly to strategic outcomes rather than functioning as standalone projects.

Each pillar is also linked to relevant material topics, supporting consistent monitoring and ensuring execution addresses the issues most significant to stakeholders.

Performance is tracked through financial and non-financial indicators linked to shareholder returns, stakeholder outcomes, and the capitals affected. This approach connects strategic priorities, transformation enablers, and material matters, providing a clear basis for assessing value creation and execution progress.

Strategy Pillar 1	Aggressive deepening of our dominance in Kenya and the Region.
FY2025 Performance Highlights:	<ul style="list-style-type: none"> • Market Capitalization KShs. 140.7Bn, • Asset Base of KShs. 827.4Bn • PBT of KShs. 40.3Bn. • Account holders 98Mn • Branch footprint 222 • Subsidiary contribution to Profit Before Tax 9.8%
Forward looking Priorities:	<ul style="list-style-type: none"> • Disciplined market share growth. • Ecosystem based solutioning. • Preserve physical presence and relationship banking. • Deepen financial inclusion in underserved communities.
Linkages	
Transformation Enablers:	<ul style="list-style-type: none"> • Sales Force Effectiveness • Branch Transformation • Data Analytics
Material Topic Addressed:	<ul style="list-style-type: none"> • MT-02 Ethical Banking and Responsible Lending • MT-06 Financial Inclusion and Accessibility
Stakeholder Impact	<ul style="list-style-type: none"> • Investors and customers
Capitals Impacted	<ul style="list-style-type: none"> • Financial, Intellectual, Social and Relationship

Strategy Pillar 2

Primary provider of financial services to the co-operative movement

FY2025 Performance Highlights:

- 64.56% Ownership by the Co-operative Movement
- Dividends paid to the movement KShs. 9.5Bn
- Consultancy Mandates 3,879
- FOSA Integrations 625
- Co-operatives Loan Book of KShs. 37.6Bn
- Co-operatives Deposit Base of KShs. 50.8Bn

Forward looking Priorities:

- Deeper Partnerships and capacitation of the Co-operative Movement.
- Co-operative Ecosystem Solutioning for Agri-Coops, Transport, Housing and Investment Saccos.
- Agricultural Value Chain Leadership across Tea, Cotton, Dairy, Rice, Maize, and Nuts while targeting new high-potential segments.
- Digitization of Co-operatives leveraging our robust integration rails.

Linkages

Transformation Enablers:

- Sales Force Effectiveness
- Shared Services and Digitization
- Data Analytics

Material Topic Addressed:

- MT-02 Ethical Banking and Responsible Lending
- MT-09 Customer Experience and Digital Transformation

Stakeholder Impact

- Investors, Customers

Capitals Impacted

- Financial, Intellectual, Social and Relationship

Strategy Pillar 3

Seamless and delightful experiences across our touch points.

FY2025 Performance Highlights:

- Customer centric model approach.
- Bronze customer protection rating.
- CSAT of 90.8%.
- NPS of 72.
- Average branch queue time 7.7 Minutes (target of < 15 minutes).
- Complaint resolution rate 97.3%.
- Alternative channel adoption of 93.9%.
- Digital loan disbursements of kshs. 73.0bn.
- New mobile banking applications. (YEA app ; new Co-op Bank app.)

Forward looking Priorities:

- Personalized client experiences.
- 24/7 Call Center excellence.
- Dedicated relationship managers.
- Automation of customer journeys.
- Scale digital solutions and alternative channels.

Linkages

Transformation Enablers:

- Sales Force Effectiveness
- Shared Services and Digitization

Material Topic Addressed:

- MT-02 Ethical Banking and Responsible Lending
- MT-09 Customer Experience and Digital Transformation

Stakeholder Impact

- Investors, Customers

Capitals Impacted

- Social and Relationship, Intellectual

Strategy Pillar 4 **Leverage digital transformation/innovation for operational efficiency supported by an engaged and highly productive workforce.**

- FY2025 Performance Highlights:**
- Cost-to-Income Ratio 46.3%.
 - Business Process Management System for workflows.
 - Alternative Channel Adoption of 93.9%.
 - Data driven credit scoring engines.
 - E-Credit Disbursements of KShs 73Bn in FY2025; KShs. 501.8Bn since inception.
 - Male to Female Ratio of 49:51.
 - Youth composition 51.6%.
 - Training spend KShs. 164.7Mn.
 - 67 leadership development programs.
 - 302 wellness talks.

- Forward looking Priorities:**
- Reduce cost-to-income ratio.
 - Unlock value by optimizing existing technology investments.
 - Complete Kingdom Bank Core Banking Upgrade.
 - Establish key partnerships with fintech firms.
 - Advance Data Analytics including AI.
 - Strengthen Data Governance.
 - Optimize System Uptime and Cybersecurity.
 - Reinforce high performance culture.

Linkages

- Transformation Enablers:**
- Shared Services and Digitization
 - Cost Management
 - Staff Productivity

- Material Topic Addressed:**
- MT-07 Diversity, Equity and Inclusion
 - MT-08 Human Capital Development
 - MT-09 Customer Experience and Digital Transformation

Stakeholder Impact Investors, Customers, Employees

Capitals Impacted Intellectual, Manufactured, Human, Financial

Strategy Pillar 5 **Optimal Enterprise Risk and Compliance in the dynamic environment.**

- FY2025 Performance Highlights:**
- 22.6% CAR (Threshold 14.5%).
 - 60% Liquidity (Threshold 20%).
 - NPL ratio 15.4% (Industry NPL 16.5%).
 - 7,455 AML/CFT refresher trainings.
 - Ongoing Climate Risk and IFRS S2 reporting readiness.
 - Deployed multi-layered cybersecurity controls.
 - Adhered to the Data Privacy Requirements.
 - KPMG Kenya audited the 2025 annual financial statements.

- Forward looking Priorities:**
- Maintain vigilant controls.
 - Maintain High Asset Quality.
 - Deepen Credit Risk Monitoring.
 - Active Portfolio Trend Analysis.
 - Implement robust business continuity plans.
 - Continue to embed sustainability considerations across the business.
 - Maintain strong compliance frameworks.

Linkages

- Transformation Enablers:**
- NPL Management and Credit Processes
 - Shared Services and Digitization

- Material Topic Addressed:**
- MT-01 Corporate Governance and Business Ethics
 - MT-04 Climate Risk and Resilience
 - MT-03 Cybersecurity and Data Privacy

Stakeholder Impact Investors, Customers, Employees, Regulators, Community

Capitals Impacted Nature, Financial, Social and Relationship

Strategy Pillar 6 Positive impact on the economy, society, and environment.

- FY2025 Performance Highlights:**
- 259,163 MSME clients onboarded.
 - Financial capacity building deployed to 71,000 customers.
 - Executed 457 non-financial service programs.
 - Youth Banking and Women Banking value propositions offered.
 - 195 new scholarships and opportunities awarded.
 - Co-op Foundation beneficiaries 11,834 students.
 - Scope 1+2 emissions (tCO₂e) 5,578 (interim).
 - Enabling reforestation across 600 acres in Lusoi Conservancy.
- Forward looking Priorities:**
- Scale impact programmes for financial inclusion.
 - Advance climate risk governance.
 - Complete a sustainability reporting readiness assessment.
 - Reduce operational footprint.
 - Continue integration of sustainability principles into business processes.
 - Consistently identify opportunities to expand the sustainable loan portfolio.

Linkages

- Transformation Enablers:**
- Branch Transformation
 - MSME Transformation
 - Sales Force Effectiveness
 - Data Analytics

- Material Topic Addressed:**
- MT-04 Climate Risk and Resilience
 - MT-05 Sustainable Finance and Green Investments
 - MT-06 Financial Inclusion and Accessibility
 - MT-10 Community Investment and Social Impact

Stakeholder Impact Investors, Customers, Employees, Regulators, Community

Capitals Impacted Social and Relationship, Natural

7.5. Strategic trade-offs

Executing strategy requires deliberate choices where priorities compete. The Group assesses these trade-offs systematically, accepting near term constraints where necessary to protect long-term resilience and value creation. The trade-offs below reflect the most material decisions taken during the first year of execution.

Strategic consideration	Approach	Trade-offs accepted	Capitals impacted	Primary risk linkage
Asset quality vs. Expansion	Prudent underwriting and prioritized recovery to protect asset quality and capital resilience	Higher upfront credit effort and moderate short term growth	Financial; Social and Relationship; Intellectual	Credit risk; Capital adequacy; Impairment
Digitization vs. control	Prioritized resilience, uptime, and fraud control over rollout speed	Stronger governance requirements. Delayed rollout of lower priority features	Intellectual; Manufactured; Financial	Operational; Cyber; Technology
Retention vs. distribution	Maintained retention discipline to preserve capital strength while affirming shareholders' return	Prudent capital deployment and retention	Financial; Social and Relationship	Capital adequacy; Liquidity
Climate readiness vs. growth	Strengthened sustainability data and risk controls to scale green lending	Slower growth in sustainable finance as systems are strengthened	Natural; Financial; Intellectual; Social and Relationship	Climate; Regulatory

7.6. Our Value Creation Model

The “Good to Great” plan deploys the Group’s six capitals through six strategic pillars and eight transformation enablers to deliver measurable value for stakeholders. Each capital supports different aspects of execution: financial and manufactured capital underpin balance sheet growth and customer access; human and intellectual capital drive digital capability, efficiency and workforce productivity; social and relationship capital strengthens the co-operative ecosystem; and natural capital is protected through climate aligned governance, the ESMS and operational sustainability initiatives.

The Value Added Statement below summarizes how the wealth generated by the Group in FY2025 was distributed across employees, government, shareholders, the community and retained earnings, demonstrating how strategy converts financial performance into shared value. See Section 2.5 for the full business model and six capitals inputs.

Group Value Added Statement

	2023 KShs.'000	2024 KShs.'000	2025 KShs.'000
Wealth Created			
Interest Income, Fees, Commission and Other Revenues	95,527,816	115,504,819	121,908,267
Net impairment losses on loans and advances	(6,008,158)	(8,784,125)	(9,462,775)
Interest Paid to Depositors and Cost of Other Services	(31,751,696)	(45,515,887)	(42,663,332)
Interest paid on borrowings	(5,158,548)	(4,958,648)	(4,802,262)
Share of profit (Loss) in associate	345,725	822,372	392,181
Total Wealth Created	52,955,139	57,068,531	65,372,079
Wealth Distributed			
Employees-Salaries, Wages and other Benefits	16,690,249	18,322,558	20,815,002
Government-Tax	9,175,483	9,323,974	10,532,906
Shareholders Dividends	8,800,770	8,800,770	14,667,950
Retention to support future Business Growth:			
Retained Earnings	14,387,595	16,655,575	15,086,579
Depreciation and Amortization	3,756,153	3,793,870	4,136,846
Social capital - Co-op Bank Foundation	144,889	171,784	132,796
Total Wealth Distributed	52,955,139	57,068,531	65,372,079

7.7. Strategic Review and Outlook

Strategy execution is monitored through Executive and Board reviews, enabling timely course correction, capital allocation, and prioritisation of high impact initiatives. The Group undertakes bi-annual strategic reviews informed by performance trends, customer insights, competitive benchmarking, and risk assessments, refining transformation roadmaps while preserving longterm direction.

7.7.1. External dynamics shaping our Outlook

The environment entering FY2026 remains stable but demands continued discipline. The CBK reduced the Central Bank Rate to 8.75% in February 2026 and retained the same rate in April 2026, confirming continuation of a supportive monetary policy stance that requires continued cost discipline and revenue diversification. Digital disruption is accelerating, KGFT mandatory compliance is expected in October 2026, AML/CFT obligations are strengthening, and climate variability continues to affect borrower cash flows across our agriculture exposed portfolio. As a pre-election year, FY2026 fiscal dynamics may support economic activities.

7.7.2. Forward priorities

Through disciplined execution of the “Good to Great” Strategy, the Group continues to create value across all six capitals, strengthening financial sustainability, deepening digital capability, investing in people, and broadening social and environmental impact through inclusive finance and community empowerment.

Our forward priorities include:

- Responsible portfolio growth, expanding the loan book without compromising credit quality or capital adequacy.
- Digital capability and efficiency, realizing full return on Finacle and analytics investments; reducing cost-to-income ratio.
- Customer experience, advancing personalization, protection, and digital convenience across all segments.
- Sustainability and climate integration, KGFT compliance, green lending growth, emissions reduction, and disclosure quality.
- Subsidiary performance, unlocking universal banking synergies and deepening revenue diversification.
- Risk management, embedding predictive credit capability, strengthening AML/CFT, and advancing cyber controls.

→ Section 8 – Risk Management: principal risks and management within the strategy execution framework.

→ Section 9 – Climate: KGFT and CRDF progress, transition plan and sustainable finance readiness.

→ Section 12 – Metrics, Targets and Sustainability Performance: FY2026 targets and current commitments.

8. Risk Management

Protecting Value and Enabling Sustainable Growth

8.1. Overview

The Group's ERM framework protects and enables value creation by identifying, assessing and managing risks and opportunities across all six capitals. Risk is taken deliberately, priced appropriately and managed through controls designed to protect earnings resilience, capital strength and long-term franchise value, particularly across key exposure segments such as agriculture, MSMEs and the wider co-operative ecosystem.

Sustainability-related risks and opportunities are integrated into the same governance, escalation and monitoring structures as financial and operational risks. Climate, environmental, social and conduct considerations are therefore assessed through the same enterprise lens used for credit, liquidity, market, operational, compliance and reputation risks. Where material, risk outcomes are reflected in financial performance and financial reporting through expected credit losses, capital requirements, funding costs and other relevant metrics, in line with applicable accounting and regulatory frameworks.

In FY2025, the Group strengthened risk governance, sharpened risk appetite monitoring and enhanced operational resilience in a year characterized by rapid digital adoption, evolving regulation, climate-related portfolio effects and shifting customer behavior.

→ Section 14 – Financial Statements: audited financial-risk disclosures including Note 4 (Financial Risk Management), Note 24 (Loans and Borrowings) and Note 50 (Contingent Liabilities).

→ Section 9 – Climate: full IFRS S2 climate risk governance, scenario analysis and ESMS detail.

→ Section 5 – Materiality: how material topics connect to the risk universe and principal risk register.

8.2. Risk Universe

The Group manages risks across three broad categories, while recognizing that many risks interact and can move across the balance sheet, operations and franchise at the same time.

Risk Universe

Financial and balance-sheet risks	Operational, conduct and franchise risks	Cross-cutting sustainability and emerging risks
Credit risk	Operational resilience	Climate-related financial risk
Liquidity and funding risk	Cybersecurity and data privacy	Environmental and social risk
Market and foreign-exchange risk	Fraud risk	Third-party and supply-chain dependencies
Capital resilience and regulatory risk	Conduct, compliance and financial crime Customer service and reputation risk People and culture risk	Technology disruption and evolving fraud patterns

8.3. Risk Governance



The Bank is committed to excellence in Customer Data Protection and recently got the British Standard Institution certification ISO/IEC 27001:2022 on global security standards.

Risk governance provides clear accountability, effective challenge and timely escalation. The Board approves the risk appetite statement, reviews the risk profile and oversees the adequacy of capital and liquidity buffers. Board committees provide focused oversight across credit, audit, risk integration and conduct matters, while management committees monitor day-to-day exposures, incidents and remediation actions.

Risk ownership sits with business and functional leaders as the first line, supported by independent risk and compliance oversight as the second line, and internal audit assurance as the third line.

Risk governance map and decision rights


Governance body	Primary responsibilities	Key decisions / approvals
Board of Directors	Approves risk appetite and strategic risk posture; oversees capital and liquidity resilience; sets the tone for risk culture and conduct.	Risk appetite statement; capital and liquidity plans; major risk and control policies; material escalations.
Board Risk Committee	Oversees the enterprise risk profile, including sustainability-related risks and opportunities; monitors appetite, stress testing and climate-risk integration.	Risk dashboard review; methodology changes; escalation decisions; climate-risk integration oversight.
Board Audit Committee	Provides assurance over controls and reporting integrity and monitors closure of audit findings.	Internal audit plan; control remediation; key reporting judgements.
Board Credit Committee	Oversees credit policy, large exposures and concentration risk.	Credit policy updates; sector limits; large exposures; watchlist actions.
Board of Management	Executes strategy and oversees enterprise risk response and major incidents.	Programme prioritisation; incident response decisions; remediation resourcing.
Asset and Liability Committee	Oversees balance-sheet, liquidity, interest-rate and foreign-exchange positioning within appetite.	Funding plan; pricing actions; liquidity buffers; hedging and limit decisions.
BOM Credit Committee	Approves credit within delegated limits and monitors portfolio quality and recoveries.	Approvals; restructures; watchlist actions; recoveries strategy.
Sustainability Champions Committee	Coordinates sustainability implementation, risk integration support and reporting readiness.	Implementation roadmap; screening coverage; climate-disclosure milestones.

→ Section 6 – Governance: Board composition, committee mandates, attendance records and combined assurance framework.

8.4. Risk management approach

ERM is embedded in strategic planning, budgeting, product development, credit decisioning and balance-sheet management. The framework follows a structured cycle of identifying, assessing, responding to and monitoring risks and opportunities, with defined escalation where exposures approach or breach appetite.

ERM cycle and how it is applied

Identify	Assess	Respond	Monitor
			
Emerging and existing risks are identified through business activity, portfolio analysis, incidents, audit findings, regulatory developments and horizon scanning.	Risks are evaluated for likelihood, severity, persistence and potential effect on earnings, capital, liquidity, customer trust and execution.	Management applies the appropriate response through avoidance, mitigation, transfer, pricing, acceptance within appetite, or escalation.	Key risk indicators, limits, watchlists, incidents, scenario outputs and remediation tracking are reviewed through management and Board reporting.

8.5. Risk appetite and limits

Risk appetite translates strategy into measurable boundaries for risk-taking. It is expressed through Board-approved quantitative limits, early-warning triggers and qualitative standards on conduct, customer outcomes and compliance. These elements are monitored through management and Board dashboards and support timely escalation and response where exposures approach or exceed appetite.

Breaches and near-breaches are escalated through established governance channels and addressed through re-pricing, de-risking, portfolio actions, control strengthening or capital measures.

Expression and monitoring of risk appetite

Appetite expression	Examples	How it is monitored	Escalation response
Quantitative limits	Capital buffers, liquidity ratios, sector concentrations, large exposures, non-performing loan tolerance, market and foreign exchange limits.	Regular risk dashboards, ALCO and credit committee reviews, limit monitoring and stress testing.	Escalation to management and Board committees, re-pricing, de-risking, portfolio action or capital response.
Early-warning triggers	Stage migration, arrears movement, complaints spikes, fraud-loss trends, availability incidents and remediation slippage.	Trend analysis, watchlists, incident management and root-cause review.	Targeted action plans, tighter controls, enhanced monitoring and remediation deadlines.
Qualitative statements	Conduct tolerance, customer protection, compliance discipline, resilience expectations and control standards.	Assurance reviews, audits, regulatory findings, complaints and breach reporting.	Management action, policy review, disciplinary action or control strengthening where required.

The indicators below are illustrative examples rather than an exhaustive list.

Illustrative risk indicators monitored

Indicator family	Examples monitored	Why it matters
Credit quality	NPL ratio, stage migration, sector concentrations, restructures and collections trends	Signals pressure on earnings resilience, portfolio quality and capital consumption.
Liquidity and funding	Liquidity coverage, large-depositor concentration, tenor mix and funding buffers	Supports early action where funding stability or liquidity resilience weakens.
Market and capital	Foreign-exchange sensitivity, repricing gaps, capital buffers and stress-test outputs	Informs balance-sheet resilience, pricing discipline and capital planning.
Fraud, cyber and continuity	Fraud-loss trends, critical-system availability, cyber incidents and recovery readiness	Protects customer trust, operational continuity and remediation cost control.
Customer conduct and service	Complaints patterns, repeat drivers, service-level breaches and remediation progress	Helps identify conduct pressure, service breakdowns and reputation risk early.
Climate, Environment and Social (E & S)	Screening coverage, concentration signals in climate-sensitive sectors and selected scenario outputs	Supports portfolio steering, risk identification and transition-readiness monitoring.

8.6. Connectivity across strategy, material matters and risk monitoring

The table below provides a practical cross-reference between the Group's priority material topics, the risk themes management tracks most closely, the accountable owners, the governance forums that oversee them, and the principal signals used for monitoring. It is intended to show how strategic priorities, risk ownership and oversight connect in practice.

The Group's principal risks are aligned to its material topics so that the most significant sustainability-related risks and opportunities are identified, monitored and managed within the enterprise risk framework.

Connectivity of material topics, risk themes and oversight

Priority material topic-	Risk themes / management focus	Accountable owner	Primary oversight forum	Top KRIs / monitoring signals	Where addressed
MT - 01 Corporate governance and business ethics	Conduct, governance, compliance and reputation	Compliance / Company Secretary	Board Risk Committee; Board Audit Committee	Breaches or penalties; AML escalations; remediation closure; stakeholder sentiment	Sections 6 and 8
MT - 02 Ethical banking and responsible lending	Credit quality, conduct and customer protection	CRO/ Credit Management	Board Credit Committee; Board Risk Committee	NPL ratio; stage migration; cost of risk; screening coverage; AML alerts	Sections 8 and 9
MT - 03 Cybersecurity and data privacy	Cyber, fraud and operational resilience	ICT and Innovation	Board of Management; Board Risk Committee	Critical incidents; fraud-loss rate; availability; privacy incidents	Section 8
MT- 04 Climate risk and resilience	Climate-related financial risk	CRO/ Sustainability Unit	Board Risk Committee	Portfolio exposure; readiness milestones; screening coverage; scenario outputs	Sections 8 and 9
MT - 05 Sustainable finance and green investments	Climate opportunity and transition-linked credit risk	Credit Management/ Sustainability Unit	Board Risk Committee; Board of Management	Sustainable finance volumes; eligibility monitoring; portfolio tilt	Sections 8, 9 and 12
MT - 06 Financial inclusion and accessibility	Customer outcomes and growth execution risk	Customer Experience	Board of Management; Board Risk Committee	Net Promoter Score- / customer satisfaction (-CSAT; complaints; service access; product performance	Sections 11 and 12
MT - 07 Diversity, equity and inclusion	People, culture and conduct risk	HR	Board of Management; Board Risk Committee	Turnover; diversity, equity and inclusion-DEI indicators; conduct signals	Sections 6 and 10
MT - 08 Human capital development	People capability and operational risk	HR	Board of Management	Skills coverage; training; productivity	Sections 10
MT - 09 Customer experience and digital transformation	Operational resilience, service and cyber / fraud risk	Customer Experience/ ICT and Innovation	Board of Management; Board Risk Committee	Availability; incidents; fraud losses; complaint resolution	Sections 8 and 12
MT- 10 Community investment and social impact	Reputation and social licence	Sustainability Unit/ Marketing and Communications	Board of Management; Board Risk Committee	Sentiment; partner confidence; programme outcomes	Sections 11

8.7 Principal risks

The principal risks below could most materially influence earnings resilience, capital and liquidity strength, customer trust and the Group's ability to execute strategy. The table focuses on value erosion pathways, the opportunity lens, key exposures or drivers, and priority management actions for FY2026.

These risks are monitored using a combination of qualitative assessments and quantitative indicators, including credit-quality ratios, liquidity buffers, capital adequacy metrics and loss indicators, as reflected in management reporting and, where relevant, in the financial statements.

Principal risks and management response

Principal risk	Value erosion pathways	Value creation opportunities	Key exposures / drivers	Key controls and mitigations	FY2026 focus actions
Credit risk (default, concentration, collateral and counterparty)	Higher impairments and weaker earnings from borrower stress, defaults and collateral shortfalls; capital pressure from higher provisioning and RWAs; reputation damage where customer distress is not managed responsibly.	Disciplined portfolio growth, better pricing for risk, stronger early support for stressed customers and more resilient diversification.	Macroeconomic conditions, sector stress, obligor concentration, collateral volatility and weaknesses in appraisal or monitoring.	Credit policy and underwriting standards, delegated authorities, portfolio watchlists, sector limits, recoveries governance and collateral management.	Revalidate sector limits for highest-stress sectors; strengthen early-warning and collections playbooks; deepen environmental and social screening and monitoring in credit processes.
Liquidity and funding risk	Inability to meet obligations when due, forced asset sales at unfavorable prices, higher funding costs and service disruption if depositor confidence weakens.	A stable and diversified funding base, stronger balance-sheet resilience and margin protection across cycles.	Deposit concentration, behavioral run-off, market liquidity conditions, wholesale funding access and maturity mismatches.	Liquidity buffers, contingency funding plan, intraday monitoring, ALCO discipline, pricing governance and stress testing.	Refresh contingency funding triggers and sources; strengthen concentration monitoring and operational readiness under stress.
Market risk (interest rate and foreign exchange)	Earnings volatility from rate and FX shocks, valuation impacts on positions and customer stress spilling into credit losses.	Optimized net interest income, better balance-sheet positioning and more risk-aware customer solutions.	Yield-curve shifts, repricing gaps, net open FX position, market liquidity and policy volatility.	ALCO-approved limits, hedging policy, daily monitoring, sensitivity analysis and escalation for breaches or near-breaches.	Revalidate positioning against the macro outlook; strengthen intraday monitoring and customer guidance for rate- and FX-sensitive segments.
Capital resilience and regulatory trajectory	Reduced capacity to absorb losses, constrained growth or dividend flexibility, higher funding costs and risk of regulatory intervention if buffers weaken.	Headroom to invest in growth, digital resilience and risk systems, with improved capital allocation to higher-return, risk-appropriate segments.	RWA growth, portfolio mix changes, earnings generation, dividend decisions and stress outcomes from credit, market and operational shocks.	Capital planning and forecasting, buffer management, RWA optimization and stress-testing-informed conservation actions.	Update capital plan and triggers in line with stress outcomes; strengthen RWA optimization initiatives with clear ownership and milestones.
Conduct, compliance and financial crime	Regulatory sanctions, fines and remediation costs; customer harm from misconduct or weak controls; disruption from enforcement action and remediation programmes.	Stronger trust and franchise value through ethical conduct, customer protection and more efficient compliance operations.	Regulatory change, product design and sales-practice risk, third-party distribution, AML/counter-terrorism financing exposure, sanctions and control effectiveness.	Compliance framework with Board oversight, due diligence and screening, monitoring and investigations, whistleblowing and ethics programme.	Prioritize remediation of repeat findings; strengthen customer-outcome testing for high-risk products and deepen financial-crime analytics and capability.

Principal risks and management response (cont.)

Principal risk	Value erosion pathways	Value creation opportunities	Key exposures / drivers	Key controls and mitigations	FY2026 focus actions
Operational resilience (process, business continuity management-BCM/disaster recovery-DR, third-party and supply chain)	Service disruption, operational losses, repeated incidents and regulatory consequences from process failures, vendor outages or weak change execution.	Reliable service delivery, stronger supplier discipline and lower execution risk across critical processes and outsourced services.	Digitization and change complexity, critical vendor dependence, infrastructure failure and weaknesses in recovery assumptions.	BCM and disaster recovery capabilities, third-party risk management, incident escalation, root-cause analysis and resilience oversight.	Refresh critical service mapping and recovery priorities; tighten oversight of critical vendors; strengthen change governance for high-risk technology and process changes.
Cybersecurity and data privacy	Direct losses from attacks and outages, response costs, regulatory exposure, litigation and loss of trust in digital channels.	Secure digital scale, stronger customer confidence and better analytics enabled by resilient platforms and sound data governance.	Threat landscape, legacy-system exposure, third-party technology dependencies, social-engineering susceptibility and growing data volumes.	Security operations monitoring, identity and access controls, vulnerability management, awareness training, encryption, backup and recovery testing, and vendor due diligence.	Continue vulnerability management and remediation within risk appetite timelines; deepen anti-phishing controls; strengthen third-party security assurance and real-time detection.
Fraud risk (internal and external)	Direct losses, customer harm, investigation cost and reputational damage from high-profile fraud events.	Lower loss rates through analytics-led prevention and faster detection, supported by stronger customer education and response discipline.	Digital-channel growth, new fraud typologies, insider threats, control circumvention and agent or third-party exposures.	Fraud prevention framework, analytics and case management, segregation of duties, staff rotation where applicable and customer education.	Enhance fraud analytics for priority products and channels; tighten controls in agent ecosystems and scale customer awareness in high-risk segments.
People risk (talent, capability and culture)	Execution slippage, operational errors, recruitment cost and conduct risk arising from capability gaps, weak accountability or high turnover.	Higher productivity, better service quality and a stronger leadership pipeline through targeted capability development and retention.	Competition for specialized talent, workload pressures, training effectiveness and unclear performance expectations.	Workforce planning, succession reviews, capability programmes, culture reinforcement through leadership and incentives, and targeted retention for critical roles.	Strengthen evaluation of learning outcomes, not just inputs; embed risk and customer-outcome expectations more visibly in performance management.
Reputation and customer service risk	Loss of customers and deposits following service failures, perceived unfairness or weak complaint resolution; heightened regulatory and public scrutiny.	Stronger loyalty and growth through dependable service, transparent communication and social licence.	Service reliability, complaints drivers, media and social sentiment, affordability stress and stakeholder expectations.	Customer-service framework, complaint-resolution processes, sentiment monitoring and escalation protocols for material incidents.	Reduce repeat drivers of complaints through root-cause fixes; strengthen communications discipline for incidents and remediation progress.
Climate-related financial risk and environmental and social risk	Higher credit losses and collateral impairment in climate-exposed sectors, transition risk for higher-emitting clients, and compliance or reputation impacts from weak EandS due diligence.	Mobilization of sustainable finance, stronger portfolio resilience and better sector steering through risk-aware client engagement and pricing.	Physical hazards, policy and market shifts, carbon-intensive sector exposure, portfolio concentrations across agriculture, MSMEs and the co-operative ecosystem, and climate-risk analytics maturity.	Climate-risk integration framework, scenario analysis and stress testing, Environmental and Social Management System-ESMS screening and due diligence, sustainable-finance governance and client engagement.	Expand climate-exposure mapping and core-system data capture; embed climate and E&S signals into sector limits, pricing and early-warning tools; scale sustainable finance with clear eligibility and tracking.

→ Section 14 – Financial Statements: Note 4 (Financial Risk Management), Note 24 (Loans and Borrowings) and Note 50 (Contingent Liabilities).

→ Section 9 – Climate: full climate scenario analysis, transition plan and ESMS detail.

8.8. Environmental and social risk management

Environmental and social risks in-scope financed activities and applicable lending portfolios are managed through the Group's Environmental and Social Management System (ESMS). The ESMS supports disciplined screening, due diligence, decision-making and post-disbursement monitoring by embedding relevant environmental and social considerations into the credit process.

It applies to portfolios such as financial intermediary exposures, business-related lending, asset finance linked to business operations, and project or expansion finance.

The framework is aligned to Kenyan legal requirements and relevant international reference standards, including the International Finance Corporation Performance Standards and the Kenya Bankers Sustainable Finance Guiding Principles.

Within the Group's enterprise risk framework, the ESMS supports the identification, assessment, mitigation and monitoring of environmental and social risks across in-scope lending portfolios and is overseen through the Group's credit, risk and compliance governance processes.

Environmental and social screening within the credit process

Step	What is assessed	Typical outcome
1. Screen	Sector, financing purpose, transaction type, facility characteristics, exclusion-list criteria and preliminary environmental and social risk flags.	Transactions are routed into the appropriate due-diligence path or declined where they fall within the Exclusion List.
2. Assess	Borrower and transaction environmental and social risk profile, including climate and other material environmental and social factors, assessed in proportion to risk.	Environmental and social category, due-diligence findings, residual risks and required mitigation actions are documented for credit decision-making.
3. Decide	Approval conditions, Environmental and Social Action Plans, legal covenants and monitoring requirements are considered together with the overall credit assessment.	Required environmental and social conditions and monitoring requirements are incorporated into approval and legal documentation where applicable.
4. Monitor	Post-disbursement compliance, incidents, grievances, overdue actions and emerging issues are monitored against agreed obligations and action plans.	Higher-risk exposures remain subject to ongoing monitoring and escalation until material issues are addressed.

→ Section 9 – Climate: how climate risk is integrated into the ESMS and the sustainable finance eligibility framework.

8.9. Stress testing and scenario analysis

Stress testing assesses the adequacy of capital and liquidity buffers under severe but plausible conditions. Results inform appetite calibration, portfolio actions and contingency planning. The programme covers credit, liquidity, market and operational stresses, with outputs assessed against capital adequacy, liquidity buffers and earnings sensitivity and used to inform capital planning, provisioning and balance-sheet management.

Stress testing framework

Stress test type	Scenario examples	Primary outputs	How results are used	Governance / review
Credit stress	Sector downturn, higher defaults, collateral decline	Impairment movement, cost of risk, capital impact	Sector limits, underwriting actions, capital planning	Board Risk Committee
Liquidity stress	Deposit run-off, funding freeze, FX liquidity squeeze	Liquidity impact, survival horizon	Buffer calibration, contingency planning	ALCO; Board Risk Committee
Market and FX stress	Interest-rate shock, FX volatility spike	Net interest income-(NII) sensitivity, market losses	Limit calibration, hedging and pricing	ALCO
Operational and cyber stress	Major outage, severe fraud event, vendor failure	Losses, disruption, remediation cost	Resilience priorities, vendor controls	Board of Management; Board Risk Committee
Climate transition pathways	Current Policies, Net Zero 2050, Divergent Net Zero	Sector vulnerability, credit-migration sensitivity	Sector guidance, client engagement, portfolio steering	Board Risk Committee
Climate physical sensitivity	Severe hazard sensitivity using high-emissions assumptions	Hotspot mapping, vulnerability signals	Concentration monitoring, product design	Board Risk Committee

→ See Section 9 – Climate for climate-specific scenario pathways, assumptions, coverage, outputs, limitations and resilience read-through

8.10. Emerging risks and early warning indicators

Principal risk monitoring is complemented by horizon scanning to identify emerging risks at an early stage. These include shifts in regulation, technology, customer behavior, geopolitical conditions and environmental stress. Emerging risks are tracked through thematic reviews, early-warning indicators and management action plans so that potential threats can be escalated before they become material losses.

Emerging Risk Theme	Why Monitored and Potential Effect
Digital disruption and AI	Rapid adoption of AI-driven financial services by competitors and fintechs could displace traditional banking relationships and alter customer expectations faster than the Group's platforms adapt. Monitored through competitive benchmarking and product roadmap reviews.
Customer affordability pressures	Despite the easing rate environment, household debt-servicing capacity in certain segments remains stretched. Prolonged stress can drive stage migration, higher NPLs and reduced cross-sell opportunities. Monitored through early-warning credit indicators and customer complaints data.
Evolving fraud patterns	Social engineering, account takeover and agent-network fraud typologies are evolving faster than traditional controls. Monitored through fraud-loss trends, typology reviews and BS-SOC intelligence sharing.
Supply-chain and third-party concentration	Dependence on critical technology vendors creates concentration risk. Monitored through third-party risk assessments and service-continuity mapping.
Climate-disclosure and regulatory acceleration	KGFT mandatory compliance (October 2026), CRDF annual reporting and evolving IFRS S2 requirements are standardizing the disclosure, data and governance standards the Group must meet. Monitored through the Sustainability Champions Committee and regulatory engagement programme.
Geopolitical spillovers	Global trade policy uncertainty and regional risk events can affect funding conditions, remittance flows, commodity prices and customer resilience, particularly in agriculture and the co-operative sector. Monitored through macroeconomic scenario updates and portfolio sensitivity analysis.

→ Section 4 – Operating Environment: macroeconomic and regulatory context informing the emerging risk horizon.

→ Section 9 – Climate: climate-specific emerging risk treatment and scenario analysis.

→ Section 12 – Metrics, Targets and Sustainability Performance: FY2026 risk management commitments and milestones.



Group Managing Director & CEO, Dr. Gideon Muriuki CBS, MBS, engages with winners of the Group Managing Director's Liability campaign at the Leadership Management Center. Every staff member in the Bank is encouraged to open at least 5 accounts and winners across various categories receive direct commendations.

9. Climate and Environmental Performance

Governance, Strategy, Risk Management, Metrics and Outlook

9.1. Overview

Climate change affects the Group's customers, operations and the resilience of its balance sheet. Droughts, flooding and heat stress can disrupt customer cash flows, collateral values and service continuity, while policy, technology and market shifts can affect competitiveness and repayment capacity in higher-emitting sectors and value chains. These dynamics matter particularly across the Group's exposure to agriculture, MSMEs, SACCOs/ FOSAs, transport, real estate and community institutions, as well as across its own branches, vendors and critical infrastructure.

During FY2025, the Group focused on strengthening climate governance, improving climate data and scenario capability, integrating climate considerations into credit and portfolio monitoring, advancing sustainable-finance readiness, and improving operational-footprint reporting. This chapter distinguishes between matters already embedded in decision-making and areas still subject to further data and methodological development.

→ Section 8 – Risk Management: how climate-related financial risk sits within the Group's ERM framework, principal risk register and ESMS.

→ Section 5 – Materiality: MT-04 and MT-05 descriptions, value pathways and stakeholder inputs.

→ Section 12 – Metrics, Targets and Sustainability Performance: FY2026 climate commitments and milestones.

9.2. Climate governance

Climate governance is embedded within the Group's wider governance system. Oversight is exercised through the Board and its committees, supported by management structures that coordinate across risk, finance, sustainability, credit and operations.

The Board Risk Committee has primary oversight responsibility for sustainability-related risks and opportunities, including climate-related risks, while the Board Audit Committee oversees disclosure controls and assurance coverage relevant to climate reporting.

The FY2025 governance focus was climate-risk integration, resilience oversight, scenario read-through and disclosure quality

Climate governance structure

Body	Climate-related responsibilities	Information reviewed	Cadence
Board of Directors	Approves major policies and oversees resilience, risk appetite and climate-related disclosure.	Climate dashboard, major escalations and annual reporting pack.	Quarterly / Annual
Board Risk Committee	Oversees climate risk integration within enterprise risk and reviews stress-testing outputs and management responses.	Climate risk indicators, scenario outputs and sector watchlists.	Quarterly
Board Audit Committee	Oversees disclosure controls, internal validation and assurance coverage relevant to climate-related reporting.	Internal and external assurance outputs; control and remediation updates.	Quarterly
Board of Management	Drives implementation of climate programme priorities and transition-plan actions across the Group.	Delivery milestones, resource prioritisation and remediation actions.	Monthly
ALCO	Considers climate-related balance-sheet sensitivities relevant to capital, liquidity and funding planning.	Stress-test outcomes and funding-sensitivity narratives.	Monthly / Quarterly
BOM Credit Committee	Implements credit guidance and sector actions informed by climate overlays and portfolio watchlists.	Sector guidance updates, early-warning triggers and portfolio reviews.	Monthly
Sustainability Champions Committee	Coordinates execution across units, validates data and readiness milestones, and supports reporting discipline.	Operational footprint inventory, value-chain readiness and sustainable-finance eligibility quality assurance.	Monthly

→ Section 6 – Governance: full Board composition, committee mandates, skills matrix and attendance records.

→ Section 8.3 – Risk Governance: the governance map showing how climate risk sits within the wider ERM oversight structure.

9.3. Climate strategy

The Group's climate strategy balances resilience and growth. It is shaped by the Group's position within Kenya's co-operative and real-economy value chains and by the need to protect portfolio quality, service continuity and long-term franchise strength while supporting eligible transition and resilience-finance opportunities.

In FY2025, climate was integrated more explicitly into governance, portfolio oversight, scenario use and sustainable-finance control architecture.

Climate risks, opportunities and strategic response

Category	Where the Group sees exposure	Strategic response
Physical risks	Droughts, floods and heat stress affecting customer cash flows, collateral values, agricultural value chains, branches, data centers and critical vendors.	Strengthen climate data, early-warning indicators, business continuity planning and resilience-focused financing where eligible.
Transition risks	Policy, technology and market shifts affecting higher-emitting sectors and value chains, with implications for competitiveness and repayment capacity.	Apply sector guidance, portfolio monitoring, customer engagement and scenario-informed exposure review.
Climate-related opportunities	Financing needs linked to climate-smart agriculture, renewable energy, energy efficiency, green buildings and resilience investments across the co-operative, MSME and community ecosystem.	Scale sustainable finance in a controlled manner with clear eligibility criteria, governance and monitoring.

What changed in FY2025

Area	FY2025 advance	Why it matters	Key dependencies and risks
Governance and oversight	Climate reporting and risk oversight became more structured across Board, Board Risk Committee and management forums.	Improves accountability and linkage to enterprise-risk processes.	Data availability and quality, taxonomy alignment and system integration effort.
Portfolio monitoring	Climate overlays were introduced more explicitly into sector guidance, watchlists and management discussions.	Improves visibility of concentrations and resilience signals across vulnerable sectors.	Change management, training and consistency of application across channels.
Scenario use	Directional scenario analysis was used to inform watchlists, engagement priorities and resilience discussions.	Strengthens forward-looking risk awareness even where quantification is still developing.	Model limitations, portfolio data granularity and governance sign-off.
Sustainable finance	Eligibility governance and taxonomy-readiness work advanced through the Green Data Lab and strengthened control architecture.	Supports disciplined scaling of opportunity financing and future disclosure quality.	Market demand, partner funding and monitoring capacity.
Operational footprint	The operational inventory was strengthened and first-year energy measures were implemented across 20 branches.	Improves current-period decision-usefulness and strengthens the basis for future operational efficiency gains.	Metering gaps, vendor evidence quality and capital-allocation discipline.



The Kenya Primary Schools Association benefitted from a strategic partnership with the Bank during the association's Annual General Meeting held in October. The bank facilitated the Annual General Meeting where teachers engaged in issues that fundamentally defined their professional work. Director Retail and Business Banking Mr. Samuel Birech, presents the bank's support to KEPSHA Chairman, Mr. Fuad Abdalla Ali

9.4. Scenario analysis and resilience

Scenario analysis is used to test the resilience of strategy and risk profile under different climate pathways. In FY2025, the Group used a combination of qualitative pathways and selected quantitative analysis to inform sector guidance, watchlists, business continuity planning and the climate data roadmap. While the approach remains under development, it improved management visibility of downside pressures and transition-linked opportunities.

Scenario / pathway	Horizon and primary risk	FY2025 coverage	How outputs were used	Key limitations
Current Policies	Medium to long term; transition	Qualitative bookend with no full quantitative model in FY2025.	Tested sensitivity of strategy to delayed policy action and informed customer-engagement priorities.	Limited quantification and dependence on external policy trajectories.
Net Zero 2050 (orderly transition)	Medium to long term; transition and physical	Quantitative anchor for stress testing, with transition analysis applied to selected higher-emitting sectors and physical analysis across exposed counties.	Informed sector guidance, watchlists, management actions and the roadmap for data capture and model expansion.	Top-down modelling, limited borrower-level emissions data and concentration of transition analysis on selected sectors.
Divergent Net Zero (disorderly transition)	Medium term; transition	Qualitative bookend, with broader quantification planned as data allows.	Tested sensitivity to abrupt policy and market shifts and supported contingency planning.	Timing and magnitude uncertainties and incomplete end-to-end modelling.
High physical-risk sensitivity	Short to medium term; physical	Directional sensitivity across climate-vulnerable counties and agriculture-linked exposures.	Supported early-warning indicators, business continuity planning and resilience-finance priorities.	Hazard datasets, downscaling assumptions and limited collateral geolocation for some portfolios.

Scenario signals and management response

Signal / trigger	Management response	Changes in FY2025	Expected effect
Drought stress signals in priority agricultural regions	Increase monitoring frequency, tighten underwriting guidance in highly exposed subsectors and prioritize resilience-focused finance where appropriate.	Updated sector guidance and early-warning triggers; enhanced portfolio monitoring.	Earlier identification of stress and improved credit outcomes through proactive action.
Policy or market shifts affecting higher-emitting subsectors	Review sector exposure guidelines and customer-engagement plans and identify transition-finance opportunities aligned to eligibility criteria.	Sector exposure review, engagement approach and product-criteria updates where applicable.	Reduced concentration risk over time and better positioning for transition-linked opportunities.
Operational disruption risks from flooding and power instability in selected locations	Strengthen business continuity plans and facility resilience measures and prioritize critical systems and service continuity.	Expanded continuity-testing scope, facility risk actions and vendor remediation plans.	Improved service continuity and reduced operational downtime risk.

9.5. Climate risk management

Climate-related risks are identified and managed within existing credit, operational and enterprise risk processes. During FY2025 the Group used practical portfolio exposure lenses to identify potential concentrations and vulnerability pathways, particularly across agriculture, MSMEs, SACCO/FOSA-linked activity, transport, mortgage and selected industrial sectors. These lenses support watchlists, engagement and management action and should not be read as fully quantified portfolio-attribution measures.

Portfolio exposure lenses and management response

Signal / trigger	Management response	Changes in FY2025	Expected effect
Portfolio slice	Climate lens	Primary sensitivity	Management response
Agriculture value chain	Physical	Drought and flood sensitivity, yield variability and price shocks.	Apply sector guidance and early-warning triggers, strengthen customer engagement and support resilience-finance solutions where eligible.
Mortgage and real estate	Physical	Flood and heat exposure affecting collateral and customer affordability in some locations.	Apply enhanced location-risk checks where data exists, monitor collateral and strengthen continuity planning in affected areas.
Transport and logistics	Transition	Fuel-cost volatility, technology shifts and policy tightening.	Review exposures, engage on transition readiness and support transition-finance solutions where eligible.
Energy and power projects / clients	Transition	Policy shifts, technology substitution and grid dynamics.	Strengthen due diligence, support eligible renewables and efficiency projects, and monitor concentrations.
Manufacturing - selected cement and steel exposures	Transition	Higher emissions intensity and potential policy and market shifts.	Undertake targeted sector assessment, implement engagement plans and use scenario-informed limit review triggers.

→ Section 8.7 – Principal Risks: the climate-related financial risk and environmental and social risk entry, including value erosion pathways, controls and FY2026 focus actions.

→ Section 8.8 – ESMS: the four-step environmental and social screening process applied within the credit lifecycle.

9.6. Financed emissions and value-chain emissions readiness

For operational metrics, the climate boundary starts with the Group's financial-consolidation scope. For climate-related risks and opportunities, the boundary extends across the value chain, including financed activities, selected suppliers and outsourced services, and customer outcomes where product design or service delivery materially influences exposure, trust or resilience.

The Group is not yet publishing financed-emissions baselines because methodology, segmentation and data coverage remain under validation. FY2025 activity focused on establishing coverage, governance, controls and an uncertainty register so that future publication is supported by stable methods, clearer boundaries and decision-useful data. This includes particular attention to agriculture, SACCOs/FOSAs and MSME-linked financed activities.

Value-chain and financed-emissions readiness roadmap

Roadmap stage	Coverage and planned publication	FY2025 status	Key gaps and controls
Stage 1: Establish coverage and governance	Priority value-chain categories and portfolio mapping for financed activities, with boundary notes, method governance and uncertainty tracking.	Dry run underway and priority categories under validation.	Supplier and travel data completeness, borrower data availability and documentation controls.
Stage 2: Improve data quality and automation	Expand coverage across material portfolio segments and key value-chain categories, supported by data-quality scoring and controlled estimation methods.	Planned for FY2026.	Automation of portfolio extracts, eligibility checks, version control of factors and independent sampling checks.
Stage 3: Publish stable baselines and integrate into decisions	Publish financed-emissions baselines where validated, together with targets or milestones where approved and a clear restatement policy.	Planned from FY2027 onward, subject to readiness.	Borrower engagement for primary data, stronger segmentation and periodic method review with governance sign-off.

9.7. Climate-related opportunities and sustainable finance

The Group views sustainable finance as a strategic lever to allocate capital toward activities that enhance economic resilience, deepen inclusion and support a climate-resilient transition. Opportunity areas include climate-smart agriculture, renewable energy, energy efficiency, resilient buildings and selected resilience-enabling infrastructure across the co-operative, MSME and agricultural ecosystem.

During FY2025 the emphasis remained on governance, systems and technical capability rather than reported volumes. At year-end the Group had not yet completed taxonomy-aligned tagging of the portfolio and therefore does not disclose taxonomy-verified sustainable-finance balances. Previous framework-based references are not treated as taxonomy-verified.

Sustainable-finance implementation progress

Focus area	FY2025 progress	Next step
Governance and framework foundations	Maintained the Environmental and Social Management System and a Sustainable Finance Framework with eligibility principles and exclusion parameters.	Continue applying screening discipline and update governance as taxonomy and data capability mature.
KGFT readiness	Established a Green Data Lab to support alignment with the Kenya Green Finance Taxonomy and mapped priority sectors to taxonomy activity definitions.	Complete technical mapping and strengthen controls around taxonomy interpretation and evidence requirements.
Systems and data	Initiated enhancements to source systems to enable tagging, tracking and portfolio aggregation once classification is completed.	Implement tagging fields and automate quality checks and portfolio aggregation.
Capacity building	Built capability across credit, risk and sustainability teams on sustainable-finance eligibility and data requirements.	Deepen implementation training and strengthen first-line and second-line challenge.
Disclosure maturity	Green or sustainable finance outstanding balances are not yet reported externally, and previous framework-based references are not treated as taxonomy-verified.	Publish externally only once tagging, controls and validation are sufficiently robust.

9.8. Climate metrics and operational footprint

The operational footprint reflects emissions and resource use within the Group reporting boundary. The inventory is compiled from utility bills, vendor refrigerant records, fuel logs and procurement data, with documented limitations and interim controls where data quality remains uneven.

During FY2025 the Group implemented first-year energy-audit conservation measures across 20 branches. These measures included load balancing, solar-powered LED floodlights, selected air-conditioning upgrades, power-factor correction and AVR reconfiguration. Branch-lighting migration had already reached near-full coverage by the end of 2024; FY2025 activity therefore focused mainly on the remaining legacy exceptions, LED fit-outs in new branches and broader audit-led efficiency measures.

Operational footprint KPIs and method summary

KPI	Boundary and method summary	Primary data source	Known limitations
Scope 1 emissions	Direct fuel combustion from generators and fleet, and refrigerants within the reporting boundary.	Fuel purchase logs, generator records and vendor refrigerant records.	Cash fuel purchases are not yet fully captured and evidence for some service inputs is still being strengthened.
Scope 2 emissions (location-based)	Purchased electricity within the reporting boundary using a Kenya-specific grid factor.	Utility bills and meter readings.	Metering completeness varies by site, although reconciliation controls are applied.
Electricity consumption	Purchased electricity within the reporting boundary.	Utility bills.	Some sites are aggregated and metering improvements are in progress.
Water consumption	Purchased water within the reporting boundary.	Water bills and vendor records.	Completeness varies across sites and documentation controls are still being strengthened.
Waste generated	Waste by stream where vendor data allows.	Waste vendor reports.	Coverage depends on vendor reporting quality and stream classification continues to improve.
Paper consumption	Procurement proxy for office footprint.	Procurement records.	Proxy measure rather than a direct consumption metric.

Operational emissions performance

Metric	FY2024	FY2025 Jan-Sep (interim)	Note
Scope 1 (tCO₂e)	2,048	2,465	FY2025 measured for the interim period.
Scope 2 (location-based) (tCO₂e)	4,410	3,113	FY2025 measured for the interim period.
Total Scope 1 + 2 (tCO₂e)	6,458	5,578	Interim figure and not annualized.

Comparability note: FY2024 Scope 1 has been restated following enhanced reconciliation of refrigerant and fuel records during the FY2025 inventory dry run. FY2025 emissions currently reflect January–September actuals only and are therefore not directly comparable to FY2024 totals without adjustment. Known limitations include diesel purchased outside the fuel-card system, lubricant quantities bundled within service contracts and selected supplier datasets that remain under validation.

Environmental cost proxies

Cost metric	Unit	FY2024	FY2025
Electricity cost	KShs. Mn	279.4	264.5
Water cost	KShs. Mn	41.4	42.6
Generator fuel cost	KShs. Mn	26.2	25.9

Operational environmental initiatives and outcomes

Metric	FY2024	FY2025
Branches with solar PV systems (hybrid)	6	20
LED upgrades for branches	12	6
Vendor-reported CO₂e equivalent from e-waste disposal (kg CO₂e)	16,107	5,057
Branches covered by Year 1 energy-audit conservation measures	–	20

9.9. Broader environmental management

The Group's environmental management approach extends beyond climate reporting to operational resource efficiency, waste handling, lending controls and selected environmental stewardship initiatives. During FY2025, this included stronger waste and e-waste evidence, water-conservation actions in selected facilities, continued phasing out of single-use plastics, and further development of environmental governance processes.

Water efficiency measures in selected locations included sensor taps, water-harvesting systems, leak-prevention maintenance and the continued replacement of bottled-water dispensers with water purifiers to reduce plastic waste and support more efficient on-site water provision. Environmental controls were also supported through continued enhancement of the ESMS.

Beyond its direct operational footprint, the Group continued to support selected environmental stewardship initiatives, including reforestation activity at Lusoi in Laikipia using indigenous species. No material environmental penalties or separately reported environmental incidents were identified during the reporting period.

9.10. Climate-related financial connectivity and Outlook

Climate-related matters can affect the financial statements through expected credit losses, collateral values, operating costs, insurance, maintenance and service continuity, as well as indirectly through funding conditions, confidence effects and disclosure credibility. Where effects cannot yet be isolated reliably, the Group explains the linkage and management response without presenting a separate climate-only financial line item.

Climate-to-financial connectivity in FY2025

Area	FY2025 current-period linkage	Disclosure position and management response
Asset quality and expected credit losses	Climate signals were considered within credit monitoring, sector watchlists and scenario read-through, particularly for agriculture and other sensitive sectors.	No separate climate-only ECL line item is disclosed because attribution is not yet sufficiently reliable; management uses sector stress, borrower resilience and engagement signals in portfolio steering.
Collateral values and portfolio resilience	Potential sensitivity exists where drought, flooding, heat stress or transition pressure affect customer affordability or collateral quality in selected sectors and geographies.	Location and sector overlays are being strengthened where data supports them; early-warning triggers and engagement actions are used to manage emerging exposure.
Operating expenditure and resilience investment	Electricity cost was KSh 264.5 million and generator fuel cost was KSh 25.9 million in FY2025. Year 1 energy measures were implemented across 20 branches and hybrid solar coverage increased to 20 branches.	These cost and capex-related responses support operational efficiency and service continuity, even though a separate climate-only opex line is not disclosed.
Funding, confidence and disclosure quality	Climate can affect stakeholder confidence and capital-provider assessment indirectly through governance, resilience and disclosure quality.	The Group maintains governance oversight and publishes additional metrics only where methods and controls are sufficiently robust.

The Group’s priorities for FY2026–FY2027 are to automate climate data flows, expand portfolio coverage, improve hazard and borrower data, progress taxonomy-aligned sustainable-finance tagging, and publish additional metrics only where methods, controls and governance are sufficiently robust. The near-term objective is to strengthen operational resilience and disclosure quality while improving the strategic relevance of the Group’s climate response.

Turning educational support into inclusive climate entrepreneurship

Joy Mbugua’s story is compelling because the Foundation’s support did not end in personal advancement - it created multiplier impact. After excelling in primary school and facing financial constraints at home, she received Co-operative Bank Foundation support that carried her through secondary school and university. The scholarship eased immediate pressure, but the wider package of mentorship and preparation also helped her step into professional spaces with confidence and purpose.

Today, Joy works in sustainable development programming and contributes to an Inclusive Climate Entrepreneurship programme that supports women-led organisations building climate solutions.

The Foundation supported one student; that student is now helping other innovators - particularly women - access opportunity in a field that is central to Africa’s future.

Joy’s story therefore captures more than gratitude. It demonstrates agency, inclusion and scale: targeted scholarship support can strengthen female participation in innovation, expand climate-oriented entrepreneurship, and help communities move from vulnerability to locally relevant solutions.



Joy Mbugua
Beneficiary Co-op Foundation

“I feel indebted to hold someone else’s hand, just as someone held mine.”

450 KCPE marks | Foundation support through secondary school and university | Now supporting women-led climate innovation programmes



9. People and Culture

Capability, culture and resilience

9.1. Overview

Aligned to the “Good to Great” 2025–2029 Corporate Strategic Plan, the Group’s people agenda is focused on building capability, strengthening leadership, reinforcing performance accountability and improving employee experience. These priorities reflect the Group’s response to Human Capital Development (MT-08) and align to Pillar 4 of the Strategic Plan, recognizing that long-term value creation depends on a capable, accountable and motivated workforce that shapes execution capability, productivity, resilience and service quality across the Group.

Co-op Bank’s people model is delivered through coaching-led management, internal mobility, leadership pipelines, regular performance dialogue and responsive wellbeing support. These elements underpin service quality, control culture, transformation execution and long-term resilience. In this context, staff were a key enabler of the financial and operational performance recorded in FY2025. The Group is therefore continuing to build the human capital base required to support strategic delivery and long-term value creation.

FY2025 produced mixed human capital outcomes. Workforce scale and representation improved, and the Group deepened leadership, climate-risk and AML/CFT capability. At the same time, turnover marginally rose, learning intensity declined, female Board representation remained unchanged, sick-off days increased and one work-related injury was recorded. Management’s response is focused on retention, learning effectiveness, safety discipline and sustaining a high-performance, people-centred culture.

Scope and comparability: Unless otherwise stated, figures relate to the Group. Kingdom Bank Limited is included in FY2025 workforce figures and affects year-on-year comparability for selected indicators.






→ Section 7.4 – Pillar 4: how the people agenda connects to the digital transformation and workforce productivity strategic pillar.

→ Section 12 – Metrics, Targets and Sustainability Performance: full people scorecard and FY2026 commitments.

9.2. Workforce Profile

The workforce expanded during FY2025 due to increased business demands, with women representing 51% of employees and female representation in senior management improving to 35.3%. The year nonetheless showed areas requiring continued attention, including managing turnover and the need to sustain the gender balance.

FY2025 highlights of the Group People Model

People-system pillar	FY2025 highlights
Performance accountability 	Daily check-ins and weekly management meetings supported role clarity, execution and routine performance dialogue.
Coaching-led development 	All eligible employees continued to receive performance and career coaching. More than 60 leaders were ICF-certified and over 1,000 leaders undertook bespoke coaching training.
Internal mobility 	Internal promotion and appointment pathways remained active, and 165 contract staff were confirmed into permanent and pensionable terms.
Leadership pipelines 	Structured journeys for Branch Managers, Service Managers and Bankers, together with talent pools and mentorship support, were used to prepare staff for critical roles.
Holistic wellbeing 	The Group combined the Employee Assistance Programme, Wellness Champions, targeted health promotion, gender-responsive wellbeing programmes and leadership wellness training.

Workforce profile, diversity and employment indicators

Indicator	FY2024	FY2025
Workforce scale		
Total workforce (permanent + contract)	5,863	6,235
Total workforce by region	Kenya - 5,694 South Sudan - 169	Kenya - 6,075 South Sudan - 160
Contract employees	760	922
Average work hours per week - permanent employees	41	41
Average work hours per week - contract employees	41	41
Representation		
Female employees	48.0%	51.0%
Male employees	52.0%	49.0%
Employees below 35 years	50.5%	51.6%
Employees with disabilities	0.8%	1.0%
Female representation - senior management	33.0%	35.3%
Female representation - Board of Directors	23.1%	23.1%
Progression and employment		
Women promoted - senior management	43.0%	38.0%
Women promoted - junior management	48.0%	50.4%
Employees under collective bargaining	2,186	2,134
Recruitment and turnover		
New hires (Group)	1,104	774
Turnover rate	5.2%	6.0%
Turnover rate - men	3.3%	4.0%
Turnover rate - women	1.9%	2.0%
Leave		
Paternity leave applicants	133	152
Maternity leave applicants	153	206

9.3. Learning and Development

Capability building remained closely tied to service quality, control culture, risk discipline and strategy execution. During FY2025, the Group continued to apply role-based learning plans that combine mandatory learning with targeted development in leadership, technical capability, customer experience, compliance and transformation readiness. Capability priorities also supported sales effectiveness, digital adoption, stronger use of data, agile ways of working, and specialist sustainability and climate capability.

Learning coverage broadened during the year, with more employees trained and higher climate-risk learning uptake. Average learning hours per employee, however, declined, indicating that management attention should remain on learning intensity, completion quality and role relevance.

Highlights and capability architecture

Capability element	FY2025 highlights
Coaching-led management	100% of eligible employees received performance and career coaching. More than 60 leaders were ICF-certified and over 1,000 leaders undertook bespoke coaching training.
Role-based pathways	Structured journeys for Branch Managers, Service Managers and Bankers continued to support career progression and critical-role readiness.
Leadership development	Leadership programmes increased from 20 to 67, with 1,874 completions. Programme themes included coaching certification, emotional intelligence and team effectiveness.
Talent and mobility	Talent pools and mentorship support were used for priority roles, while 165 contract staff were confirmed into permanent and pensionable terms.
Reskilling and agility	Targeted reskilling supported process and technology transition, and agile cross-functional working created additional opportunities for on-the-job learning.
Transformation and productivity capability	Capability building supported agile and digital ways of working, sales force effectiveness, high-performing team culture, process digitization and stronger use of data in day-to-day execution.
Sustainability and climate capability	The Group deepened climate-risk and sustainability capability through higher KBA-SFI uptake, targeted ESMS capacity-building and specialist development relevant to renewable-energy opportunity assessment and climate-data readiness.

Learning and capability indicators

Indicator	FY2024	FY2025
Training spend	KShs. 96.6Mn	KShs. 164.7Mn
Staff trained	4,714	5,224
Average learning hours per employee	25.65 hours	15.06 hours
Staff completing KBA-SFI climate-risk module	59.6%	72.03%
Performance and career coaching coverage	100% of eligible employees coached	100% of eligible employees coached
Staff completing leadership programmes	1,618	1,874

9.4. Performance and Reward

Performance and reward remained anchored in annual reviews, differentiated rewards, recognition and workforce accountability. All eligible employees continued to receive performance and career coaching, while the broader employee value proposition included medical, life assurance, personal accident and work-injury protection, retirement benefits, preferential staff lending, paid maternity, paternity and adoption leave, lactation-room support, and flexible working arrangements where operationally appropriate.

The Group's people framework is anchored not only in performance and reward, but also in dignity, fairness and confidence in the workplace. Employee relations are supported through collective bargaining, formal grievance handling, whistleblowing channels and standards prohibiting discrimination, harassment, child labour, forced labour and other exploitative labour practices within operations and through supplier standards. Labor-related issues reduced during the year, although three retrenchments were recorded, underscoring the need for continued attention to fairness, communication and labor stability.

Performance, reward and employee relations

Indicator	FY2024	FY2025
Average increase in staff remuneration	4%	4%
Aggregate women : men basic salary ratio	45% : 55%	45% : 55%
Labor-related issues	12	5
Grievances processed through formal mechanism	12	9
Staff retrenched	0	3
Local employment rate	100%	100%
Instructor-led training participants (attendances)	7,304	13,435

The women: men basic salary ratio reflects aggregate salary distribution and is influenced by workforce composition and role mix. Labor-related issues include negative labor allegations lodged in the labor court. Grievances processed through the formal mechanism are presented as case counts, not a separate filed/resolved split.

9.5. Wellbeing and Safety

Employee wellbeing and occupational health and safety are managed through preventive programmes, governance structures, and responsive support mechanisms. During FY2025, the Group's wellbeing architecture continued to combine the Employee Assistance Programme, Wellness Champions, health promotion, financial coaching, gender-responsive wellbeing initiatives and leadership capability-building.

Management's focus is not only on programme activity, but on workforce-health signals and follow-through. Sick-off days increased during the year, and one work-related injury was recorded. The response remains focused on strengthening early-warning indicators, improving corrective-action follow-through, sustaining network-wide OHS coverage and continuing investment in manager and Wellness Champion capability.

Wellbeing architecture highlights

Support layer	FY2025 Focus
Employee assistance and responsive support	Counselling and targeted support continued to be provided through the Employee Assistance Programme.
Mental health and champion network	Wellness Champions continued to support access, escalation and awareness across the network.
Health promotion and preventive care	Preventive health promotion and targeted support continued for higher-risk staff groups.
Inclusive and family wellbeing	Gender-responsive wellbeing programmes and family-support forums remained part of the Group's wellbeing approach
Leadership capability	Team-leader support continued to strengthen management capability in workforce wellbeing and early intervention.

Wellbeing and safety indicators

Indicator	FY2024	FY2025
Leading indicators		
OHS governance coverage	58 committees (meeting quarterly)	58 committees (meeting quarterly)
Wellness talks, webinars and related sessions	215	302
Spend on wellness programmes	KShs. 33,311,893	KShs. 34,415,743
Staff trained on OHS	450 employees	539 employees (239 OSH committee members; 300 first aiders and fire marshals)
Local employment rate	100%	100%
Instructor-led training participants (attendance)	7,304	13,435
Lagging indicators		
Sick-off days	23,480	25,215
OHS incidents reported	0	0
Work-related injuries reported	0	1
Fire incidents in branches / offices	7 (all minor; managed)	1

9.6. FY2026 People Priorities

The priorities below are intended to strengthen execution capability, employee experience, safety discipline and the quality of human-capital outcomes as the Group continues to scale customer experience, transformation and productivity priorities.

Priority area	FY2026 management focus
Leadership, capability and careers	
Leadership development	Deepen the capability of people leaders through structured leadership programmes, coaching-led management practice, high-performing team culture and clearer succession readiness for critical roles.
Inspiring careers and internal mobility	Strengthen visibility of career pathways, internal mobility and conversion opportunities, particularly for early-career and customer-facing roles.
Strategic upskilling	Sharpen learning effectiveness for risk, conduct, digital, data, sustainability and customer-facing roles, with greater focus on application, productivity and critical-role readiness.
Talent pools and succession	Strengthen and monitor existing talent pools for priority roles such as Branch Managers, Service Managers and Bankers, with clearer evidence of bench strength and successor readiness.
Employee wellbeing	
Employee wellbeing	Expand holistic wellbeing support through financial wellness, health promotion, mental health and employee-assistance interventions, supported by earlier warning signals and strong manager and champion capability.
Safety, conduct and labor stability	
Safety discipline and labor stability	Improve near-miss reporting, incident classification and corrective-action tracking while maintaining discipline on grievance resolution and fair treatment.

→ Section 12 – Metrics, Targets and Sustainability Performance: full people scorecard, FY2026 targets and current commitments.



The Bank is a major player in sports development in Kenya with support to the Kenya Football Premier League and in athletics where the Bank is the largest financier of the Kenya Defense Forces Athletics teams among other sporting activities.

11. Customers and Community

Customer trust • Financial inclusion • Co-operative delivery • Community resilience

11.1. Overview

The Group strengthened franchise quality in FY2025 through three linked outcomes: higher customer trust, broader responsible access and stronger community resilience. The co-operative heritage remains the thread connecting these outcomes, giving the business an embedded route to households, MSMEs, farmers and community institutions. Customer advocacy and satisfaction improved during the year, inclusive delivery remained broad, and the Co-operative Bank Foundation advanced a clearer pathway from education access to employability and productive resilience.

These outcomes support the Group's "Good to Great" Strategy priorities of delivering seamless customer experience, deepening its role as the primary financial partner to the co-operative movement, and extending positive socio-economic impact.

→ Section 7.4 Strategy and Value Creation – Pillars 2, 3 and 6: how customer experience, co-operative delivery and community impact connect to strategy execution.

→ Section 8.7 – Principal Risks: reputation and customer service risk, financial inclusion and accessibility (MT-06) and community investment (MT-10) entries.

→ Section 12 – Metrics, Targets and Sustainability Performance: full customer and community scorecard.

11.2. Customer Experience

Customer trust is built through reliable service, fair remediation, secure transactions and clear communication. FY2025 performance points to a stronger operating rhythm: queue times fell, complaints declined, and customer advocacy and satisfaction improved.

These gains were supported by enhanced branch-flow management, faster complaints handling, root-cause correction and continued customer-protection

Customer trust and remediation dashboard

Indicator	FY2024	FY2025	Strategic read-through
Net Promoter Score	59.8	72.0	Stronger customer advocacy and improved service consistency.
Customer Satisfaction	87.6%	90.8%	Higher satisfaction across key service touchpoints.
Average queue time (branches)	9.5 min	7.7 min	Faster service delivery and better peak-time management.
CRM complaints (cases)	60,824	47,517	Lower complaint volumes and stronger prevention and journey fixes.
Complaints resolved within Service Level Agreement (SLA)	97.8%	97.3%	High remediation discipline despite more complex cases.

Service access also remained broad. The 24-hour contact center handled 3.15Mn engagements in FY2025, while social platforms reached more than 3.64Mn followers and over 1.5Mn interactions. Experience improvement was also supported by continued omnichannel optimization, wider use of alternative channels and digital-platform enhancements that improved accessibility, responsiveness and service continuity across customer touchpoints.

Fraud-alert SMS and digital-security advisories remained part of customer-protection messaging throughout the year. Responsible marketing and customer communication remained governed through the Code of Advertising Practice and the Group's Direct Marketing framework, while the client-protection control environment was reinforced through certification, privacy governance and complaint-resolution discipline.

CLIENT PROTECTION CERTIFICATION	CONTROL ENVIRONMENT
Bronze Certified by MFR Certification Committee in FY2025, with 96.8% on fully compliant indicators.	Privacy governance remained anchored in the Office of the Data Protection Officer (DPO) and the Enterprise Data Privacy Risk Management Framework, supported by security audits, incident response protocols, penetration testing and continuous control improvement.

These shifts support lower friction, stronger advocacy, better retention and lower conduct risk across the Group.

11.3. Financial Inclusion

The Group expands access through channels and products designed for everyday liquidity, MSME growth and agricultural and co-operative value chains. Access is pursued with discipline: clear pricing and product communication, affordability safeguards, complaints access, fraud-awareness messaging, and environmental and social controls remain embedded in product design and distribution.

Access across priority channels

Access channel	Delivery lever	FY2024	FY2025	Strategic implication
Digital and everyday liquidity	E-Credit disbursement	KShs. 76.7Bn	KShs. 73.0Bn	Supports timely liquidity access through digital channels. Reduction attributed to customers' uptake of other lending products.
Coffee value-chain finance	Government-supported coffee financing	10% financing rate	10% financing rate	Sustains access to finance across the coffee value chain.
Transparent farmer settlements	Direct Coffee Settlement System payout	KShs. 31.4Bn	KShs. 33.5Bn	Improves payment reliability and value-chain liquidity.
Co-operative institutional access	SACCO/FOSA; advisory reach	619 front offices; 3,729 mandates	625 front offices; 3,879 mandates	Extends embedded institutional reach and capability support to co-operatives.
MSME reach	Scale of MSME inclusion	Over 2Mn customers	Over 2.5Mn customers	Demonstrates the breadth of the Group's MSME franchise.

Marketplace Practices and Customer Protection

Area	FY2025 position	Why it matters
Responsible marketing	Governed through the Code of Advertising Practice and Direct Marketing framework	Supports fair communication and consumer protection
Product stewardship	Pricing, communication, affordability safeguards and complaints access embedded in design and distribution	Supports fair access and suitability
Client protection	Bronze Client Protection Certification; 96.8% on fully compliant indicators	Signals formal customer-protection discipline
Complaints handling	47,517 CRM complaints; 97.3% resolved within SLA	Shows remediation responsiveness and service discipline
Data privacy and cyber	Data Privacy Officer (DPO) oversight, privacy framework, audits, incident response and penetration testing	Protects trust, privacy and service resilience
E & S social controls	E & S controls embedded in product design and distribution	Supports responsible banking discipline

Last-mile access remained significant through 16,793 agency-banking agents. Inclusion also extended beyond credit access into enterprise capability support, with MSME customer training, packaged propositions and non-financial support initiatives reinforcing relevance across MSME, youth and women segments.

The Group's inclusion agenda also includes practical accessibility measures intended to reduce friction for customers with disabilities across physical and digital channels. Based on the latest internal accessibility review, 93% of branches assessed had ramp or disability access, 90% had at least one low counter and 47% had customer washrooms available, while remote Kenyan Sign Language support is being operationalized for in-branch service.

Digital accessibility is progressing through channel modernization, the Bank is assessing WCAG 2.2 AA alignment as part of channel modernization governance.

11.4. The Co-operative Movement as a Delivery Architecture

The co-operative movement is not simply a customer segment for the Group; it is both a customer base and a delivery architecture. Through financing, advisory mandates, front-office reach, board and staff capability-building, and payment flows such as the Direct Coffee Settlement System, the Group is embedded in the operating model of societies, factories and their members.

This embedded position gives the Group a distinctive route to market, reinforces deposit and transaction flows through the co-operative ecosystem, and extends its relevance beyond lending into advisory, governance support and payment infrastructure. Digital reach also continued to build through Co-op Bank Soko, our native digital marketplace. The co-operative channel links finance, capability support and market infrastructure.

Co-operative delivery and capability indicators

Capability or delivery lever	FY2024	FY2025	Strategic implication
Co-operative board members trained	746	637	Board training remained substantial, supporting governance and quality in the movement.
Co-operative employees trained	2,218	3,931	Higher employee training signals stronger emphasis on operating capability.
Ordinary members trained	1,645	313	Member-level training reduced as focus shifted towards institutional audiences.
CBIL* Consultancy mandates	174	150	Mandates remained material alongside broader advisory reach.
CBIL Consultants	22	25	Consultant capacity increased modestly in FY2025.
DSS payout	KShs. 31.4Bn	KShs. 33.5Bn	Payment-flow reliability remained important to farmers, societies and factories.

*Co-op Bancassurance Intermediary Limited

11.5. Corporate Social Investment

The Co-operative Bank Foundation is the Group's principal community investment arm, structured under five thematic pillars: agriculture, education, environment, health, youth and women empowerment. These inform the implementation activities under the Foundation.

Community resilience pathway scorecard

Resilience pathway	FY2025 output	Longer-term context	Strategic implication
Education access and retention	195 students supported in 2025	11,834 beneficiaries supported since 2007	Sustains access, continuity and progression in education.
University progression	56 new university scholarship beneficiaries admitted in 2025	650 university beneficiaries supported since 2007	Extends the model from school access into tertiary progression.
Employability and transition to work	89 internships, 30 community-service placements and 400 trainees supported under Jijali, a mentorship programme, in 2025	727 internships and 467 community-service placements cumulatively since inception.	Builds work readiness, confidence and a service ethic beyond classroom support.
Women's financial capability and productive resilience	25 trainers trained on financial literacy who in turn trained over 600 women farmers across three participating co-operatives	Pilot implemented in Laikipia and Kisumu, to be rolled out into other Counties	Strengthens financial capability and productive resilience for women in co-operative value chains.
Foundation investment	KShs. 132.8Mn spent in 2025	KShs. 1.98Bn cumulative expenditure since inception	Demonstrates sustained resource commitment behind the Foundation platform.

Education remained the Foundation's flagship stream. In 2025, there was no intake for senior school due to the country's transition to the new education system, but support to continuing learners was maintained. Among 500 scholarship beneficiaries who sat for the Kenya Certificate of Secondary Education (KCSE) in 2025, 91% qualified for public universities, 8% progressed to technical and vocational training, and the balance became eligible for certificate-level pathways.

PATHWAY IN PRACTICE

The Co-operative Bank Foundation support can extend from scholarship to university progression, mentorship, internship and entry into professional practice, converting educational access into employability and community contribution.

Using the co-operative movement to help identify beneficiaries and then extending support through internship, community service and career-readiness gives the Foundation a more durable community-resilience model.

11.6. Governance, accountability and FY2026 priorities

Performance is managed through a cross-functional structure spanning product and channel teams, customer-experience teams, privacy and control functions, co-operative advisory teams and programme-delivery teams, with material issues escalated through established governance and reporting channels.

FY2026 priorities

Priority area	Focus for FY2026
Customer trust	Deepen customer-journey analysis, branch and channel reliability, and root-cause correction while maintaining strong complaints-resolution discipline.
Inclusion measurement	Strengthen segmentation by customer type, channel and underserved group, and surface agency, payments and access outcomes more clearly.
Co-operative channel	Present the co-operative movement more clearly as a strategic differentiator, including capability, advisory, platform and payment-flow evidence.
Community resilience	Expand outcome tracking across post-school transition, employability and women farmers, supported by stronger partner reporting and beneficiary verification.
Responsible banking	Continue to embed customer protection, affordability, data privacy and environmental and social controls across product design and distribution.

→ Section 12 – Metrics, Targets and Sustainability Performance: full customer and community scorecard and FY2026 commitments.



The Bank recently has expanded its network across the country with the additional branches in Kisumu at Milimani, Nyali, Laare and Kibwezi among others. The Bank is committed to enhancing service excellence and convenience through strategic expansion of its channels.

12. Metrics, Targets and Sustainability Performance

Controlled Sustainability indicators, current commitments and selected FY2025 scorecards

12.1. Overview

This section presents the Group's controlled sustainability performance register. It consolidates selected sustainability indicators, current commitments, target-setting status, SDG alignment and selected scorecards in one disciplined view.

12.2. Basis, boundary and assurance

Area	Position and Interpretation
Reporting basis	Indicators are presented on a Group basis unless stated otherwise. Cross-topic comparisons should be read with the topic-specific boundary notes in the relevant chapters.
Climate boundary and comparability	FY2025 operational emissions cover January to September only and are not directly comparable to full-year FY2024 totals. FY2024 Scope 1 has been restated following enhanced reconciliation during the FY2025 inventory dry run.
Assurance position	Sustainability information was internally prepared and validated. External assurance was not obtained for FY2025. The annual financial statements were independently audited by KPMG Kenya (unqualified opinion). The indicator set is decision-useful but not yet fully assurance-ready across all metrics.
Financed emissions – Scope 3	Financed-emissions baselines are not yet published. Coverage, methodology, data quality and governance are being stabilized. Read the roadmap entry in Section 12.4 as a managed readiness milestone, not a missing numeric target.
Target discipline	Only approved or externally communicated targets, commitments and readiness milestones are included. Where no Group-wide quantitative target has been approved, actual performance and managed milestones are stated directly.

12.3. Selected FY2025 performance scorecards

Financial Performance

Indicator	FY2024	FY2025	Read-through	▲ ▼ ●
Profit Before Tax (KShs. bn)	34.8	40.3	Record high; +15.8% year on year.	▲
Profit After Tax (KShs. bn)	25.5	29.8	Record high; +16.9% year on year.	▲
Total Assets (KShs. bn)	743.2	827.4	+11.3%; on trajectory toward KShs. 1 trillion target.	▲
Customer Deposits (KShs. bn)	506.1	574.2	+13.3%; co-operative deposit franchise holding share.	▲
Net Loans and Advances (KShs. bn)	373.7	421.0	+12.7%; disciplined growth maintained.	▲
Return on Equity (%)	19.7%	19.1%	Slight moderation; remains above 19%.	▼
Cost-to-Income Ratio (%)	47.2%	46.3%	Improving; FY2027 target is below 45%.	▲
NPL Ratio (%)	16.8%	15.4%	Improving; own FY2026 target is below 14% – gap of 1.4pp remains.	●
Total Capital Adequacy Ratio (%)	21.2%	22.6%	Well above 14.5% regulatory minimum.	●
Liquidity Reserve Ratio (%)	59.9%	60.0%	Well above 20% regulatory minimum.	●
Dividend Per Share (KShs.)	1.50	2.50	First-ever interim dividend; total +67%.	▲
Total Tax Contribution (KShs. bn)	20.9	21.5	Economic contribution to the fiscus.	▲

Key: ▲ Value Created | ● Value Preserved | ▼ Monitor

Governance and conduct dashboard

Indicator	FY2024	FY2025	Read-through
Confirmed incidents of corruption	Zero incidents	Zero incidents	Integrity control effectiveness remained intact throughout the reporting period.
AML/CFT and fraud refresher training	7,740 staff	7,455 staff	Sustaining control capabilities
Responsible marketing / advertising violations	–	Zero reported violations	Supports customer protection and market-conduct discipline.
Regulatory fines and penalties	None reported	None reported	Signals sustained compliance discipline and low legal and reputational exposure.

Customer, inclusion and co-operative reach dashboard

Indicator	FY2024	FY2025	Read-through
Net Promoter Score (NPS)	59.8	72	Customer advocacy improved materially.
Customer Satisfaction (CSAT)	87.60%	90.80%	Satisfaction improved across priority service touchpoints.
Average queue time (branches)	9.5 min	7.7 min	Service speed improved materially in branches.
CRM complaints	60,824	47,517	Complaint volumes reduced as prevention and journey fixes improved.
Complaints resolved within SLA	97.80%	97.30%	Resolution discipline remained high despite more complex cases.
Account holders	9,417,695	9,842,536	Customer scale continued to expand.
Co-op Kwa Jirani agents	16,110	16,793	Last-mile access continued to deepen.
Diaspora Banking customers	16,308	22,923	Diaspora reach expanded strongly.
Merchants enabled	5,357	11,276	Merchant acceptance more than doubled.
E-Credit disbursement	KShs. 76.7bn	KShs. 73.0bn	Digital liquidity access remained substantial in FY2025.
Direct Coffee Settlement System payout	KShs. 31.377bn	KShs. 33.521bn	Payment-flow reliability remained important across the coffee value chain.
MSME customers	Over 2.0Mn	Over 2.5Mn	The MSME franchise continued to scale.
Client Protection Certification	–	Bronze	Certification was completed in FY2025, with 96.8% of indicators rated fully compliant.
24-hour contact-center engagements	3.1Mn	3.15Mn	Shows the scale of service and support reach across customer touchpoints.

People, capability and culture dashboard

Indicator	FY2024	FY2025	Read-through
Total employees (Group)	5,863	6,235	Staff headcount increased year-on-year.
Contract employees	760	922	Workforce scale expanded
Female employees	48%	51%	Overall female representation improved.
Employees with disabilities	0.83%	1.00%	Disability representation improved modestly.
Female representation - Senior Management	33.0%	35.3%	Representation improved in senior leadership.
Female representation - Board of Directors	23.1%	23.1%	Board diversity remained unchanged
New hires (Group)	1,104	774	Hiring slowed after the prior-year expansion phase.
Turnover rate	5.2%	6.0%	Retention pressure increased in FY2025.
Staff trained (unique employees)	4,714	5,224	Learning coverage broadened across the workforce.
Average learning hours per employee	25.65 hours	15.06 hours	Learning intensity reduced despite wider coverage.
Total eLearning courses completed	50,830	46,410	Module completions reduced year-on-year.
Staff completing KBA-SFI climate-risk module	59.6%	72.03%	Climate-risk capability improved materially.
Staff completing leadership programmes	1,618	1,874	Leadership-development participation increased.
Wellness talks, webinars and related sessions	215	302	Wellbeing support activity expanded.
Sick-off days	23,480	25,215	Health and wellbeing pressures remained mixed.
Work-related injuries reported	0	1	A fully clean safety record was not sustained in FY2025.

Climate and operational footprint dashboard

Indicator	FY2024	FY2025 / status	Read-through / limitation
Scope 1 emissions (tCO₂e)	2,048.02	2,465 (Jan-Sep interim)	FY2025 figure is interim and not annualized.
Scope 2 emissions, location-based (tCO₂e)	4,410	3,113 (Jan-Sep interim)	Interim reduction should not be treated as a full-year outturn.
Total Scope 1 + 2 (tCO₂e)	6,458.02	5,578 (Jan-Sep interim)	Read with the interim and restatement note above.
Electricity cost	KShs. 279.4Mn	KShs. 264.5Mn	Operational electricity cost reduced year on year.
Water cost	KShs. 41.4Mn	KShs. 42.6Mn	Water cost increased slightly.
Generator fuel cost	KShs. 26.2Mn	KShs. 25.9Mn	Generator fuel cost eased marginally.
Branches with hybrid solar PV systems	6	20	Solarization progressed materially in FY2025.
Branches covered by Year 1 energy-audit conservation measures	—	20	Energy-efficiency execution moved from design into implementation.
Vendor-reported CO₂e equivalent from e-waste disposal	16,107 kg	5,057.24 kg	Depends on third-party reporting quality and should be read as a vendor-reported figure.

FY2025 operational emissions currently available for publication cover January to September only. Full-year FY2025 operational emissions should be published only after the inventory is closed and year-end reconciliation is complete.

Community resilience and local linkages scorecard

Pathway / linkage	FY2025 output	Context / prior-year baseline	Read-through
Co-operative advisory and capability	3,879 mandates; 637 board members trained; 3,931 co-operative employees trained; 25 CBIL consultants	FY2024: 3,729 mandates; 746 board members trained; 2,218 co-operative employees trained; 22 consultants	Shows the depth of the Group's co-operative delivery architecture and capability support.
Education access and retention	No new secondary-school intake in 2025 due to the education-system transition; continuing beneficiaries remained supported through the transition period	10,347 secondary-school beneficiaries supported since 2007	The Foundation remained anchored in continuity of education rather than one-off activity.
University progression	56 new university scholarship beneficiaries admitted in 2025	650 university beneficiaries supported since 2007	The model extends from school access into tertiary progression.
Employability and transition to work	89 internships; 30 community-service placements; 400 Jijali trainees supported in FY2025	727 internships and 467 community-service placements cumulatively	The pathway links educational support to work readiness and service.
Women's financial capability and productive resilience	25 trainers trained; 610 women farmers reached across three participating co-operatives	Pilot implemented in Laikipia and Nyanza	The programme broadens community impact beyond scholarship support.
Local economic linkages	95.8% local sourcing; KShs. 19.8Bn paid to suppliers in FY2025	FY2024: 90.1% local sourcing; KShs. 18.5Bn paid locally	Procurement remained a visible channel for local economic participation.
Foundation investment	KShs. 132.79Mn spent in 2025	KShs. 1.976Bn cumulative expenditure since inception	The Foundation platform is backed by sustained resource commitment.

12.4. Current commitments, targets and readiness milestones

The Group's disclosed sustainability performance is currently more mature than its published Group-wide quantitative target set. The table below therefore separates current commitments and managed readiness milestones from the performance scorecards above.


Current commitments, milestones and managed priorities

Area	Type	Current position at FY2025	Next milestone / horizon
Sustainability re-reporting assurance readiness	Managed priority	No external assurance over sustainability-related information was obtained for FY2025. Internal validation and evidence trails continue to be strengthened.	Phased external assurance of selected sustainability metrics targeted from the FY2026 reporting cycle.
Operational GHG baseline and target-setting	Managed milestone	FY2024 has been identified as the baseline year for future operational target-setting. Quantitative reduction targets have not yet been published.	Close the full-year FY2025 inventory, stabilize methods and seek approval for a publishable reduction pathway.
Financed-emissions disclosure readiness	Managed milestone	Priority portfolio categories and portfolio mapping are under validation. Financed-emissions baselines were not published in FY2025.	Expand data quality and automation in FY2026, with publication planned from FY2027 onward subject to readiness.
Taxonomy-aligned sustainable-finance disclosure	Managed milestone	The Green Data Lab was established and priority sector mapping initiated. Taxonomy-verified balances were not externally disclosed at FY2025.	Complete tagging, interpretation controls and validation before publishing external balances or mobilisation metrics.
Climate data and scenario capability	Managed priority	Climate risk stress testing and GHG baseline work were completed and used directionally in governance and risk processes.	Broaden portfolio coverage, refine triggers and improve quantification where validated across FY2026–FY2027.
Customer protection and conduct	Current commitment	Bronze Client Protection Certification was achieved in FY2025, supported by product, privacy, marketing and remediation controls.	Embed certification learning into product governance, fair-treatment outcomes and distribution controls.
People's capability, retention and wellbeing	Managed priority	Coverage improved, but turnover rose, learning intensity fell and wellbeing signals remained mixed.	Improve learning effectiveness, critical-role retention, leadership depth and preventative wellbeing response in FY2026.
Customer trust, inclusion measurement and community outcomes	Managed priority	Trust metrics improved and access remained broad, but some underserved-group and community-outcome measures still require stronger segmentation and verification.	Deepen journey analytics, sharpen inclusion measurement and strengthen community outcome tracking and partner reporting in FY2026.

12.5. SDG alignment summary

The summary below presents SDG linkage at a thematic level, supported by selected FY2025 indicators and cross-references to the chapters where fuller narrative and methodology sit.

Thematic SDG alignment and supporting indicators

Theme	SDGs most directly supported	Selected FY2025 indicators	Primary report link
Financial inclusion, MSME and co-operative ecosystem growth		16,793 agents; 9,842,536 account holders; over 2.5Mn MSME customers; KShs. 73.0bn E-Credit disbursement; KShs. 33.521bn Direct Coffee Settlement System (DSS) payout	Section 11
People capability, wellbeing and inclusion		6,235 total workforce; 51% female employees; 5,224 unique employees trained; 72.03% KBA-SFI climate-risk module completion; 302 wellbeing sessions	Section 10
Climate resilience and responsible operations		20 hybrid solar branches; 20 branches covered by Year 1 energy measures; 5,578 tCO ₂ e Scope 1 + 2 (Jan-Sep interim); financed-emissions roadmap active; Green Data Lab established	Section 9
Governance, ethics and transparency		Zero confirmed corruption incidents; 7,455 AML/CFT refresher-training completions; zero regulatory fines reported	Sections 6 and 8
Community resilience and local economic participation		Foundation pathways spanning education, university progression, employability and women farmers; 95.8% local sourcing; KShs. 19.8bn paid to suppliers	Section 11

13. Annexures

13.1. Purpose

This chapter is a technical reference chapter. It is designed to support traceability, interpretive discipline and framework navigation across the FY2025 Integrated Report. It should not be read as a second narrative chapter and it does not replace the underlying disclosures in Sections 1 to 12 or the audited financial statements section.

Use the main report for strategy, governance, performance, risk and outcomes; use this chapter for disclosure-control architecture, framework mapping, basis and boundary interpretation, methodology discipline, omission logic and supporting annexures.

13.2. Chapter Architecture

Section	Content	Why it is included
13.1	Purpose	Sets the interpretation rule for this chapter and its relationship to the main report and the audited financial statements section.
13.2	Chapter architecture	Provides a stable navigation frame for the annexure itself.
13.3	IFRS S1 disclosure map	Shows where the main sustainability-related disclosure architecture sits in the report.
13.4	IFRS S2 disclosure map	Shows where the principal climate-related disclosures sit in the report.
13.5	IFRS S1 / S2 paragraph-level compliance matrix	Provides a paragraph-level control schedule for completeness assessment.
13.6	GRI master content index	Provides a control grade GRI Index with omissions logic.
13.7	Basis, boundary and comparability notes	States the main interpretation rules used across the report.
13.8	Boundary reconciliation table	Clarifies how financial, sustainability, operational-climate and programme boundaries differ.
13.9	Scenario-analysis method note	Explains scenario sets, assumptions, coverage, limitations and decision-use.
13.10	Climate-to-financial-statements bridge	Connects climate and sustainability matters to the financial statements section.
13.11	KPI and target methodology register	Defines selected recurring sustainability and climate KPIs and their control logic.
13.12	Disclosure basis, boundaries and future improvements	Makes non-publication, partial publication and next steps explicit.
13.13	Regulatory and framework cross-reference	Shows the principal Kenyan and international reference points used.
13.14	Acronyms and selected definitions	Supports consistent reading and technical traceability.
13.15	Shareholding structure annexure	Provides the shareholder and director-interest schedules already referenced elsewhere in the report.

13.3. IFRS S1 disclosure map

The map below is a navigation tool. It shows where the principal disclosure areas aligned to IFRS S1 are addressed in the FY2025 Integrated Report. It should be read as a route map to the main disclosures rather than a substitute for them.

IFRS S1 area	Principal report location	Supporting sections	Interpretation note
Governance	Section 6 – Governance	Section 3 – Leadership; Section 9 climate-governance sub-sections	Use Section 6 for Board, committee, conduct and oversight architecture.
Strategy and business model	Section 7 – Strategy and Value Creation	Section 2 – Group Overview; Section 4 – Operating Environment	Read together to understand strategy, capitals, trade-offs and external context.
Material sustainability-related risks and opportunities	Section 5 – Materiality	Section 8 – Risk Management; Section 9 – Climate	Priority matters should be read with the principal risk architecture and climate-specific SRROs.
Effects on strategy, business model and value chain	Section 7 – Strategy and Value Creation	Section 10 – People; Section 11 – Customers and Community	Operational and stakeholder impacts are distributed across the thematic chapters.
Current and anticipated financial effects	Financial statements section / Chapter 14	Section 8 – Risk Management; Section 9 – Climate	Where precise climate-only or sustainability-only quantification is not yet reliable, the report explains linkages and limits directly.
Resilience and outlook	Section 8 – Risk Management	Section 4 – Operating Environment; Section 7 strategy outlook; Section 9 scenario analysis	Use together for resilience, strategic response and forward-looking interpretation.
Risk-management integration	Section 8 – Risk Management	Section 6 governance oversight; Section 9 climate-risk integration	The main ERM logic sits in Section 8 and is extended for climate in Section 9.
Metrics, targets and commitments	Section 12 – Metrics, Targets and Sustainability Performance	Section 9 climate metrics; Section 10 people; Section 11 customers and community	Section 12 is the controlled performance and target-tracker layer across the report.

13.4. IFRS S2 disclosure map

This map shows where the principal climate-related disclosures are addressed. The climate chapter should be read together with risk management, Section 12 scorecards and the financial statements section where climate-related matters affect accounting judgements or operating-cost interpretation.

IFRS S2 area	Principal report location	Supporting sections	Interpretation note
Climate governance	Section 9 – Climate	Section 6 – Governance	Board, management and committee oversight of climate matters.
Climate-related risks and opportunities	Section 9 – Climate	Section 5 – Materiality; Section 8 – Risk Management	Use Section 5 for prioritisation logic and Section 8 for the wider ERM context.
Climate strategy and transition response	Section 9 – Climate	Section 7 – Strategy and Value Creation	Near-term commitments, readiness actions and transition-response architecture sit primarily in Section 9.
Scenario analysis and resilience	Section 9 – Climate	Section 8 – Risk Management	Scenario work and resilience read-through should be used together rather than in isolation.
Risk-management integration	Section 8 – Risk Management	Section 9 – Climate	Section 8 shows the core process; Section 9 explains climate-specific application.
Operational climate inventory	Section 9.7 climate metrics and operational footprint	Section 12 climate dashboard; methodology notes in this chapter	FY2025 operational climate inventory covers Co-op Bank Kenya operations only unless stated otherwise.
Financed emissions and portfolio climate exposure	Section 9 climate-readiness and financed-activity disclosures	Section 8 portfolio risk; Section 12 maturity register	Financed-emissions baselines are not yet published; the report states the current maturity position directly.
Climate metrics and targets	Section 9 – Climate; Section 12 – Metrics, Targets and Sustainability Performance	This chapter's methodology and maturity notes	Operational metrics, milestones and approved targets should be distinguished from readiness actions.
Financial-state-ment connectivity	Financial statements section / Chapter 14	Section 9 climate financial-connectivity subsection	Climate may affect ECL, collateral, insurance, maintenance and other assumptions even where no separate climate-only line item is presented.

13.5. IFRS S1 / S2 Compliance matrix

IFRS paragraph	Requirement summary	Reference Location
S1.27(a)(i); S2.6(a)(i)	Board / committee oversight roles, responsibilities and mandates	p. 66–67: Section 6.1.1 "Governance architecture snapshot" and table "Governance architecture snapshot"; p. 70: Section 6.3.1 "Board committees" and table "Board committee structure and membership – FY2025"; p. 93: Section 9.2 "Climate governance" and table "Climate governance structure".
S1.27(a)(ii); S2.6(a)(ii)	Skills and competencies of the oversight body	p. 69–70: Section 6.2.5 "Skills, training and development"; table "Board skills and competency matrix – FY2025 summary"; table "Board training and capacity building – FY2025".
S1.27(a)(iii); S2.6(a)(iii)	Frequency and format of Board and committee engagement	p. 67: table "Governance architecture snapshot" (column "Meeting cadence"); p. 70: table "Board committee structure and membership – FY2025" (column "Meeting frequency"); p. 93: table "Climate governance structure" (column "Cadence"); p. 76–78: Section 6.10 "Board and committee attendance" and subsidiary board attendance tables.
S1.27(a)(iv–v); S2.6(a)(iv–v)	Board involvement in strategy, decision-making and target setting	p. 69: Section 6.2.4 "Board Charter responsibilities"; p. 72: Section 6.4 "Sustainability and climate governance" and table "Sustainability and climate governance roles and decision rights"; p. 79–84: Section 7 "Strategy and Value Creation", especially Sections 7.2, 7.3, 7.5 and 7.7; p. 94: Section 9.3 "Climate strategy" and table "Climate risks, opportunities and strategic response"; p. 111: Section 12.4 "Current commitments, targets and readiness milestones".
S1.27(b)(i–ii); S2.6(b)(i–ii)	Management controls, procedures, delegation and integration	p. 71: Section 6.3.2 "Executive committees and management governance" and table "Executive committee governance (summary)"; p. 72: Section 6.4 and table "Sustainability and climate governance roles and decision rights"; p. 86: Section 8.3 "Risk Governance" and table "Risk governance map and decision rights"; p. 91: Section 8.8 and table "Environmental and social screening within the credit process".
S1.30(a)	Identification of material sustainability-related risks and opportunities	p. 59–65: Section 5 "Materiality", especially Section 5.5 "Material topics", Section 5.7 "Linkage to strategy, risks and opportunities, and financial effects" and table "Principal sustainability-related risks and opportunities"; p. 85–92: Section 8 "Risk Management"; p. 93–98: Section 9 "Climate and Environmental Performance".
S1.30(b–c); S2.10(c–d)	Time horizons used in assessing sustainability- and climate-related risks and opportunities	p. 59: Section 5.2 "Materiality basis, boundary and time horizons" and table "Planning horizon / Definition / Illustrative matters assessed"; p. 57–58: Section 4.7 "Our 2026 Outlook" and table "Outlook scenarios and management responses"; p. 91: Section 8.9 "Stress testing and scenario analysis" and table "Stress testing framework"; p. 95: Section 9.4 "Scenario analysis and resilience" and tables "Scenario / pathway ..." and "Scenario signals and management response"; p. 119: Section 13.9 "Scenario-analysis method note".

S2.10(b)	Climate-related risks classified as physical or transition risks	p. 94: Section 9.3 "Climate strategy" and table "Climate risks, opportunities and strategic response"; p. 90: principal-risk entry "Climate-related financial risk and environmental and social risk"; p. 95: Section 9.5 "Climate risk management" and table "Portfolio exposure lenses and management response".
S2.12	Use of industry-based implementation guidance and sector-relevant standards	p. 7: Section 1.3 "Basis of preparation and reporting frameworks"; p. 91: Section 8.8 "Environmental and social risk management" (IFC Performance Standards and Kenya Bankers Sustainable Finance Guiding Principles); p. 125: Section 13.13 "Selected regulatory and framework cross-reference".
S1.32(a-b); S2.13(a-b)	Effects on business model and value chain	p. 15-18: Section 2.4 "Operational Footprint", Section 2.5 "Business Model" and Section 2.5.2 "Business Segments and Solutions"; p. 79-84: Section 7 "Strategy and Value Creation", especially Section 7.6 "Our Value Creation Model"; p. 94: Section 9.3 "Climate strategy"; p. 96: Section 9.6 "Financed emissions and value-chain emissions readiness"; p. 104-107: Section 11 "Customers and Community".
S1.33(a); S2.14(a-b)	Actual and planned strategic responses, resource allocation and adaptation / mitigation actions	p. 79-84: Section 7, especially Sections 7.2, 7.3, 7.4, 7.5 and 7.7; p. 94: Section 9.3 and table "Climate risks, opportunities and strategic response"; p. 96: Section 9.7 "Sustainable finance readiness and Green Data Lab" and table "Sustainable-finance implementation progress"; p. 97: Section 9.8 and table "Operational environmental initiatives and outcomes"; p. 111: Section 12.4 "Current commitments, targets and readiness milestones".
S1.33(b-c); S2.14(c)	Progress against previous strategies and trade-offs	p. 80-84: Section 7.4 "Strategy Performance and Linkages - FY2025", Section 7.5 "Strategic trade-offs - FY2025" and Section 7.7 "Strategic Review and Outlook"; p. 94: "What changed in FY2025" under Section 9.3 "Climate strategy"; p. 111: Section 12.4 "Current commitments, targets and readiness milestones".
S1.34-35; S2.15-16	Current and anticipated financial effects on financial position, performance and cash flows	p. 64: Section 5.7 "Linkage to strategy, risks and opportunities, and financial effects"; p. 85: Section 8.1 "Overview" (connection to annual financial statements); p. 98: Section 9.10 "Climate-related financial connectivity and Outlook" and table "Climate-to-financial connectivity in FY2025"; p. 120: Section 13.10 "Climate-to-financial-statements bridge"; p. 128-288: Chapter 14 audited financial statements.
S1.35(b); S2.15(b); S2.16(b)	Material adjustment to carrying amounts of assets and liabilities	p. 98: Section 9.10 "Climate-related financial connectivity and Outlook" and table "Climate-to-financial connectivity in FY2025"; p. 120: Section 13.10 "Climate-to-financial-statements bridge"; p. 128-293: Chapter 14 audited financial statements and related notes.
S1.41; S2.22	Resilience and scenario analysis	p. 91: Section 8.9 "Stress testing and scenario analysis" and table "Stress testing framework"; p. 95: Section 9.4 "Scenario analysis and resilience" and tables "Scenario / pathway ..." and "Scenario signals and management response"; p. 119: Section 13.9 "Scenario-analysis method note" and table "Method element / FY2025 position".
S1.44(a-c); S2.25(a-c)	Risk-management processes, inputs, parameters and integration	p. 85-92: Section 8 "Risk Management", especially Section 8.3 "Risk Governance" and table "Risk governance map and decision rights", Section 8.4 "Risk management approach", Section 8.8 "Environmental and social risk management" and table "Environmental and social screening within the credit process", and Section 8.9 "Stress testing and scenario analysis"; p. 93: Section 9.2 "Climate governance"; p. 95: Section 9.5 "Climate risk management" and table "Portfolio exposure lenses and management response".
S2.29(a)	Scope 1, Scope 2 and Scope 3 GHG emissions	p. 96: Section 9.6 "Financed emissions and value-chain emissions readiness"; p. 97: Section 9.8 and tables "Operational footprint KPIs and method summary" and "Operational emissions performance"; p. 108: Section 12.2 row "Financed emissions - Scope 3"; p. 110: Section 12.3 "Climate and operational footprint dashboard"; p. 122-123: Section 13.11 "KPI and target methodology register"; p. 124: Section 13.12 "Omissions, maturity and roadmap register" for financed-emissions non-publication.
S2.29(b-d)	Assets and activities exposed to climate-related risks and opportunities	p. 90: principal-risk entry "Climate-related financial risk and environmental and social risk"; p. 94: Section 9.3 and table "Climate risks, opportunities and strategic response"; p. 95: Section 9.4 scenario-analysis table and Section 9.5 table "Portfolio exposure lenses and management response"; p. 96: Section 9.6 "Value-chain and financed-emissions readiness roadmap".
S2.29(e)	Capital allocation toward climate-related initiatives	p. 94: Section 9.3 "What changed in FY2025"; p. 96: Section 9.7 "Sustainable finance readiness and Green Data Lab"; p. 97: Section 9.8 table "Operational environmental initiatives and outcomes"; p. 98: Section 9.10 row "Operating expenditure and resilience investment"; p. 111: Section 12.4 "Current commitments, targets and readiness milestones".
S2.29(f)	Internal carbon pricing and methodology	Not disclosed in FY2025. No internal-carbon-price methodology was located in Sections 1-12 or Chapter 14. Related maturity limitations are addressed generally in p. 124: Section 13.12 "Omissions, maturity and roadmap register".
S2.29(g)	Climate-linked executive remuneration	p. 74: Section 6.6 "Remuneration governance"; p. 139-141: Directors' Remuneration Report.
S2.32; S1.46(b)	Industry-specific and entity-specific metrics	p. 95: Section 9.5 table "Portfolio exposure lenses and management response"; p. 97: Section 9.8 tables "Operational footprint KPIs and method summary" and "Operational emissions performance"; p. 108-112: Section 12.2-12.5 scorecards, current commitments and SDG alignment summary; p. 122-123: Section 13.11 "KPI and target methodology register".
S1.51; S2.33	Targets, metrics used and updates	p. 97: Section 9.8 climate metrics tables and comparability note; p. 108-112: Section 12.2 "Basis, boundary and assurance", Section 12.3 "Selected FY2025 performance scorecards", Section 12.4 "Current commitments, targets and readiness milestones" and Section 12.5 "SDG alignment summary"; p. 122-123: Section 13.11 "KPI and target methodology register"; p. 124: Section 13.12 "Omissions, maturity and roadmap register".
S2.33(c-h); S2.34-36	Target scope, timeframe, base year, interim milestones, gases, pathways and carbon credits	p. 108: Section 12.2 rows "Target discipline" and "Financed emissions - Scope 3"; p. 111: Section 12.4 row "Operational GHG baseline and target-setting" and related readiness milestones; p. 119: Section 13.9 "Scenario-analysis method note"; p. 122-123: Section 13.11 "KPI and target methodology register"; p. 124: Section 13.12 "Omissions, maturity and roadmap register".

13.6. GRI Content Index

GRI Standard / disclosure	Disclosure title	Reference Location
GRI 1	Reporting principles: accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability	Section 1.1-1.6 (PDF pp. 6-8); Section 5.1-5.8 Materiality (PDF pp. 59-65); Section 9 climate methodology and comparability notes (PDF pp. 93-98); Section 12.2-12.5 scorecards and basis notes (PDF pp. 108-112); Section 13.7-13.13 basis, boundary, methodology and roadmap notes (PDF pp. 118-125).
GRI 1	Statement of use	Section 13.13 (PDF p. 125) states that GRI Standards are used as a reference and completeness-control aid, not as a blanket basis claim unless expressly stated.
GRI 2-1	Organizational details	Section 1.1 Reporting at a glance (PDF p. 6); Section 2.3 Group Structure (PDF p. 14); Section 2.4 Operational Footprint (PDF p. 15); Group Information / Registered Office and subsidiaries (PDF p. 129).
GRI 2-2	Entities included in the organization's sustainability reporting	Section 1.2 Reporting scope and boundary (PDF pp. 6-7); Section 2.3 Group Structure (PDF p. 14); Section 13.7 Basis, boundary and comparability notes (PDF p. 118); Section 13.8 Boundary reconciliation table (PDF p. 119).
GRI 2-3	Reporting period, frequency and contact point	Section 1.1 Reporting at a glance (PDF p. 6); Section 1.7 How to navigate this report / contact points (PDF p. 9); Section 1.8 Board approval statement (PDF p. 10).
GRI 2-4	Restatements of information	Section 9.8 Operational emissions performance / comparability note (PDF p. 97); Section 12.2 Basis, boundary and assurance (PDF p. 108); Section 13.7 Basis, boundary and comparability notes (PDF p. 118); Financial statements Note 49 Restatement of prior-period financial statements (PDF pp. 287-288).
GRI 2-5	External assurance	Section 1.6 Assurance and reliability of information (PDF p. 8); Section 12.2 Basis, boundary and assurance (PDF p. 108); Section 13.7 Basis, boundary and comparability notes (PDF p. 118); Independent Auditor's Report (PDF pp. 142-146).
GRI 2-6	Activities, value chain and other business relationships	Section 2.3 Group Structure (PDF p. 14); Section 2.4 Operational Footprint (PDF p. 15); Section 2.5.2 Business Segments and Solutions (PDF p. 18); Section 7 Strategy and Value Creation (PDF pp. 79-84); Section 11 Customers and Community (PDF pp. 104-107).
GRI 2-7	Employees	Section 10.2 Workforce Profile (PDF pp. 99-100); Section 12.3 People, capability and culture dashboard (PDF p. 110); Section 13.11 KPI and target methodology register (PDF pp. 122-123).
GRI 2-8	Workers who are not employees	Section 13.12 Omissions, maturity and roadmap register (PDF p. 124).
GRI 2-9	Governance structure and composition	Section 3 Leadership - Board of Directors and Board of Management profiles (PDF pp. 23-50); Section 6.1 Governance architecture (PDF pp. 66-67); Section 6.2 Board Leadership, Composition and Effectiveness (PDF pp. 68-70); Section 6.3 Board Committees and Management Governance (PDF pp. 70-71).
GRI 2-10	Nomination and selection of the highest governance body	Section 6.2.2 Appointments and induction (PDF p. 69); Section 6.3.1 Board committee structure and membership - Board Staff and Nomination Committee mandate (PDF p. 70); Directors' Report / director appointment and rotation disclosures (PDF pp. 130-131).
GRI 2-11	Chair of the highest governance body	Section 3 Leadership - Chairman profile and Chairman's Statement (PDF pp. 23-26); Section 6.2.3 Chair and Group Managing Director & CEO role separation (PDF p. 69).
GRI 2-12	Role of the highest governance body in overseeing impacts	Section 6.1.1 Governance architecture snapshot (PDF pp. 66-67); Section 6.3 Board committees and management governance (PDF pp. 70-71); Section 9.2 Climate governance (PDF p. 93); Section 13.5 IFRS S1/S2 compliance matrix for oversight roles (PDF p. 114).
GRI 2-13	Delegation of responsibility for managing impacts	Section 6.1.1 Governance architecture snapshot (PDF pp. 66-67); Section 6.3.2 Executive committees and management governance (PDF p. 71); Section 9.2 Climate governance (PDF p. 93).
GRI 2-14	Role of the highest governance body in sustainability reporting	Section 1.8 Board approval statement (PDF p. 10); Section 6.1.1 Governance architecture snapshot - Board approval of key disclosures including sustainability/climate disclosures (PDF pp. 66-67); Section 13.5 IFRS S1/S2 compliance matrix (PDF p. 114).
GRI 2-15	Conflicts of interest	Section 6.4/6.5 Ethics, compliance and conduct control set - conflicts of interest and related-party discipline (PDF p. 72); related-party transaction disclosures in the audited financial statements (Chapter 14 / Notes).
GRI 2-16	Communication of critical concerns	Section 6.4/6.5 Ethics, compliance and conduct control set - whistleblowing, investigations, complaints escalation and governance reporting (PDF pp. 72-73).
GRI 2-17	Collective knowledge of the highest governance body	Section 6.2.5 Skills, training and development, including Board skills/competency matrix and FY2025 Board training (PDF pp. 69-70).
GRI 2-18	Evaluation of the performance of the highest governance body	Section 6.2.6 Board evaluation (PDF p. 70).
GRI 2-19	Remuneration policies	Section 6.6 Remuneration governance (PDF p. 74); Directors' Remuneration Report (PDF pp. 139-141).
GRI 2-20	Process to determine remuneration	Section 6.6 Remuneration governance (PDF p. 74); Directors' Remuneration Report and shareholder approval disclosures (PDF pp. 139-141).

GRI 2-21	Annual total compensation ratio	Section 13.12 Omissions, maturity and roadmap register (PDF p. 124).
GRI 2-22	Statement on sustainable development strategy	Chairman's Statement and GMD & CEO's Statement (PDF pp. 23-45); Section 7 Strategy and Value Creation (PDF pp. 79-84); Section 9 Climate and Environmental Performance (PDF pp. 93-98).
GRI 2-23	Policy commitments	Section 6.4/6.5 ethics, compliance and conduct controls (PDF pp. 72-73); Section 8.7-8.8 compliance, conduct, environmental and social risk management (PDF pp. 89-91); Section 9 climate governance and operational footprint (PDF pp. 93-98).
GRI 2-24	Embedding policy commitments	Section 6.4/6.5 conduct controls (PDF pp. 72-73); Section 8 Risk Management / ESMS and principal-risk controls (PDF pp. 85-92); Section 9 Climate and Environmental Performance (PDF pp. 93-98); Section 10 People and Culture (PDF pp. 99-103); Section 11 Customers and Community (PDF pp. 104-107).
GRI 2-25	Processes to remediate negative impacts	Section 6.4/6.5 whistleblowing, investigations and complaint management (PDF pp. 72-73); Section 8 principal-risk controls and remediation (PDF pp. 85-92); Section 11.2 Customer experience and protection, complaints handling and Client Protection Certification (PDF pp. 104-105).
GRI 2-26	Mechanisms for seeking advice and raising concerns	Section 6.4/6.5 Code of Conduct, whistleblowing and investigations, customer complaints and governance escalation (PDF pp. 72-73); Section 11.2 complaints handling and customer protection (PDF pp. 104-105).
GRI 2-27	Compliance with laws and regulations	Section 6.4/6.5 regulatory compliance and conduct indicators (PDF pp. 72-73); Section 8.6-8.7 compliance, conduct and operational risk (PDF pp. 88-89); Section 12.3 governance and conduct dashboard - regulatory fines and penalties (PDF p. 109).
GRI 2-28	Membership associations	No controlled list found. Section 13.13 Selected regulatory and framework cross-reference (PDF p. 125) lists frameworks/guidance used, but this is not the same as a membership-associations disclosure.
GRI 2-29	Approach to stakeholder engagement	Section 5.3 Stakeholder engagement inputs (PDF pp. 60-61); Section 11 Customers and Community (PDF pp. 104-107).
GRI 2-30	Collective bargaining agreements	Section 10.2 Workforce Profile - employees under collective bargaining (PDF p. 100); Section 10.4 Performance and Reward / employee relations (PDF p. 101).
GRI 3-1	Process to determine material topics	Section 5.1 Overview (PDF p. 59); Section 5.2 Materiality basis, boundary and time horizons (PDF p. 59); Section 5.3 Stakeholder engagement inputs (PDF pp. 60-61); Section 5.4 How we identify and prioritize material matters (PDF p. 60-61).
GRI 3-2	List of material topics	Section 5.5 Priority material topics (PDF pp. 61-63).
GRI 3-3	Management of material topics	Section 5.5 Priority material topics and "Where addressed" mapping (PDF pp. 61-63); Section 5.7 linkage to strategy, risks, opportunities and financial effects (PDF p. 64); management-response detail in Sections 6-12 (PDF pp. 66-112).
GRI 201-1	Direct economic value generated and distributed	Section 7.6 Value Creation Model / Value Added Statement (PDF p. 84); Annual Financial Statements / Chapter 14 (PDF pp. 137-281); Directors' Report (PDF pp. 130-134).
GRI 204-1	Proportion of spending on local suppliers	Section 12.3 Community resilience and local linkages scorecard - 95.8% local sourcing and KShs. 198bn paid to suppliers (PDF p. 111); Section 13.11 KPI methodology - local procurement spending definition and boundary (PDF pp. 122-123).
GRI 205-2	Communication and training on anti-corruption policies and procedures	Section 6.4/6.5 anti-bribery and anti-corruption controls (PDF pp. 72-73); Section 12.3 governance and conduct dashboard - AML/CFT and fraud refresher training (PDF p. 109); Section 10.3 Learning and Development for training architecture (PDF pp. 100-101).
GRI 205-3	Confirmed incidents of corruption and actions taken	Section 6.5 key ethics and compliance indicators - zero confirmed incidents (PDF p. 73); Section 12.3 governance and conduct dashboard - zero confirmed incidents (PDF p. 109).
GRI 302-1	Energy consumption within the organization	Section 9.8 operational emissions performance and environmental cost proxies (PDF p. 97); Section 12.3 climate and operational footprint dashboard (PDF p. 110); Section 13.11 KPI methodology for Scope 1/Scope 2 boundaries (PDF pp. 122-123).
GRI 303-5	Water consumption	Section 9.8 environmental cost proxies - water cost (PDF p. 97); Section 12.3 climate and operational footprint dashboard - water cost (PDF p. 110).
GRI 305-1	Direct GHG emissions (Scope 1)	Section 9.8 operational emissions performance - Scope 1 (PDF p. 97); Section 12.3 climate and operational footprint dashboard (PDF p. 110); Section 13.11 KPI methodology - Scope 1 definition and boundary (PDF pp. 122-123).
GRI 305-2	Energy indirect GHG emissions (Scope 2)	Section 9.8 operational emissions performance - Scope 2 location-based (PDF p. 97); Section 12.3 climate and operational footprint dashboard (PDF p. 110); Section 13.11 KPI methodology - Scope 2 definition and boundary (PDF pp. 122-123).
GRI 305-3	Other indirect GHG emissions / financed emissions	Section 9.6 Financed emissions and value-chain emissions readiness (PDF p. 96); Section 12.2 Basis, boundary and assurance - financed emissions status (PDF p. 108); Section 13.12 Omissions, maturity and roadmap register (PDF p. 124).
GRI 401-1	New employee hires and employee turnover	Section 10.2 Workforce Profile - recruitment and turnover table (PDF p. 100); Section 12.3 People, capability and culture dashboard (PDF p. 110).
GRI 401-3	Parental leave	Section 10.2 Workforce Profile - paternity and maternity leave applicants (PDF p. 100); Section 10.4 Performance and Reward - paid maternity, paternity and adoption leave (PDF p. 101).

GRI 403-9	Work-related injuries	Section 10.5 Wellbeing and Safety – lagging indicators including work-related injuries (PDF p. 102); Section 12.3 People dashboard – work-related injuries reported (PDF p. 110); Section 13.11 KPI methodology – work-related injuries definition/boundary (PDF p. 122).
GRI 404-1	Average hours of training per employee	Section 10.3 Learning and Development – learning and capability indicators (PDF p. 101); Section 12.3 People dashboard (PDF p. 110).
GRI 405-1	Diversity of governance bodies and employees	Section 3 Board profiles / leadership composition (PDF pp. 23-50); Section 6.2.1 Board composition and diversity snapshot (PDF pp. 68-69); Section 10.2 Workforce Profile (PDF pp. 99-100); Section 12.3 People dashboard (PDF p. 110).
GRI 413-1	Operations with local community engagement, impact assessments and development programs	Section 11.3-11.6 financial inclusion, co-operative movement and Foundation/community investment narrative (PDF pp. 105-107); Section 12.3 community resilience and local linkages scorecard (PDF p. 111).
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Section 6.5 data privacy and information security controls (PDF p. 73); Section 11.2 Customer experience and protection – DPO, privacy framework, audits, incident response and penetration testing (PDF pp. 104-105).
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	Section 6.4/6.5 regulatory compliance and conduct controls (PDF pp. 72-73); Section 8 principal risks and controls, especially compliance/conduct risk (PDF pp. 85-92); Section 12.3 governance and conduct dashboard – regulatory fines and penalties (PDF p. 109).
GRI 308-1	New suppliers screened using environmental criteria	Section 13.12 Omissions, maturity and roadmap register (PDF p. 124).
GRI 414-1	New suppliers screened using social criteria	Section 13.12 Omissions, maturity and roadmap register (PDF p. 124).

13.7. Basis, boundary and comparability notes

Note area	Position adopted in FY2025	Interpretation note
Default report basis	Group basis unless stated otherwise	Narrative, tables and KPIs should be read as Group-wide unless a narrower entity, geography or topic-specific basis is stated.
Financial consolidation boundary	Audited consolidated Group	Financial reporting follows the boundary used in the audited financial statements.
Operational environmental boundary	Co-op Bank Kenya operations only for FY2025 operational climate inventory	Kingdom Bank and Co-operative Bank of South Sudan are excluded from the FY2025 operational climate inventory pending stronger data collection, boundary alignment and control validation.
Foundation disclosures	Management-reported social-impact disclosures	Unless stated otherwise, beneficiary counts, programme outcomes and related spend attributed to the Foundation do not form part of the Group's consolidated financial statements.
People metrics	Workforce basis varies by indicator	Workforce representation percentages should be read together with the denominator note, especially where permanent employees and total workforce are both used in the report.
Community and programme data	Programme and partner reporting basis	Selected community indicators depend on programme records and partner reporting and are therefore less directly comparable than internally generated operational metrics.
Climate comparability	Interim and restated where stated	FY2025 climate emissions may reflect January–September interim actuals, while some FY2024 values were restated during the FY2025 inventory dry run.
Assurance status	Audited financial information; internally reviewed sustainability information	Sustainability-related information is not externally assured for FY2025 unless explicitly stated otherwise.

13.8. Boundary reconciliation table

Boundary layer	Included / basis	Excluded / not yet included	Reason
Financial consolidation	Parent bank and controlled subsidiaries consistent with audited financial statements	Foundation programme data; non-controlled interests unless required by accounting standards	Statutory accounting boundary
General narrative reporting	Group basis unless labelled otherwise	None by default; narrower bases must be explicitly tagged	Reader-control rule to avoid implicit boundary drift
Sustainability reporting architecture	Group operations and controlled subsidiaries where data is available and decision-useful	Some value-chain and programme metrics remain narrower or management-reported	Topic-by-topic data maturity and evidence quality
Operational climate inventory	Co-op Bank Kenya own operations only for FY2025	Kingdom Bank Limited; Co-operative Bank of South Sudan; wider value-chain emissions	Data collection, boundary alignment and control validation are not yet sufficiently mature
Financed activities / portfolio climate exposure	Selected financed-activity and portfolio-readiness disclosure	No controlled financed-emissions baseline published for FY2025	Coverage, method choice, data quality and control ownership still maturing
People data	Metric-specific workforce boundary	Direct comparison is weakened where permanent employees and total workforce are mixed	Different denominators are used for different people metrics
Customer and community metrics	Topic-specific operational, programme or franchise-wide boundary	Not every customer / community indicator is directly comparable with operational KPIs	Some measures depend on programme records or partner reporting
Foundation disclosures	Management-reported social-impact reporting only	Not part of consolidated financial statements unless expressly stated	Programme outcomes are not statutory financial-reporting amounts

13.9. Scenario-analysis method note

This note documents the current FY2025 scenario-analysis approach so that readers can distinguish directional management use from a fully mature, end-to-end quantitative climate model. The note is anchored to the climate and risk sections of the master report and is intended to improve technical completeness without overstating precision.

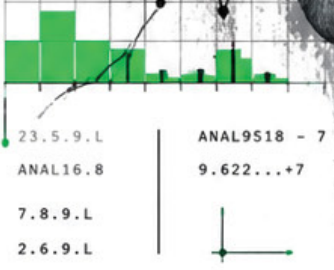
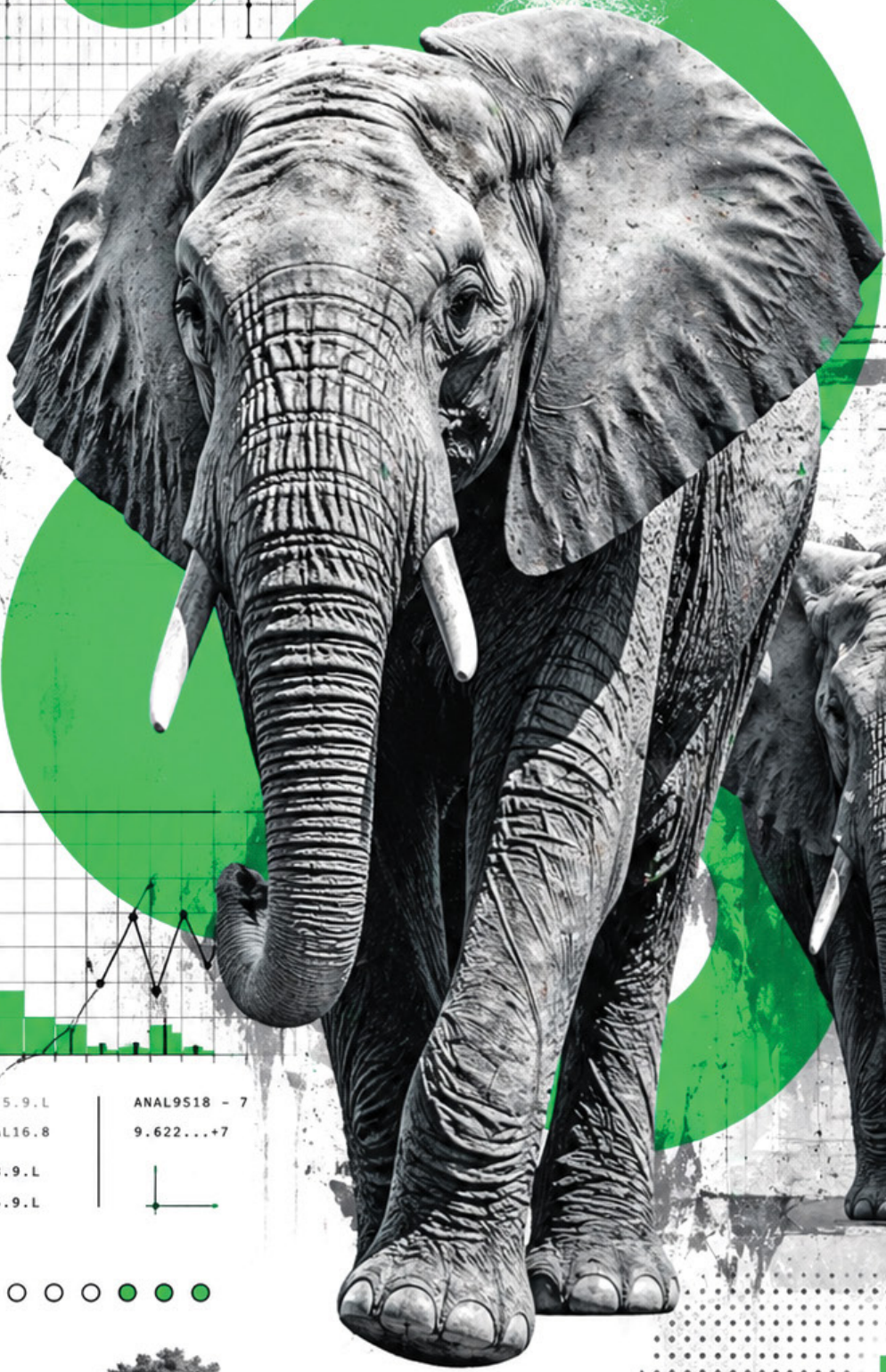
Method element	FY2025 position
Scenario set	Current Policies; Net Zero 2050 (orderly transition); Divergent Net Zero (disorderly transition); High physical-risk sensitivity
Horizon logic	Short to medium term for physical-risk sensitivity; medium term for disorderly transition; medium to long term for Current Policies and Net Zero 2050.
Primary risk focus	Transition risk under Current Policies and Divergent Net Zero; combined transition and physical risk under Net Zero 2050; directional physical-risk sensitivity across climate-vulnerable counties and agriculture-linked exposures.
Methods used in FY2025	Combination of qualitative pathways and selected quantitative analysis. Net Zero 2050 served as the main quantitative anchor for stress testing, while other pathways were used as qualitative bookends or directional sensitivities.
Coverage in FY2025	Transition analysis applied to selected higher-emitting sectors; physical analysis applied across exposed counties and agriculture-linked exposures; no full end-to-end borrower-level model across the whole portfolio.
Key assumptions	External policy trajectories, top-down sector sensitivity, selective hazard overlays, available portfolio mapping, limited borrower-level emissions data and currently available collateral location information.
Decision-use in FY2025	Informed sector guidance, portfolio watchlists, management actions, business continuity planning, customer-engagement priorities, resilience-finance focus areas and the climate data roadmap.
Key limitations	Limited quantification for some pathways; top-down modelling; incomplete end-to-end modelling; limited borrower-level emissions data; hazard downscaling assumptions; incomplete collateral geolocation for some portfolios; portfolio data granularity still maturing.
Governance / review	Scenario work is connected to the broader stress-testing programme and feeds into Board Risk Committee, management committees, portfolio review and climate-readiness decision logs.
Next enhancement priority	Broaden pathway coverage, refine triggers, improve quantification where validated, expand climate-exposure mapping, automate data capture and strengthen governance sign-off.

13.10. Climate-to-financial-statements bridge

The report's current position is that climate and wider sustainability matters can affect accounting judgements and financial interpretation even where no separate climate-only line item is disclosed. This bridge helps readers connect narrative climate disclosures to likely financial-statement touchpoints.

Financial statement item	Potential climate / sustainability linkage	Primary report location	Financial statements reference point	FY2025 interpretation note
Impairment / ECL	Climate, environmental and transition risks can influence borrower cash flows, collateral resilience, sector outlooks and staging / credit-quality assessment.	Section 8 risk management; Section 8.7 ESMS; Section 9 climate risk and scenario analysis	Credit-risk and expected-credit-loss disclosures in the financial statements section / Chapter 14	Climate is not isolated as a standalone accounting line item, but it can inform assumptions and overlays.
Capital adequacy	Climate transition pathways and severe events can affect risk-weighted assets, credit migration and capital planning.	Section 8 stress testing; Section 9 scenario analysis	Capital adequacy and risk-management disclosures in the financial statements section / Chapter 14	Use with the broader stress-testing framework rather than as a climate-only capital note.
Liquidity and funding	Funding sensitivity, deposit behaviour, insurance recoveries and shock-response planning can be affected under severe climate-related scenarios.	Section 8 stress testing; Section 9 climate governance and resilience	Liquidity, funding and risk disclosures in the financial statements section / Chapter 14	Relevant mainly through stress-testing and resilience interpretation.
Operating costs	Energy, fuel, water, insurance, maintenance, resilience spending and operational disruption can affect cost trends.	Section 9 operational footprint; Section 12 climate dashboard	Operating-expense and related notes in the financial statements section / Chapter 14	FY2025 report gives stronger narrative linkage than climate-only accounting quantification.
Collateral and asset values	Physical-risk exposure, sector vulnerability and property resilience can affect collateral assumptions and recovery expectations.	Section 8 stress testing; Section 9 physical-risk discussion	Credit-risk, collateral and impairment-related note areas in the financial statements section / Chapter 14	Most relevant through credit-risk assessment rather than a separate climate note.
Provisions / commitments / contingencies	Environmental, legal, remediation or contractual obligations may affect provisions or contingent exposures where recognised.	Section 6 governance; Section 8 risk; Section 9 climate-connectivity narrative	Provisions, contingencies and commitments note areas in the financial statements section / Chapter 14	No standalone climate provision.
Strategic capex / opex	Energy-efficiency, solarisation, metering, data systems and control improvements may influence future operational capex / opex decisions.	Section 9 transition-plan actions; Section 12 climate and sustainability performance	PPE, intangible asset and operating-expense note areas in the financial statements section / Chapter 14	Read primarily as management-response context unless recognised amounts are separately disclosed.
Disclosure controls and assurance	Climate-related data quality, evidence retention and control ownership affect the reliability of connected financial narratives.	Section 6 governance; Section 9 climate governance; Section 1 assurance statement; this chapter	Financial-statement governance and audit architecture in the financial statements section / Chapter 14	Important for assurance-readiness interpretation even where the data is outside the statutory audit scope.

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1.1. KPI and target methodology register

The register below defines selected recurring sustainability and climate KPIs used across Sections 9 to 12 and this chapter. It is intended to improve denominator discipline, control ownership and comparability. It does not replace detailed source-system procedures held by management.

KPI / term	Definition	Numerator / denominator	Unit	Boundary
Total workforce	Permanent plus contract workforce used where broader workforce scale is intended	Headcount of total workforce	Headcount	Group; metric-specific note required
Female share of total workforce	Percentage of total workforce who are women unless a narrower basis is stated	Women in stated workforce denominator / stated workforce denominator	%	Metric-specific workforce boundary
Customer complaint resolution within SLA	Share of recorded complaints resolved within the applicable service standard	Complaints resolved within SLA / recorded complaints	%	Group customer-service boundary unless otherwise stated
Scope 1 emissions	Direct fuel combustion and refrigerant emissions within the operational climate boundary	Compiled from fuel and refrigerant records within the stated boundary	tCO ₂ e	Operational climate boundary – Co-op Bank Kenya own operations only for FY2025
Scope 2 emissions (location-based)	Purchased electricity emissions within the operational climate boundary using a location-based factor approach	Electricity consumption x location-based emission factor	tCO ₂ e	Operational climate boundary – Co-op Bank Kenya own operations only for FY2025
Total Scope 1 + 2 emissions	Combined Scope 1 and location-based Scope 2 operational emissions	Scope 1 + Scope 2	tCO ₂ e	Operational climate boundary – Co-op Bank Kenya own operations only for FY2025
Local procurement spending	Spend attributed to local suppliers under the Group's procurement reporting logic	Eligible local supplier spend / total relevant supplier spend or total local spend where presented as an amount	KShs. / %	Procurement reporting boundary
Foundation beneficiaries	Programme beneficiaries recorded through Foundation and partner reporting systems	Count of recorded beneficiaries under programme logic	Beneficiaries	Foundation programme boundary; management-reported
Work-related injuries	Recorded work-related injury incidents in the reporting period	Count of reported work-related injuries	Count	Group workforce safety boundary
Managed milestone / readiness milestone	A staged improvement, development or publication milestone used where a mature quantitative target has not yet been externally approved	Not applicable	Status descriptor	Topic-specific

Source system / evidence	Control owner	Frequency	Assurance status	Restatement status	Comparability warning
HR records and management workforce schedules	People / HR	Annual with internal monitoring	Internal review; not externally assured	No specific FY2025 restatement noted	Do not compare directly with permanent-employee-only metrics.
HR diversity records	People / HR	Annual with internal monitoring	Internal review	No specific restatement noted	Always read with the denominator note.
Customer-service and complaints-management records	Customer experience / operations	Monthly and annual	Internal review	No specific restatement noted	Use the current controlled definition consistently across governance, customer and scorecard sections.
Utility, fuel, refrigerant and inventory evidence	Sustainability / Operations	Annual inventory; FY2025 currently Jan-Sep interim for publication	Internal review; not externally assured	FY2024 values refined during inventory dry run	FY2025 published figure is interim and not annualised.
Utility bills, meter schedules and factor files	Sustainability / Operations	Annual inventory; FY2025 currently Jan-Sep interim for publication	Internal review; not externally assured	FY2024 values refined during inventory dry run	Not a market-based figure unless explicitly stated.
Derived from controlled operational inventory	Sustainability / Operations	Annual inventory	Internal review; not externally assured	Derived from the above components	Read with interim and comparability caveats.
Procurement system and supplier records	Procurement / Finance	Annual	Internal review	No specific restatement noted	Definition and denominator must remain consistent year to year.
Foundation and partner programme records	Foundation / Sustainability	Annual	Internal review; not externally assured	No specific restatement noted	Management-reported social-impact metric, not an audited financial-statement number.
OHS and incident-management records	People / OHS	Annual with internal monitoring	Internal review	No specific restatement noted	Should be read with the safety narrative and classification approach used in the People section.
Management programme trackers and governance records	Relevant functional owner	Quarterly / annual	Internal management control	Not a restatement concept	Distinguish clearly from formal Board-approved or externally communicated quantitative targets.

13.12. Disclosure basis, boundaries and future improvements

The table explains disclosure boundaries, current coverage and planned enhancements.

Type	Disclosure / matter	Current status	Why incomplete or omitted	Control owner	Target release / next step
GRI-linked omission	GRI 2-21 – Annual total compensation ratio	Not publicly disclosed	Confidentiality constraints and current remuneration-disclosure position	Board / Remuneration governance	Disclosure position will be reviewed periodically.
GRI-linked omission	GRI 2-8 – Workers who are not employees	Not separately disclosed	Information is not yet consolidated into a publication-ready, controlled metric	People / HR	Build a distinct worker-category methodology and disclosure if required
GRI-linked omission	GRI 305-3 – Financed emissions / broader Scope 3	Not published as a controlled Group baseline	Coverage, methodology, data quality and control ownership are being strengthened.	Sustainability / Risk / Finance	Progress data architecture, coverage and controls before baseline publication
GRI-linked omission	GRI 308-1 – New suppliers screened using environmental criteria	Not published as a controlled metric	Supplier environmental-screening evidence exists but is not yet consolidated centrally	Procurement	Build a central supplier-screening evidence base and controlled FY2026 metric
GRI-linked omission	GRI 414-1 – New suppliers screened using social criteria	Not published as a controlled metric	Supplier social-screening evidence is distributed across processes and not yet centralised	Procurement	Consolidate supplier social-screening metrics and disclosure ownership
IFRS maturity note	Scenario-analysis depth	Disclosed but still developing	Quantitative depth depends on data and portfolio coverage	Risk / Sustainability	Increase coverage, sharpen assumptions and make decision-use more explicit as methods stabilize
IFRS maturity note	Taxonomy-aligned sustainable-finance balances	Not externally disclosed as a controlled balance	Tagging, classification, validation and governance are still being strengthened	Sustainability / Business / Finance	Publish once tagging methodology and controls are stable
Boundary limitation	Operational climate inventory outside Kenya	Excluded from FY2025 operational inventory	Data collection, entity alignment and control validation are not yet sufficiently mature	Sustainability / Operations	Expand entity coverage once data collection and boundary validation are sufficiently mature
Assurance maturity note	External assurance over sustainability data	Not obtained for FY2025	Control ownership, methodological maturity and evidence retention need further strengthening	Sustainability / Finance / Internal control owners	Prioritise selected KPIs for assurance readiness and phase external assurance where methods and controls are stable
Target architecture maturity note	Climate and sustainable-finance target discipline	Mixed: actuals and managed milestones disclosed; controlled quantitative targets selective	Wider target set depends on method stability, ownership and approval discipline	Management / Board governance	Publish only Board-approved targets with clear baselines, interim milestones, owners and status logic

13.13. Selected regulatory and framework cross-reference

Framework / guidance	Principal report location(s)	How it is used in FY2025
International Integrated Reporting Framework	Section 1; Section 2; Section 7; this chapter	Overall report structure, capitals, connectivity and value creation.
IFRS Accounting Standards	Financial statements section / Chapter 14	Audited accounting basis and note disclosures.
IFRS S1	Sections 1, 5, 6, 7, 8, 9, 12 and this chapter	Primary sustainability-related financial disclosure architecture.
IFRS S2	Section 9; Section 8; Section 12 and this chapter	Primary climate-related disclosure architecture.
Companies Act, 2015	Governance and financial statements section / Chapter 14	Statutory corporate and annual-report disclosure requirements.
CBK Prudential Guidelines	Sections 6, 8 and financial statements section / Chapter 14	Banking-governance, risk and capital/liquidity context.
CBK Climate-Related Disclosure Framework	Section 9; Section 12; this chapter	Climate governance, scenario analysis, metrics and transition-readiness reference.
Kenya Green Finance Taxonomy	Section 9; Section 12	Sustainable-finance tagging and taxonomy-readiness context.
CMA Code of Corporate Governance Practices for Issuers	Section 6 – Governance	Governance and Board-practice reference point.
NSE ESG Disclosure Guidance	Sections 5, 9, 10, 11, 12 and this chapter	Selected ESG disclosure and market-guidance reference.
KBA Sustainable Finance Initiative Guiding Principles	Section 9; Section 12	Banking-sector sustainable-finance and climate-readiness reference.
GRI Standards (2021) – reference and control use in this chapter	This chapter; selected thematic sections	Used as a topic-finding and completeness-control aid, not as a blanket basis claim unless expressly stated.

13.14. Acronyms and selected definitions

Acronym	Meaning	Acronym	Meaning
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism	KGFT	Kenya Green Finance Taxonomy
CBK	Central Bank of Kenya	KPI	Key Performance Indicator
CMA	Capital Markets Authority	MT	Material topic
COBSS	Co-operative Bank of South Sudan	NPL	Non-Performing Loan
CRDF	Climate-Related Disclosure Framework	NSE	Nairobi Securities Exchange
ECL	Expected Credit Loss	OHS	Occupational Health and Safety
ESG	Environmental, Social and Governance	SDG	Sustainable Development Goal
ESMS	Environmental and Social Management System	SFI	Sustainable Finance Initiative
FOSA	Front Office Service Activity / front-office access point within the co-operative channel	SLA	Service Level Agreement
GHG	Greenhouse Gas	SRRO	Sustainability-related risk or opportunity tag used in the report architecture
IASB	International Accounting Standards Board	tCO ₂ e	Tonnes of carbon dioxide equivalent
IFRS	International Financial Reporting Standards / IFRS Sustainability Disclosure Standards, as relevant	ISSB	International Sustainability Standards Board
KBA-SFI	Kenya Bankers Association Sustainable Finance Initiative		

Selected definitions used in the report

Defined term	Meaning in this report
Group basis	The default reporting basis for narrative, tables and KPIs unless a narrower entity, geography or topic-specific basis is stated.
Operational-control boundary	The boundary used for selected environmental and resource-use metrics, focused on operations directly controlled for reporting purposes.
Management-reported	Prepared from management information, programme data or internal records and not part of the audited consolidated financial statements unless stated otherwise.
Financed activities	Customer and portfolio exposures through which the Bank's financing can transmit environmental and social risks, opportunities or outcomes beyond its direct operations.
Managed milestone / readiness milestone	A publicly communicated focus area or staged milestone used where a mature quantitative target has not yet been approved or published.
Comparability note	An explanatory note used where a metric has changed basis, been restated, is interim or is otherwise not directly comparable to a prior period.
Location-based Scope 2	Purchased electricity emissions calculated using a grid-based emissions factor for relevant electricity consumed, rather than a market-based adjustment.
Enterprise value relevance	The inclusion threshold used in the integrated report: whether a matter could reasonably influence decisions by existing and potential investors, lenders and other creditors regarding the Group's prospects and long-term capacity to create, preserve or erode value.

13.15. Shareholding structure annexure

Shareholding data is sourced from the share register maintained by the Group's Registrar and reflects the position as at 31 December 2025.

Shareholding Range

Shareholding Band	No. of Shareholders	Shares Held	% held
1-500	22,106	3,826,794	0.07
501-5,000	38,241	76,737,963	1.31
5,001-10,000	30,344	245,590,643	4.19
10,001-100,000	14,740	334,467,834	5.70
100,001-1,000,000	816	228,176,972	3.89
above 1,000,000	193	4,978,379,897	84.85
TOTAL	106,440	5,867,180,103	100.00

Shareholding Profile

Category	No. of Shareholders	Shares Held	% held
FOREIGN INDIVIDUALS	213	3,265,098	0.06
FOREIGN COMPANIES	9	11,247,158	0.19
LOCAL COMPANIES	2,970	4,775,203,463	81.39
LOCAL INDIVIDUALS	103,104	1,075,043,261	18.32
EAST AFRICAN COMPANIES	11	1,530,232	0.03
EAST AFRICAN INVESTORS	98	672,931	0.01
BROKERAGE COMPANIES	1	68,800	0.00
JUNIOR INVESTORS	34	149,160	0.00
TOTAL	106,440	5,867,180,103	100.00

Co-opholdings Co-operative Society Top 10 Shareholders

Rank	Shareholder (as shown)	Shares held	% held
1	CO-OP BANK REGULATED NON WDT SACCO LTD	151,103,831	3.99
2	HARAMBEE COOP SAVINGS & CREDIT SOC LTD	144,929,400	3.83
3	KENYA NAT POLICE DEPOSIT TAKING SACCO SOC LTD	139,885,226	3.69
4	H & M COOP SAVINGS & CREDIT SOC LTD	125,247,471	3.31
5	IMARISHA SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD	101,495,520	2.68
6	K-UNITY SAVINGS & CREDIT COOP SOC LTD	91,162,633	2.41
7	KWETU SAVINGS & CREDIT COOP SOC LTD	87,029,775	2.30
8	NAWIRI SAVINGS & CREDIT CO-OPERATIVE SOC LTD	69,453,216	1.83
9	TRANS-ELITE CTY SAVINGS & CREDIT COOP SOC LTD	66,004,243	1.74
10	STIMA COOP SAVINGS & CREDITS SOC. LTD	62,921,568	1.66

Reader note: For the full shareholder register, shareholder bands and any subsequent changes after year-end, use the investor-relations portal and the statutory shareholder-information pack.



The Co-operative Bank of Kenya and its Subsidiaries

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Group Information

FOR THE YEAR ENDED 31 DECEMBER 2025

Registered Office, Principal Place Of Business And Head Office

Co-operative Bank House
L.R. No. 209/4290 (IR No. 27596)
Haile Selassie Avenue
P O Box 48231 - 00100
Tel: 020- 3276000
NAIROBI, KENYA

Subsidiaries

Co-operative Bank of South Sudan Limited

L.R. No. 7 GIV
Tel: +211 913085760
JUBA, SOUTH SUDAN

Kingdom Bank Limited

Kingdom Bank Towers
Argwings Kodhek Rd.
P.O. Box 22741 - 00400
NAIROBI, KENYA

Co-optrust Investment Services Limited

P.O. Box 48231 - 00100
Tel: 020-3276000
NAIROBI, KENYA

Co-op Bancassurance Intermediary Limited

P.O. Box 48231 - 00100
Tel: 020-3276000
NAIROBI, KENYA

Kingdom Securities Limited

P.O. Box 48231 - 00100
Tel: 020-3276000
NAIROBI, KENYA

Company Secretary

Samuel M Kibugi (Mr)
Co-operative Bank House, Haile Selassie Avenue,
P.O. Box 48231 - 00100
NAIROBI, KENYA

Shares Registrar

The Co-operative Bank of Kenya Limited
Shares Registry Services,
Co-operative Bank House, Haile Selassie Avenue,
P.O. Box 48231 - 00100
NAIROBI, KENYA

Legal Advisors

Various
A list is available at the Bank

Independent Auditor

KPMG Kenya
8th Floor, ABC Towers
Waiyaki Way
P.O. Box 40612 - 00100,
NAIROBI, KENYA

Report of The Directors

FOR THE YEAR ENDED 31 DECEMBER 2025

The Directors submit their report together with the audited financial statements for the year ended 31 December 2025, which disclose the state of affairs of The Co-operative Bank of Kenya Limited and Its Subsidiaries (the "Group") and The Co-operative Bank of Kenya Limited (the "Bank").

1. INCORPORATION

The company is domiciled in Kenya where it is incorporated as a public company limited by shares under the Kenyan Companies Act, 2015. The address of the registered office is set out on page 129.

2. PRINCIPAL ACTIVITIES

The Group is engaged in the business of banking, bancassurance intermediation, consultancy, fund management, stock brokerage and investment advisory and is licensed under the Banking Act (Cap 488), Capital Markets Act and Insurance Act. The Company's shares are listed on the Nairobi Securities Exchange.

3. GROUP OPERATIONS

The financial position and performance of the Bank's subsidiaries, Kingdom Bank Limited, Co-optrust Investment Services Limited, Co-op Bancassurance Intermediary Limited, Kingdom Securities Limited, and Co-operative Bank of South Sudan Limited have been included in the Group financial statements. Co-op Bancassurance Intermediary Limited offers financial advisory and insurance agency services. Co-optrust Investment Services Limited is involved in the business of fund management. Kingdom Securities Limited provides stock broking and investment advisory services. Co-operative Bank of South Sudan offers banking and related services. Co-operative Merchant Limited is dormant.

4. RESULTS

The results of the Group for the year are set out in the consolidated and separate financial statements on pages 149 - 158 and related notes on pages 159 - 288

5. RECOMMENDED DIVIDEND

The directors recommend a final dividend of Kshs. 1.50 per ordinary share, in addition to the interim dividend of KShs. 1.00 per ordinary share paid in December 2025, bringing total dividend for FY2025 to KShs 2.50 per ordinary share. (2024: first and final dividend of KShs1.50) for every ordinary share of KShs 1. The dividends will be paid on or about 9 June 2026 to the shareholders registered on the Bank's register at the close of business on 27 April 2026. The register will remain closed for one day on 28 April 2026 for the preparation of dividend warrants.

6. RESERVES

The movement in the Group's reserves is shown on page 155 of these financial statements.

7. GROUP DIRECTORS

The directors who held office during the year and to the date of this report are as follows:

The Co-operative Bank of Kenya Limited and Kenyan subsidiaries: -

J.K. Murugu, OGW	Chairman
M. Malonza, MBS, HSC	Vice Chairman
Dr. G. Muriuki, CBS, MBS	Group Managing Director & CEO
L.C. Karissa	Chairman, Staff and Nominations Committee Retired on 10 February 2026
Margaret Karangatha (Mrs)	Chairperson, Board Credit Committee
Mrs. Weda Welton	Chairperson, Board Audit Committee
W. Ongoro, HSC	
J. Sitienei	
R. L. Kimanthi	
S. Odhiambo (Mrs)	
P.K. Githendu	Deceased on 1 February 2025
G. K. Mburia	
B.W. Simiyu	
J.N. Njiru	
D. M. Muthigani	
David Kirk Obonyo	Commissioner of Co-operatives
F. Ngone	
G. M'Nairobi	
M. M. Muthigani	
Alice Mwololo	Retired on 18 February 2026
Simon K. Memia	Appointed on 25 April 2025

Report of The Directors (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

7. GROUP DIRECTORS (CONTINUED)

Co-operative Bank of South Sudan:

Eng. William Mayar Wol*	Chairman
Elijah Wamalwa	Managing Director
Prof. Mathew Gordon Udo* (late)	
Hon. Benjamin Ayali Koyongwa*	
John K Murugu OGW	
Macloud Malonza, MBS, HSC	
Dr. Gideon Muriuki, CBS, MBS	
Mr. Zachary Kihato Chianda	

*South Sudanese

8. BUSINESS REVIEW

The Co-operative Bank of Kenya Limited continues to deliver a broad spectrum of innovative and comprehensive financial solutions across Kenya and South Sudan. Driven by significant investments in multi-channel capabilities, digital transformation, operational excellence, and customer-centricity, the Group serves a diverse range of customers including individuals, MSMEs, corporates, co-operative societies, and diaspora clients through seamless, personalized, and accessible services, supported by a highly motivated and talented workforce.

Business Model

Co-op Bank's universal banking model is anchored in diversified customer segments, offering tailored value propositions across various sectors:

- Retail Banking: Serving individuals, women, youth, high-net-worth clients, and salaried employees with customized solutions.
- MSME Banking: Providing small and medium enterprises with affordable credit and comprehensive advisory services.
- Corporate & Institutional Banking (CIBD): Catering to large corporates, parastatals, NGOs, and government entities with specialized financial services.
- Co-operative Banking Division (CBD): Strengthening financial solutions for SACCOs and co-operative societies by leveraging the Bank's unique sector positioning.
- Co-op Consultancy & Capacity Building: Offering training and advisory services to co-operative societies.
- Fund Management: Managing pension funds, high-net-worth portfolios, and retail investments through unit trusts.
- Stock Brokerage: Promoting financial inclusion through capital market access.
- Leasing Services: Supporting businesses and individual clients with flexible leasing solutions.
- Insurance Brokerage: Facilitating comprehensive insurance services through our bancassurance platform.
- Kingdom Bank: Extending the universal banking model through our Kenyan subsidiary.
- Co-op Bank South Sudan (COBSS): Providing banking services in South Sudan.
- A robust multi-channel network underpins accessibility, convenience and operational efficiency. This expansive infrastructure ensures seamless, personalized interactions across all segments while supporting sustainable growth, operational excellence and a differentiated customer experience.
- Branch Network: 222 branches (including 6 in South Sudan and 26 under Kingdom Bank) covering 45 counties in Kenya.
- Self-Service Channels: 620 ATMs and cash deposit machines.
- Agency Banking: 16,793 Co-op Kwa Jirani agents.
- Digital Platforms: Serving millions of customers through omnichannel platforms.
- Diaspora Banking: Serving more than 22,000 diaspora customers.
- 24-hour Contact Centre: Providing round-the-clock customer support.

Report of The Directors (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

8. BUSINESS REVIEW (CONTINUED)

Institutionalized Transformation Towards Growth & Operational Excellence

Co-operative Bank of Kenya Limited has continued to advance comprehensive institutional transformation through its **Soaring Eagle Transformation Agenda**, a deliberate program designed to strengthen capabilities, enhance efficiency, and deliver sustained growth across operational and strategic dimensions. These initiatives have consistently generated measurable results, positioning the Bank to thrive in a dynamic and rapidly evolving market.

The Transformation Agenda is anchored on 8 key pillars that drive performance and operational excellence:

- Branch Transformation – modernizing customer touchpoints for enhanced experience and accessibility
- MSME Transformation – deepening support and tailored solutions for micro, small, and medium enterprises
- Sales Force Effectiveness – optimizing the front-line capability to grow quality business
- Shared Services & Digitization (“The Digital Bank”) – leveraging technology and centralized services to improve speed, accuracy, and customer convenience
- NPL Management & Credit Processes – strengthening credit quality and risk management frameworks
- Cost Management – enhancing financial discipline and operational sustainability
- Data Analytics – enabling data-driven decision-making and predictive insights
- Staff Productivity – fostering a high-performing, engaged workforce

Together, these pillars have positioned Co-operative Bank as a resilient, innovative, and performance-driven institution, capable of delivering superior customer experiences while maintaining sustainable growth and profitability. Key achievements include;

- Cost-to-Income Ratio: We improved this to 46.3%, comfortably surpassing our target of 50%, reflecting the efficiencies we’ve built across the Bank.
- Branch Transformation: Our branches now serve customers faster, with average wait times reduced to 7.7 minutes (target <15 minutes), thanks to smarter queue management and streamlined processes.
- MSME Transformation: Over 2.5 million clients were onboarded across gold, silver, and bronze packages, while more than 71,000 MSME customers benefited from our Non-Financial Services training programs.
- Digital Transaction Migration: 93.9% of all transactions now happen digitally, with e-credit disbursements exceeding KES 501.8 billion to date.
- Core Banking System (Finacle): Our platform now hosts over 1,000 APIs, enabling seamless integration with third-party systems.
- Trade and Treasury Systems: New systems have enhanced our capacity, efficiency, and reliability in handling complex transactions.
- CRM 365: We’ve strengthened lead generation and improved pipeline conversions, helping our teams focus on high-impact opportunities.
- Business Process Management System (BPMS): Internal processes are now faster and more efficient, both across and within departments.
- Proactive NPL Management: Through credit war rooms and enterprise-wide action plans, we’ve significantly improved collections.
- Digital Co-operative Initiatives: Our solutions continue to transform the co-operative sector with Sacco MCoopCash, Co-op Bank Soko, Sacco Link, and Coffee DSS, making banking easier and more accessible.

Report of The Directors (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

8. BUSINESS REVIEW (CONTINUED)

Through these initiatives, Co-operative Bank has positioned itself as a resilient, innovative, and performance-driven institution, capable of delivering superior customer experiences while sustaining growth, operational excellence, and long-term value creation.

"Good to Great" Corporate Strategic Plan (CSP) 2025-2029

Our "Good to Great" CSP 2025-2029, set the roadmap for the next five years, targeting asset growth beyond Kshs 1 trillion. The strategy focuses on delivering sustainable growth, operational efficiency, and enhanced stakeholder value under the following strategic themes:

- Aggressive deepening of our dominance in Kenya and the Region.
- Primary provider of financial services to the Co-operative Movement in Kenya and the region.
- Seamless & delightful experiences across our touch points.
- Leverage digital transformation/innovation for operational efficiency supported by an engaged and highly productive workforce.
- Optimal Enterprise Risk and Compliance in the dynamic environment.
- Positive impact on the economy, society, and environment.

Operationalization of our strategy emphasizes a customer-centric approach, ensuring seamless, personalized, and proactive experiences across all channels while driving sustainable growth in all client portfolios through Sales Force Effectiveness. The strategy also prioritizes the expansion of Youth and Women banking propositions, the integration of Sustainability initiatives, and the optimization of processes to enhance efficiency and service delivery. Our strategy approach is anchored in operational excellence, continuous digital transformation, and leveraging of subsidiary synergies. It is designed to maximize revenue, elevate customer satisfaction, and reinforce the Bank's market relevance and long-term competitiveness.

Financial Review

The Group has demonstrated exceptional resilience amid dynamic market challenges, leveraging innovation, operational efficiency, and customer-centric strategies to sustain growth and stability. The strong 2025 financial performance reflects continued investments in technology, talent development, and sustainable practices, further reinforcing our market leadership.

The growth was headlined by a 11.3% balance sheet growth. The Group's profit before tax grew by 15.8% from KShs 34.8 billion in 2024 to KShs 40.3 billion in 2025. The Group's balance sheet growth was fuelled by a 13.4% growth in Customer deposits to close at KShs 574.2 billion. Investment in Government securities increased by 12.8% to KShs 246.5 billion incentivised by increased yields in the market. This strong performance informed the Group's solid capital base with a core capital to risk weighted assets of 20.3%, which is 9.8% above the statutory minimum of 10.5%. Total capital to risk weighted assets was 22.6% against the statutory minimum requirement of 14.5%.

Operating Environment

The 2025 operating environment was defined by declining inflation and interest rates, a relatively stable currency, and continued fiscal pressures. Globally, energy prices remained broadly stable, reinforcing the downward trend of inflation and enabling a shift toward monetary policy easing across most economies.

In line with these global trends, Kenya's economy demonstrated resilience, supported by ongoing policy stabilization efforts. Economic growth expanded by 4.9% in the third quarter of 2025, with full-year growth estimated at 5.0%, underpinned by a recovery in the industrial sector and sustained strength in services. Inflation remained within target, easing to 4.1% in 2025 from 4.5% in 2024. Against this backdrop, the benchmark policy rate was reduced to 9.0% by year-end from 11.25% at the beginning of the year. Consequently, private sector credit growth rebounded steadily, rising from a contraction of 2.9% in January 2025 to a growth of 6.3% by November 2025. Meanwhile, foreign exchange reserves remained adequate, and the relative stability of the Kenyan shilling helped buffer the economy from external shocks, giving confidence to the domestic market.

Amid these conditions, the Group navigated market uncertainties with agility, disciplined credit management, and robust governance under Board-level oversight. The operating environment highlighted the importance of balancing growth

ambitions with operational efficiency and prudent risk management. Leveraging its strong foundations, the Group remained adaptive, resilient, and performance-driven, ensuring continuity, safeguarding value, and delivering sustainable outcomes for shareholders, customers, employees, and communities across Kenya and the region.

Report of The Directors (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

8. BUSINESS REVIEW (CONTINUED)

Sustainability and Climate Integration

ESG is fully integrated into the Group's strategy, risk management, and financial reporting framework. Climate-related risks, both physical and transitional, are proactively managed through robust Environmental and Social Risk Assessments aligned to IFRS and international standards, with clear implications for credit quality and long-term resilience. In response to heightened stakeholder expectations, climate considerations are embedded in key financial judgements. The Group further advances development through sustainable finance initiatives, inclusive economic empowerment, digital access, responsible supply chains, strong governance, and alignment with global sustainability frameworks, reinforcing resilience, value creation, and nature-positive growth.

People & Culture

Group positions human capital as a strategic driver of performance, fostering a high-performing, collaborative, and purpose-led culture underpinned by strong leadership and accountability. Talent management, leadership development, employee wellness, and engagement remain embedded priorities, reinforcing operational excellence and enabling superior customer outcomes while sustaining long-term value creation.

In 2025, we strengthened our workforce with 774 new hires, closing the year with a total staff complement of 6,235. Women constitute 51% of our workforce, while 52% are youth below 35 years, reflecting our commitment to diversity, inclusion, and generational renewal. Investment in capability building remained robust, with an average of 15 learning hours per employee and over 46,410 e-learning courses completed during the year. We further deepened our focus on employee well-being through 302 wellness webinars and five structured wellness programs delivered across the Group.

Strategic Outlook

The Group is well-positioned to seize growth opportunities in 2026, leveraging favorable macroeconomic trends, a stable regulatory environment, and an increasingly digital-savvy customer base. Our focus on advancing digital technologies and infrastructure, expanding customer reach, and driving meaningful ESG impact remains central to our strategy. Operational efficiency will continue to be prioritized through technology adoption, process optimization, and leveraging subsidiary synergies. By balancing strong financial performance with social and environmental responsibility, the Group is committed to creating sustainable value for shareholders, customers, employees, and communities in Kenya and the region, reinforcing its position as a purpose-driven, market-leading financial institution.

This outlook is underpinned by a dynamic regional market and a rapidly evolving financial services landscape, where digital innovation, operational excellence, and ESG integration define competitive advantage. Against the backdrop of projected economic growth, evolving regulatory frameworks, and increasing emphasis on sustainability, the Group is well-equipped to deliver sustainable growth and create lasting value for all stakeholders across Kenya and the region.

Report of The Directors (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

9. IFRS S1 & S2

IFRS S1 General Requirements for Disclosure of sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

IFRS S1, titled 'General Requirements for Disclosure of Sustainability related Financial Information', provides a framework for disclosing material information about sustainability-related risks and opportunities across an entity's value chain. The Kenyan phased implementation roadmap requires progressive adoption; the group has used IFRS S1/S2 architecture for readiness and early-alignment disclosures.

IFRS S1 and S2 Application: IFRS S1 establishes the general requirements for sustainability-related disclosures, and IFRS S2 specifically focuses on climate-related disclosures. If these standards require changes in the way financial data is presented or sustainability risks are considered, IAS 8.31 would necessitate retrospective adjustments to ensure that prior periods are comparable to the current period, unless otherwise indicated by IFRS S1 or S2.

10. STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

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

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

11. TERMS OF APPOINTMENT OF THE AUDITOR

The term of the audit engagement of KPMG Kenya began in the current financial year following their appointment by the shareholders at the annual general meeting held on 16 May 2025 in accordance with the provisions of Section 719 of the Companies Act, 2015. The Directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed group auditor's remuneration of KShs 35.11 million has been charged to profit or loss in the year.

12. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the financial statements on 18 March 2026.

By order of the Board




Dr. G. Muriuki, CBS, MBS
Group Managing Director & CEO

Statement of Directors' Responsibilities

FOR THE YEAR ENDED 31 DECEMBER 2025

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

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

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

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

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

Approved by the Board of Directors on 18 March 2026 and signed on its behalf by:



J.K. Murugu, OGW
Chairman



M. Malonza, MBS, HSC
Vice Chairman



Dr. G. Muriuki, CBS, MBS
Group Managing Director & CEO



Samuel M. Kibugi
Company Secretary

Directors' Remuneration Report (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

The Chairperson of the Board remuneration committee is required to present a statement of the directors' remuneration covering the matters set out below.

Information not subject to audit

Information not subject to audit comprise the following with respect to Directors:

- Directors Remuneration Policy and Strategy.
- Contract of service.
- Statement of voting at the previous general meeting on directors' remuneration.
- Any substantial changes to directors' remuneration during the year.

The Group Operations comprises the following:

- The Co-operative Bank of Kenya Limited
- Co-op Bancassurance Intermediary Limited – 100% Owned
- Co-optrust Investments Services Limited – 100% owned
- Kingdom Securities Limited – 60% owned
- Co-operative Bank of South Sudan Limited – 51% owned
- Kingdom Bank Limited – 90% owned

The Bank's Directors Remuneration Policy and Strategy

The Board of Directors, as mandated by the shareholders, establish and review remuneration of the Directors from time to time. At every Annual General Meeting (AGM), shareholders pass a resolution authorizing the Board to fix the Directors' remuneration, emoluments and compensation appropriately as per industry practice. At the virtual Annual General Meeting held on 16 May 2025 the shareholders authorized the Board to fix the Directors remuneration.

The Board of Directors (Non-Executive) are not on full time employment by the Bank and the compensation is by way of fees and allowances as here under: -

- Monthly retainer / fee
- Travelling allowance. The group directors who come from upcountry are paid mileage based on distance travelled and night out allowance for hotel accommodation.
- Sitting allowance based on every meeting attended.
- Honorarium: Based on the annual group performance, the Board of Directors approves an appreciation honorarium to board members.

The directors are not eligible for pension scheme membership that is applicable to the bank employees/ staff.

Transport Facilitation

The Bank's Chairman, the Bank's Vice Chairman, Vice Chairman of Co-opholdings and the Group Managing Director/CEO are facilitated with official vehicles for business.

Share Options

Post listing at the Nairobi Securities Exchange (NSE), the Bank has not developed a Directors / Employee share ownership program.

Loans to Directors

As at 31 December 2025 loans to Non-executive Directors or companies controlled by Directors amounted to KShs 178.9 million (2024: KShs 239.7 million). All loans to Directors were made in the ordinary course of business and at substantially same terms including collateral as those prevailing at the same time for comparable transactions with other persons. No allowances for impairment were recognized in respect of the loans to Directors. (2024: Nil).

Contract of Service

Directors are appointed in accordance with the Company's Articles of Association. At every Annual General Meeting, one third of Directors are eligible to retire by rotation and may offer themselves for re-election for a term of 3 years. The executive management is on a permanent basis except for the Group Managing Director who is on a five-year renewable contract as per capital Markets Authority (CMA) guidelines.

Statement of voting at the general meeting on Directors' remuneration

In the last AGM held on 16 May 2025, the shareholders unanimously passed a resolution to approve the Directors' remuneration report and the Directors' remuneration policy.

Changes to remuneration for Non-Executive Directors

There was no change in Directors' emoluments in the year. The total sitting allowance increased due to higher number of meetings held in the year 2025 compared to 2024.

Directors' Remuneration Report (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

Information subject to audit

Information subject to audit comprise of the amounts of each Directors' emolument and compensation in the relevant years.

Directors Remuneration Schedules

Co-operative Bank of Kenya Limited, Co-optrust Investment Services Limited and Co-op Bancassurance Intermediary Limited

Amounts in KShs Million

Name	Retainer Allowance	Sitting Allowance	Travelling Facilitation	Honorarium	Responsibility Allowance	Housing Allowance	CEO Annual Remuneration	Total 2025	Total 2024
John K. Murugu, OGW – Chairman	6.53	1.48	3.71	8.28	6.17	2.98	-	29.15	25.86
Macloud M. Malonza, MBS, HSC	7.03	2.06	5.97	7.81	4.20	1.80	-	28.87	24.87
Julius Sitienei	2.52	1.17	3.47	7.34	3.28	1.41	-	19.19	12.69
Alice Mwololo (Mrs)	1.58	1.40	2.96	7.34	-	-	-	13.28	5.85
Margaret Karangatha (Mrs)	1.58	1.16	2.61	7.34	-	-	-	12.69	11.89
Weda Welton (Mrs)	1.58	1.19	3.11	7.34	-	-	-	13.22	11.88
Lawrence C. Karissa	1.58	1.33	4.45	7.34	-	-	-	14.70	13.63
Benedict Simiyu	1.58	1.19	3.69	7.34	-	-	-	13.80	13.3
Richard L. Kimanthi	1.58	0.98	3.54	7.34	-	-	-	13.44	12.91
Wilfred Ongoro, HSC	1.58	0.89	3.21	7.34	-	-	-	13.02	12.57
Godfrey Mburia	1.58	0.93	3.07	7.34	-	-	-	12.92	13.12
David M. Muthigani	2.04	1.49	3.21	7.34	-	-	-	14.08	13.4
Scholastica Odhiambo (Mrs)	2.28	1.19	2.53	7.34	-	-	-	13.34	12.61
James N. Njiru	2.28	1.15	2.91	7.34	-	-	-	13.68	13.88
Francis Ngone	2.28	1.19	2.96	7.34	-	-	-	13.77	13.31
Geoffrey M'Nairobi	2.28	1.15	3.18	7.34	-	-	-	13.95	13.43
Michael M. Muthigani	2.28	1.27	2.81	7.34	-	-	-	13.70	13.15
Simon K. Memia	1.54	1.06	2.42	2.19	-	-	-	7.21	
David Kirk Obonyo	2.28	1.02	2.48	7.34	-	-	-	13.12	12.62
Charles Kamari	-	-	0.22	7.34	-	-	-	7.56	7.32
Wanyambura Mwambia	-	-	0.07	2.19	-	-	-	2.26	24.07
Patrick K. Githendu*	0.19	-	1.46	49.27	0.26	0.11	-	51.29	18.61
Dr. G. Muriuki, CBS, MBS – GMD & CEO	-	-	-	-	6.20	-	179.56	185.76	172.46
	46.17	23.30	64.04	194.52	20.11	6.30	179.56	534.00	473.43

Note

The Directors are also entitled to non-cash benefits which include medical insurance and professional indemnity cover.

*The amounts disclosed relate to fees accrued for services rendered up to 1 February 2025. Where applicable, the amounts were settled in accordance with the relevant estate and legal requirements.

Directors' Remuneration Report (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

Directors Remuneration Schedules (Continued)

Kingdom Bank Limited (90% Owned)

Amounts in KShs Million

Name	Retainer Allowance	Sitting Allowance	Responsibility Allowance	Travelling Facilitation	Total 2025	Total 2024
Margaret Karangatha (Mrs)	2.40	0.70	2.40	-	5.50	5.82
Macloud M. Malonza, MBS, HSC	1.44	0.39	-	-	1.83	1.87
Julius Sitienei	1.44	0.39	-	-	1.83	1.95
Wanyambura Mwambia	1.44	0.39	-	-	1.83	1.83
Charles Kamari	1.44	0.39	-	-	1.83	1.83
	8.16	2.26	2.40	-	12.82	13.30

Kingdom Securities Limited (60% Owned)

Amounts in KShs Million

Name	Retainer Allowance	Sitting Allowance	Travelling Facilitation	Total 2025	Total 2024
Godfrey Mburia - Chairman	0.58	0.25	0.37	1.20	-
Julius Sitienei	0.26	0.26	0.24	0.76	1.55
Patrick K. Githendu (late)	0.04	-	-	0.04	0.85
B. M. Ouma - Awiti	0.39	0.25	0.45	1.09	1.07
Samuel M. Kariuki	0.39	0.21	0.11	0.71	0.76
	1.66	0.97	1.17	3.80	4.23

Co-operative Bank of South Sudan Limited (51% Owned)

Amounts in KShs Million

Name	Retainer Allowance	Sitting Allowance	Travelling Facilitation	Honorarium	Responsibility Allowance	Housing Allowance and other fees	Total 2025	Total 2024
Eng. William Mayar Wol - Chairman	4.38	0.64	1.08	-	6.40	6.39	18.89	16.84
John K. Murugu, OGW	2.23	0.48	0.80	-	-	0.16	3.67	3.01
Prof. Mathew Gordon Udo (late)	2.23	-	-	-	-	0.10	2.33	2.87
Macloud M. Malonza, MBS, HSC	2.02	0.42	0.35	0.90	-	-	3.69	2.82
Dr. G. Muriuki, CBS, MBS - GMD & CEO	2.23	0.42	0.67	-	-	0.11	3.43	2.42
Hon. Benjamin Ayali Koyongwa	2.20	0.18	-	-	-	-	2.38	2.23
Zachary Chianda	2.23	0.30	0.83	-	-	0.11	3.47	2.68
	17.52	2.44	3.73	0.90	6.40	6.87	37.86	32.87

Where applicable, fees earned by Directors serving on the Board have been converted to Kenya Shillings using the annual mean rate obtained from the Central Bank of Kenya.

Five (5) Year Summary of Directors' Emoluments

Amounts in KShs'000	2025	2024	2023	2022	2021
Directors' emoluments	402,719	351,361	264,494	235,729	197,849

Directors' Remuneration Report (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

The Bank has undergone tremendous growth transforming from a co-operatives-based sector model to a universal banking model. The Group was for many years a loss-making Bank with no returns to shareholders but has boldly transformed to be one of the top banks in the region with an asset base of KShs 827.4 billion and a profit before tax of KShs 40.3 billion in a fast changing and highly competitive market environment, thereby maximizing on shareholder value. The Bank is now the largest Co-operative Bank in Africa, and 5th largest company by Market Capitalization at the Nairobi Securities Exchange.

A key pillar of this transformation has been the Board of Directors successfully implementing a performance based bonus reward system applicable to all staff, both management and unionized staff, wherein the individual salary review / increase for the year and the bonus award each year is directly linked to attainment of the Profitability Performance Targets for the year.

Under the performance driven culture, it is noteworthy that the Group has progressively improved profitability from a huge loss of KShs 2.3 billion in year 2000 and an asset base of KShs 22.3 billion to the current profit before tax of over KShs 40.3 billion and asset base of KShs 827.4 billion.

The Group has successfully implemented a Universal Banking Model and proactively grown market share with diverse offerings. This now includes a strategic investment in CIC Insurance Group, Bancassurance business, A full-fledged subsidiary bank (Kingdom Bank Limited), and leasing through a strategic joint venture (Co-op Bank Fleet Africa Leasing Limited) with Super Group, one of the largest leasing companies globally and listed at both the Johannesburg and Australia Stock Exchange.

The Group has notably, received the following Global Awards/ Recognitions.

2025 Awards

- Product Innovation of the Year – Global SME Finance Forum Awards 2025,
- ESG Reporting Award (GRI Category) – FiRe Awards 2025
- Winner, Financial Institution Award – Energy Management Awards (EMA) 2025
- Transformation Excellence – Platinum Winner – Infosys Finacle Innovation Awards 2025
- ESG-Led Innovation – Platinum Winner – Infosys Finacle Innovation Awards 2025
- Best Bank – Nairobi International Trade Fair 2025 (Three Consecutive Years)
- Ecosystem Collaboration Champion – Pesalink Bank Awards 2025
- Best Bank in MSME Enablement – Visa Client and Partner Awards 2025
- Africa's Fastest Growing Companies 2025 – Financial Times and Statista

2024 Awards

KENYA BANKERS – CATALYST AWARDS 2024

- Overall Winner – KBA's 2024 Catalyst Awards
- Best in financing Commercial Clients
- Best in Promoting Gender Inclusivity
- Best In promoting People with Disability (PWD)
- 1st Runners up – Best in Financing MSMEs
- 2nd Runners Up – Best in Sustainable Finance

Financial Times Awards 2024

- Bank of the Year (Kenya)
- Banking Category – Overall Winner

Asian Banker Global MEA 2024

- Best SME Bank in Kenya

Global Finance - World's Best Bank Awards 2024

- Best Bank in Kenya

2023 Awards

KENYA BANKERS – CATALYST AWARDS 2023

- Overall Winner – KBA's 2023 Catalyst Awards
- Most innovative Bank
- Best in financing Commercial clients
- Best in promoting gender inclusivity
- Best in Promoting PWD (People With Disability)
- 2nd runners up – Best in Financing MSMEs
- 3rd runners up – Best in Sustainable finance

KENYA BANKERS – CUSTOMER SATISFACTION SURVEY 2023

- Best Bank in Customer Satisfaction

THE MIDDLE EAST AND AFRICA AWARDS 2023

- Best Omnichannel Technology Implementation – By The Asian Banker Global

EMEA FINANCE AFRICAN BANKING AWARDS 2023

- Best Bank – Kenya
- Best Asset manager, Co-optrust Investments Services – Kenya

OTHER 2023 AWARDS

- Winner – Environmental and social reporting – Fire Awards
- Winner – Excellence in Banking customer experience 2023
- Winner – Best Women and Youth empowerment Programs – by the CSR 100

Directors' Remuneration Report (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

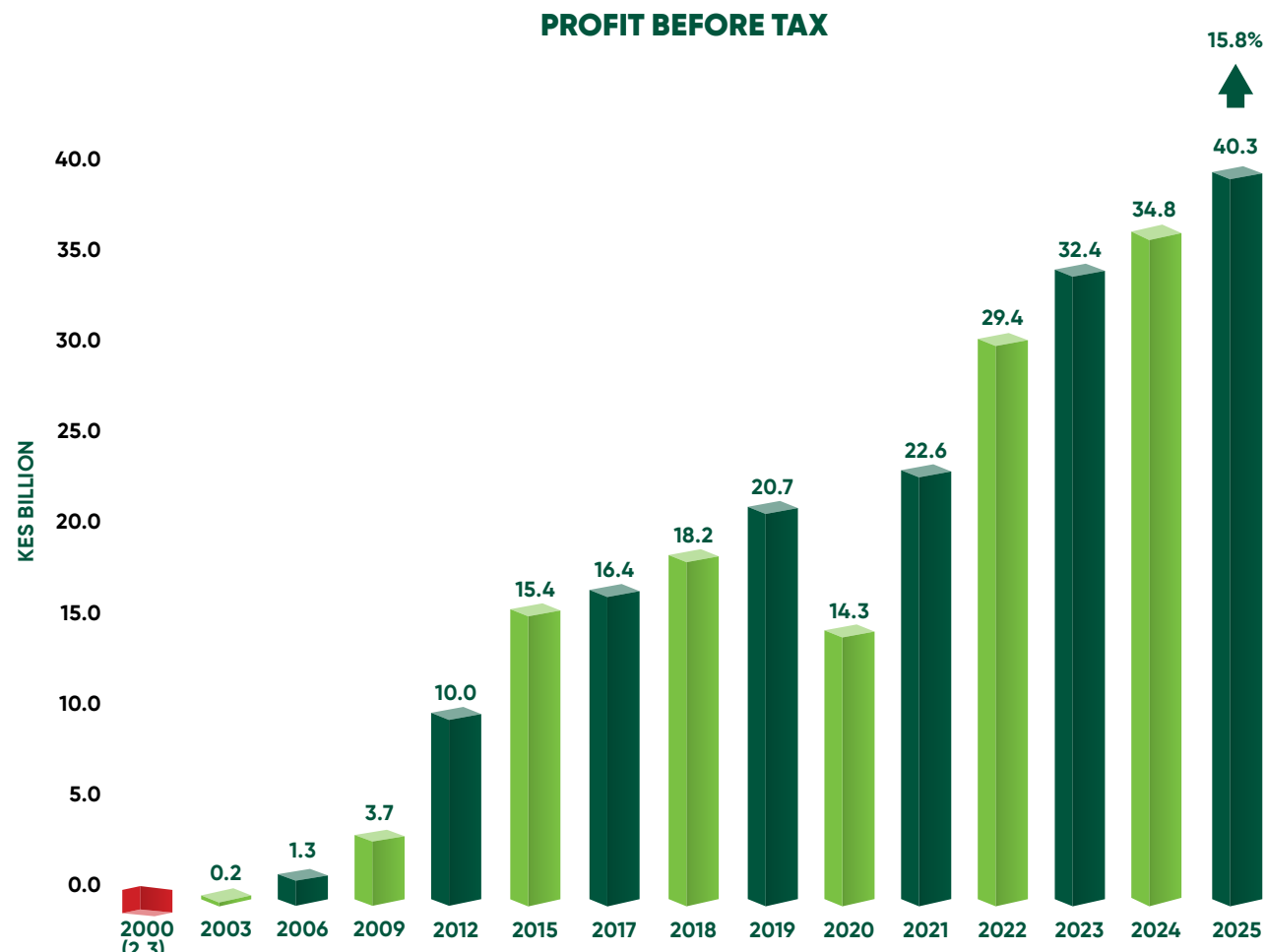
Awards (Continued)

<p>2022 Awards</p> <p>KENYA BANKERS – CATALYST AWARDS 2022</p> <ul style="list-style-type: none"> • Overall Winner – Most Sustainable Bank • Most innovative Bank • Best in financing Commercial clients • 1st runners up – Best in Sustainable Finance • 1st runners up – Best in Covid-19 response • 2nd runners up – Best in Financing MSMEs <p>KENYA BANKERS – CUSTOMER SATISFACTION SURVEY 2022</p> <ul style="list-style-type: none"> • Best Bank in Customer Satisfaction <p>AFRICAN BANKER AWARDS 2022</p> <ul style="list-style-type: none"> • Best Regional Bank – East Africa <p>EMEA FINANCE AFRICAN BANKING AWARDS 2022</p> <ul style="list-style-type: none"> • Best Bank – Kenya • Best Asset manager, Co-optrust Investments Services – Kenya <p>ENERGY MANAGEMENT AWARDS 2022</p> <ul style="list-style-type: none"> • Winner – Best New Entrant Award • 1ST Runners up – Electricity Savings Award – Small Consumers • 1st Runners Up – Service Sector Award <p>2020 Awards:</p> <ul style="list-style-type: none"> • Best Bank in Kenya by EMEA Finance African Banking Awards 2020 • Best Bank in Kenya by Financial Times Banker awards 2020 	<p>2021 Awards</p> <p>EMEA FINANCE AFRICAN BANKING AWARDS 2021</p> <ul style="list-style-type: none"> • CEO of the year – Pan Africa • Best Bank – Kenya • Financial inclusion – Pan Africa • Best Asset manager, Co-optrust Investments Services – Kenya <p>GLOBAL SME FINANCE AWARDS 2021</p> <ul style="list-style-type: none"> • Honorary Mention – Product innovation of the year 2021 • VISA Awards 2021 • Best SME Acquirer solution Roll-out • Best contactless champion – Issuing bank • Most financially Inclusive Bank <p>2019 Awards:</p> <ul style="list-style-type: none"> • Kenya Bankers Association, in its 2019 Catalyst Awards, • Overall Winner • Winner Client Case Study – Financing SMEs • 1st runner up Best in Sustainable Finance • 1st runner up Bank Case Study – Bank Operations • 1st runner up Financing the informal sector • 2nd runner up Client Case Study – Commercial • 2nd runner up Most innovative bank • Best Bank in Sustainable Finance in Kenya by the Kenya Association of Manufacturers Awards 2019 • Winner: Environmental Sustainability Reporting by ICPAK FIRE Awards 2019 • Product innovation of the year by global SME Finance Awards 2019 • Best Bank in Kenya by EMEA Finance African Banking Awards 2019
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Directors' Remuneration Report (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

The performance summary for the group is as shown on the chart below.



Amounts in KShs Million	Salaries	Bonus/ Gratuity	Fees, Other allowances and Honorarium
Board of Directors	-	-	403
Executive Management*	713.32	635.13	-
Group MD & CEO	185.76	303.7	-

* Executive management comprises of the Group Managing Director, the Divisional Directors and Managing Directors of the subsidiaries.

By the Order of the Board.

Samuel M. Kibugi
Company Secretary

Independent Auditor's Report to the members of The Co-operative Bank of Kenya Limited

Report on the Audit of The Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of The Co-operative Bank of Kenya Limited (the "Bank") and its subsidiaries (together, the "Group") set out on pages 149 to 288, which comprise the consolidated and bank statements of financial position as at 31 December 2025, and the consolidated and bank statements of profit or loss, consolidated and bank statements of other comprehensive income, consolidated and bank statements of changes in equity and the consolidated and bank statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of The Co-operative Bank of Kenya Limited as at 31 December 2025, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated and separate financial statements of public interest entities in Kenya. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Allowance for expected credit losses on loans and advances (Consolidated and separate financial statements)

Refer to the following notes to the consolidated and separate financial statements;

- Note 2(m) - Financial assets,
- Note 3 - Significant accounting judgements, estimates and assumptions: Impairment losses on financial assets,
- Note 4(a) - Financial Risk Management: Credit Risk,
- Note 13(a) - Net loans and advances, and
- Note 13(c) - Allowance for Expected Credit Losses.

Independent Auditor's Report to the members of The Co-operative Bank of Kenya Limited (Continued)

Report on The Audit of The Consolidated and Separate Financial Statements (Continued)

Key Audit Matter	How the Matter was addressed in The Audit
<p>As at 31 December 2025, the Group and the Bank had loans and advances to customers with a significant carrying value, together with an allowance for expected credit losses recognised in accordance with IFRS 9, Financial Instruments, (IFRS 9).</p> <p>The Group and the Bank apply the expected credit loss model under IFRS 9 to determine allowance for expected credit losses ("ECL") on loans and advances to customers and off balance sheet credit exposures.</p> <p>The key areas where we identified greater levels of management judgement in the consolidated and separate financial statements and therefore increased levels of audit focus in the estimation of the allowance for expected credit losses are:</p> <ul style="list-style-type: none"> • Model estimations – ECL is calculated on a modelled basis which incorporates unobservable data, assumptions, and estimations. The development and execution of these models requires significant management judgement, including estimation of the probability of default (PD); exposure at default (EAD) and loss given default (LGD). • The Group's and the Bank's criteria for assessing if there has been a significant increase in credit risk (SICR) and therefore allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment. • The Group and the Bank rely on broad range of forward-looking information such as Inflation Rate, Exchange rate, Economic Growth rate, Central bank lending rate and unemployment rate. 	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none"> • We obtained an understanding of the ECL process to identify the key controls and tested the design, implementation and operating effectiveness of the key controls over the review and approval of data inputs such as credit grading and segmentation. • We tested the completeness and accuracy of the key data inputs into the ECL models by tracing a sample of data inputs such effective interest rates, discount factor, collateral values and number of days past due, among others, back to information sourced by management from internal systems. • We evaluated key parameters of the ECL models by: <ul style="list-style-type: none"> » selecting a sample of outstanding loans from the Group's and Bank's loan book and agreeing these to the details in the customers' credit files in order to establish whether facilities are correctly classified, staged and measured in accordance with IFRS 9; » evaluating the appropriateness of the Group's and Bank's assessment of the SICR criteria. This included credit reviews to evaluate the appropriateness of the Group's and Bank's SICR assessment by considering both quantitative factors (such as days past due) and qualitative factors (including negative operating cash flows, breaches of loan agreements, declines in profitability and turnover, and reductions in collateral values) used by management in determining the classification of loans and advances into stages 1, 2, and 3; and » evaluating management's basis for establishing Stage 3 impairment amounts. This included challenging the reasonability of management assumptions on cashflow projections and time to realization for a sample of facilities by comparing the assumptions with historical realisation experience.

Independent Auditor's Report to the members of The Co-operative Bank of Kenya Limited (Continued)

Report on The Audit of The Consolidated and Separate Financial Statements (Continued)

Key Audit Matter	How the Matter was addressed in The Audit
<ul style="list-style-type: none"> • Stage 3 ECL - significant judgements, estimates and assumptions are applied by management to: <ul style="list-style-type: none"> » Qualitative assessment of whether a customer is in default; » Estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. • The related credit risk disclosures are significant as it reflects the judgements, estimates and assumptions applied by management in determining the ECL, including the impact of forward looking information and management adjustments. <p>Due to the significance of loans and advances to customers and off-balance sheet exposures and the high degree of judgement and estimation uncertainty involved in determining the related allowance for expected credit losses, this matter was considered to be a key audit matter in our audit of the consolidated and separate financial statements.</p>	<p>We involved our own internal credit risk modelling specialists who:</p> <ul style="list-style-type: none"> » assessed the Group's and Bank's methodology for determining the macro-economic scenarios used in the forward-looking information and challenging the probability weightings applied to the scenarios by agreeing a sample of these scenarios to market trends and evaluating the appropriateness of the direction of adjustment; » assessed the key economic variables used (such as the inflation rate, unemployment rate and the central bank lending rate), including agreeing samples of economic variables to external sources, as well as the overall reasonableness of the economic forecasts by comparing the Group's and Bank's forecasts to reputable external sources of macroeconomic data; and » assessed the reasonableness of the key economic variables and assumptions applied in the determination of ECL, including PD, EAD and LGD. <ul style="list-style-type: none"> • We evaluated the adequacy of the related disclosures in the consolidated and separate financial statements, including disclosures of key judgements and assumptions applied in determining the allowance for expected credit losses, for compliance with IFRS 7, Financial Instruments: Disclosures.

Impairment of goodwill (Consolidated financial statements only)

Refer to the following notes to the consolidated financial statements

- Note 2(i) - Business combinations and goodwill,
- Note 2(t) - Impairment of non-financial assets
- Note 15(b) - Goodwill

<p>As at 31 December 2025, the Group's goodwill amounted to KShs 3.294 billion. Impairment of goodwill requires significant judgment to be applied by management in determining key inputs such as forecast cash flows, discount rates applied (country specific weighted average cost of capital), long term growth rate, growth rate and expense growth rate used to estimate the recoverable amount of cash generating units (CGU).</p>	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none"> • We evaluated the design and implementation and tested the operating effectiveness of key oversight controls within the impairment assessment process, which included testing the controls over the review and approval of the financial budgets used the impairment model.
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Independent Auditor's Report to the members of The Co-operative Bank of Kenya Limited (Continued)

Report on The Audit of The Consolidated and Separate Financial Statements (Continued)

Key Audit Matter	How the Matter was addressed in The Audit
<p>Impairment of goodwill</p> <p>The recoverable amount of the CGUs, which is based on the value in use has been derived from discounted forecast cash flows model.</p> <p>Due to the significance of the assumptions, judgement required in determining key inputs in the impairment assessment of goodwill and the significance of the balance at year end, we determined the impairment of goodwill to be a key audit matter in our audit of the consolidated financial statements.</p>	<ul style="list-style-type: none"> • We assessed management's determination of the Group's cash generating unit (CGU), based on the requirements of IAS 36 Impairment of Assets, (IAS 36) and analysed the Group's internal reporting to evaluate how results are monitored and reported. • We compared the cash flow forecasts to the Board approved forecasts and evaluated the forecasting process undertaken by the Group by assessing the reasonableness of prior year forecast cash flows by comparing with actual results. • We involved our own independent valuation specialists to assist us in challenging the Group's valuation methodologies. This included: <ul style="list-style-type: none"> » assessing the appropriateness of the Discounted Cash Flow (DCF) model, ensuring the methodology complies with IAS 36 requirements; and » assessing the reasonableness and challenging the key inputs and assumptions such as the economic growth projections and interest rates by comparing it to external data and observable market multiples. • We evaluated the adequacy of the disclosures, including key assumptions and judgements for compliance with the requirements of IAS 36.

Other matter

The consolidated and separate financial statements of the Group and the Bank as at and for the year ended 31 December 2024, were audited by another auditor who expressed an unmodified opinion on those consolidated and separate financial statements on 21 March 2025.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "The Co-operative Bank of Kenya Limited and its subsidiaries Annual Report and Financial Statements 31 December 2025", but does not include the consolidated and separate financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report, and The Co-operative Bank of Kenya Limited and its subsidiaries Integrated report, which is expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will 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 that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the members of The Co-operative Bank of Kenya Limited (Continued)

Report on The Audit of The Consolidated and Separate Financial Statements (Continued)

Directors responsibilities for the consolidated and separate financial statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by 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 and Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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.

Independent Auditor's Report to the members of The Co-operative Bank of Kenya Limited (Continued)

Report on The Audit of The Consolidated and Separate Financial Statements (Continued)

Report on other legal and regulatory requirements

As required by the Kenyan Companies Act, 2015, we report to you solely based on our audit of the financial statement that, in our opinion:

- The information given in the Report of the Directors on pages 130 to 135 is consistent with the consolidated and separate financial statements.
- The auditable part of the directors' remuneration report on pages 136 to 142, has been prepared in accordance with the requirements of the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is FCPA Joseph Kariuki practicing certificate number P/2102.



For and on behalf of

KPMG Kenya

Certified Public Accountants (Kenya)

PO Box 40612 – 00100

Nairobi

Date:

1 April 2026



UNIQUE CODE: 77228260331

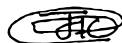
Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2025

	Notes	2025 KShs'000	2024 KShs'000
ASSETS			
Cash and balances with Central Banks	8	41,021,729	34,783,864
Deposits and balances due from banks	9	60,642,124	52,162,735
Debt instruments at fair value through Profit and Loss	10(a)	630,701	-
Derivative financial instruments	11	606,529	-
Debt instruments at fair value through other comprehensive income	10 (b)	124,581,881	104,187,397
Equity instruments at fair value through other comprehensive income	10(c)	577,995	408,134
Loans and advances to customers	13(a)	421,002,682	373,732,927
Debt instruments at amortised cost	14	121,269,921	114,282,288
Other assets	12	25,434,618	35,068,438
Investments in associates	16	3,818,397	3,656,036
Leasehold land	18	30,864	31,473
Property and equipment	19(a)	10,459,319	8,540,562
Right-of-use assets	20(i)	4,562,792	3,992,799
Intangible assets	17(a)	2,144,148	2,218,489
Deferred tax asset	21	7,274,628	6,830,998
Goodwill	15 (b)	3,294,000	3,294,000
TOTAL ASSETS		827,352,328	743,190,140
LIABILITIES			
Deposits and balances due to banks	22	2,762,025	2,801,077
Customer deposits	23(a)	574,170,104	506,112,147
Loans and borrowings	24	61,697,075	55,406,100
Income tax payable	25(b)	281,029	230,128
Other liabilities	27	22,162,595	32,440,102
Provisions	26	237,547	230,576
Government grants	28	332,561	351,037
Derivative financial instruments	11	-	367,277
TOTAL LIABILITIES		661,642,936	597,938,444
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT			
Share capital	29	5,867,180	5,867,180
Share premium	30	1,911,926	1,911,926
Revaluation reserve	31(a)	2,563,229	1,599,661
Retained earnings	31(b)	143,705,138	128,583,636
Fair value reserve	31(c)	2,200,047	(1,789,920)
Statutory reserve	31(d)	86,229	53,059
Foreign currency translation reserve	31(e)	-	2,728
Proposed dividends	32	8,800,770	8,800,770
		165,134,519	145,029,040
Non-controlling interest		574,873	222,656
TOTAL EQUITY		165,709,392	145,251,696
TOTAL LIABILITIES AND EQUITY		827,352,328	743,190,140

The financial statements were approved by the Board of Directors on 18th March 2026 and signed on its behalf by: -

J. K. Murugu, OGW - Chairman



M. Malonza MBS, HSC - Vice Chairman



Dr. G. Muriuki, CBS, MBS - Group Managing Director & CEO



S. M. Kibugi - Company Secretary



The notes set out on pages 159 to 288 form an integral part of these financial statements.

Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 KShs'000	2024 KShs'000
Interest and similar income calculated using the effective interest method	34	93,137,204	86,249,958
Interest and similar expense calculated using the effective interest method	35	(30,286,442)	(34,729,225)
NET INTEREST INCOME		62,850,762	51,520,733
Fees and commission income	36	23,372,554	23,100,441
Fees and commission expense	36	(263,195)	(267,415)
NET FEES AND COMMISSION INCOME		23,109,359	22,833,026
Net trading income	37	3,658,139	4,974,885
Amortisation of government grants	28	18,476	18,476
Other operating income	38	1,985,089	1,428,474
TOTAL OTHER INCOME		5,661,704	6,421,835
OPERATING INCOME		91,621,825	80,775,594
Credit loss expense on loans and advances	13(c)	(9,462,775)	(8,784,125)
Credit loss write back / (expense) on other financial assets	41	77,640	644,304
Amortisation of intangible assets	17(a)	(907,360)	(960,578)
Amortisation of leasehold land	18	(609)	(610)
Depreciation of property and equipment	19(a)	(1,750,246)	(1,398,248)
Depreciation of right-of-use assets	20(i)	(1,478,630)	(1,434,434)
Employee costs	39	(20,815,002)	(18,322,558)
Other operating expenses	40	(17,389,589)	(16,561,398)
OPERATING EXPENSES		(51,726,571)	(46,817,647)
OPERATING PROFIT		39,895,254	33,957,947
Share of profit of associates	16	392,181	822,372
PROFIT BEFORE TAX		40,287,435	34,780,319
Income tax expense	25(a)	(10,532,906)	(9,323,974)
PROFIT FOR THE YEAR		29,754,529	25,456,345
Profit attributable to:			
Equity holders of the parent		29,563,306	25,432,927
Non-controlling interest		191,223	23,418
		29,754,529	25,456,345
Basic earnings per share (KShs)	42	5.04	4.33
Diluted earnings per share (KShs)	42	5.04	4.33

The notes set out on pages 159 to 288 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 KShs'000	2024 KShs'000
PROFIT FOR THE YEAR		29,754,529	25,456,345
Other comprehensive income that may be reclassified to the income statement			
Fair value gain on debt instruments at fair value through other comprehensive income	43	4,390,846	15,315,147
Total items to be reclassified to profit or loss		4,390,846	15,315,147
<i>Other comprehensive income that will not be reclassified to the income statement</i>			
Revaluation gains/ (losses) on equity instruments at fair value through other comprehensive income		169,861	22,655
Income tax relating to components of other comprehensive income	21	(176,219)	(9,322)
Share of other comprehensive income of associates	16	322,481	1,463,569
Revaluation of building surplus		1,174,795	-
Total items that will not be reclassified to profit or loss		1,490,918	1,476,902
OTHER COMPREHENSIVE INCOME, NET OF TAX		5,881,764	16,792,049
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		35,636,293	42,248,394
Total comprehensive income attributable to:			
Equity holders of the parent		35,278,573	42,098,940
Non-controlling interest		357,720	149,454
		35,636,293	42,248,394

The notes set out on pages 159 to 288 form an integral part of these financial statements.

Bank Statement of Financial Position


FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 KShs'000	2024 KShs'000
ASSETS			
Cash and balances with Central Bank of Kenya	8	34,784,395	30,444,256
Deposits and balances due from banks	9	52,995,540	47,027,095
Debt instruments at fair value through Profit and Loss	10(a)	630,701	-
Derivative financial instruments	11	606,529	-
Debt instruments at fair value through other comprehensive income	10(b)	110,900,202	90,382,274
Equity instruments at fair value through other comprehensive income	10(c)	341,487	338,263
Loans and advances to customers	13(a)	393,498,551	356,257,992
Debt instruments at amortised cost	14	113,870,343	106,884,614
Other assets	12	25,403,865	32,482,194
Income tax recoverable	25(b)	-	-
Investments in subsidiaries	15 (a)	3,910,825	3,884,925
Investments in associates	16	706,444	706,444
Leasehold land	18	30,864	31,473
Property and equipment	19(b)	8,696,491	7,071,192
Right-of-use assets	20(i)	3,992,263	3,464,902
Intangible assets	17(b)	1,921,020	2,016,187
Deferred tax asset	21	7,117,011	6,831,659
TOTAL ASSETS		759,406,531	687,823,470
LIABILITIES			
Deposits and balances due to banks	22	2,358,562	4,476,324
Customer deposits	23(a)	537,027,595	478,183,582
Derivative financial instruments	11	-	367,277
Loans and borrowings	24	49,620,390	39,584,754
Income tax payable	25(b)	204,429	563,960
Other liabilities	27	19,252,505	29,437,111
Provisions	26	229,897	222,146
Government grants	28	332,561	351,037
TOTAL LIABILITIES		609,025,939	553,186,191
EQUITY			
Share capital	29	5,867,180	5,867,180
Share premium	30	1,911,926	1,911,926
Revaluation reserve	31(a)	2,425,940	1,427,364
Retained earnings	31(b)	128,925,906	117,140,230
Fair value reserves	31(c)	2,448,870	(510,191)
Proposed dividends	32	8,800,770	8,800,770
TOTAL EQUITY		150,380,592	134,637,279
TOTAL LIABILITIES AND EQUITY		759,406,531	687,823,470

The financial statements were approved by the Board of Directors on 18th March 2026 and signed on its behalf by:-

J. K. Murugu, OGW

- Chairman



M. Malonza, MBS, HSC

- Vice Chairman



Dr. G. Muriuki, CBS, MBS

- Group Managing Director & CEO



S. M. Kibugi

- Company Secretary



The notes set out on pages 159 to 288 form an integral part of these financial statements.

Bank Statement of Profit or Loss

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 KShs'000	2024 KShs'000
Interest and similar income calculated using the effective interest method	34	86,528,895	80,716,308
Other interest and similar income	34	-	-
Interest and similar expense calculated using the effective interest method	35	(27,672,408)	(32,469,553)
NET INTEREST INCOME		58,856,487	48,246,755
Fees and commission income	36	19,152,332	20,357,608
Fees and commission expense	36	(263,195)	(267,415)
NET FEES AND COMMISSION INCOME		18,889,137	20,090,193
Net trading income	37	3,196,790	4,099,341
Amortisation of government grants	28	18,476	18,476
Other operating income	38	1,418,839	959,968
TOTAL OTHER INCOME		4,634,105	5,077,785
OPERATING INCOME		82,379,729	73,414,733
Credit loss expense on loans and advances	13(c)	(9,102,115)	(8,350,075)
Credit loss writeback/ (expense) on other financial assets and commitments	41	112,254	653,641
Amortisation of intangible assets	17(b)	(850,005)	(932,441)
Amortisation of leasehold land	18	(609)	(610)
Depreciation of property and equipment	19(b)	(1,584,914)	(1,286,546)
Depreciation of right-of-use assets	20(i)	(1,265,101)	(1,299,224)
Employee costs	39	(18,724,830)	(16,557,685)
Other operating expenses	40	(14,913,151)	(14,338,584)
OPERATING EXPENSES		(46,328,471)	(42,111,524)
PROFIT BEFORE TAX		36,051,258	31,303,209
Income tax expense	25(a)	(9,597,628)	(8,315,113)
PROFIT FOR THE YEAR		26,453,630	22,988,096
Basic earnings per share (KShs)	42	4.51	3.92
Diluted earnings per share (KShs)	42	4.51	3.92

The notes set out on pages 159 to 288 form an integral part of these financial statements.

Bank Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 KShs'000	2024 KShs'000
PROFIT FOR THE YEAR		26,453,630	22,988,096
Other comprehensive income that may be reclassified to the income statement			
Financial assets at fair value through other comprehensive income	43	2,955,837	14,234,396
Total items to be reclassified to profit or loss		2,955,837	14,234,396
Other comprehensive income that will not be reclassified to the income statement			
Revaluation gains/ (losses) on equity instruments at fair value through other comprehensive income	43	3,224	24,508
Income tax relating to components of other comprehensive income	21	(176,219)	(9,322)
Revaluation of building surplus	43	1,174,795	-
Total items that will not be reclassified to profit or loss		1,001,800	15,186
OTHER COMPREHENSIVE INCOME, NET OF TAX		3,957,637	14,249,582
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		30,411,267	37,237,678

The notes set out on pages 159 to 288 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital KShs'000	Share premium KShs'000	Revaluation reserve KShs'000	Statutory reserve KShs'000	Fair value reserve KShs'000	Foreign currency translation reserve KShs'000	Proposed dividends KShs'000	Retained earnings KShs'000	Attributable to equity holders of the Bank KShs'000	Non-controlling interest KShs'000	Total equity KShs'000
At 1 January 2025	5,867,180	1,911,926	1,599,661	53,059	(1,789,920)	2,728	8,800,770	128,583,636	145,029,040	222,656	145,251,696
Profit/ (loss) for the year	-	-	-	-	-	-	-	29,563,306	29,563,306	191,223	29,754,529
Deferred tax on revaluation surplus	-	-	(176,219)	-	-	-	-	(176,219)	(176,219)	-	(176,219)
Other comprehensive income	-	-	998,576	-	4,716,691	-	-	-	5,891,486	166,497	6,057,983
Total comprehensive income	-	-	1,174,795	-	4,716,691	-	-	29,563,306	35,278,573	357,720	35,636,293
Transfer of excess depreciation	-	-	-	-	-	-	-	-	-	-	-
Transfer from statutory reserve	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserve adjustment	-	-	-	-	-	-	-	-	-	-	-
Exchange difference on hyperinflationary economy	-	-	(35,008)	33,170	(726,724)	(2,728)	-	226,146	(505,144)	(5,503)	(510,647)
Transactions with equity holders of the Bank											
Dividends:											
2024- Dividends paid	-	-	-	-	-	-	(8,800,770)	-	(8,800,770)	-	(8,800,770)
2025-Interim Dividend paid	-	-	-	-	-	-	(5,867,180)	(5,867,180)	(5,867,180)	-	(5,867,180)
Proposed dividends	-	-	-	-	-	-	8,800,770	(8,800,770)	-	-	-
At 31 December 2025	5,867,180	1,911,926	2,563,229	86,229	2,200,047	-	8,800,770	143,705,138	165,134,519	574,873	165,709,392
At 1 January 2024	5,867,180	1,911,926	1,621,428	53,490	(16,956,216)	2,728	8,800,770	111,887,781	113,189,087	120,503	113,309,590
Profit/ (loss) for the year	-	-	-	-	-	-	-	25,432,927	25,432,927	23,418	25,456,345
Deferred tax on excess depreciation	-	-	9,322	-	-	-	-	-	9,322	-	9,322
Other comprehensive income	-	-	-	-	16,666,013	-	-	-	16,666,013	126,036	16,792,049
Total comprehensive income	-	-	9,322	-	16,666,013	-	-	25,432,927	42,108,262	149,454	42,257,716
Transfer of excess depreciation	-	-	(31,072)	-	-	-	-	31,072	-	-	-
Transfer from statutory reserve	-	-	-	-	-	-	-	-	-	69,005	69,005
Revaluation reserve adjustment	-	-	291	-	-	-	-	-	291	-	291
Exchange difference on hyperinflationary economy	-	-	(308)	(431)	(1,499,717)	-	-	32,626	(1,467,830)	(116,306)	(1,584,136)
Transactions with equity holders of the Bank											
Dividends:											
2023- Dividends paid	-	-	-	-	-	-	(8,800,770)	(8,800,770)	(8,800,770)	-	(8,800,770)
Proposed dividends	-	-	-	-	-	-	8,800,770	(8,800,770)	-	-	-
At 31 December 2024	5,867,180	1,911,926	1,599,661	53,059	(1,789,920)	2,728	8,800,770	128,583,636	145,029,040	222,656	145,251,696

Bank Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital KShs'000	Share premium KShs'000	Revaluation reserve KShs'000	Statutory reserve KShs'000	Fair value reserve KShs'000	Proposed dividends KShs'000	Retained earnings KShs'000	Total KShs'000
At 1 January 2025	5,867,180	1,911,926	1,427,364	-	(510,191)	8,800,770	117,140,226	134,637,275
Profit for the year	-	-	-	-	-	-	26,453,630	26,453,630
Deferred tax on revaluation surplus	-	-	(176,219)	-	-	-	-	(176,219)
Other comprehensive income	-	-	1,174,795	-	2,959,061	-	-	4,133,856
Total comprehensive income	-	-	998,576	0	2,959,061	0	26,453,630	30,411,267
Transfer of excess depreciation	-	-	-	-	-	-	-	-
Revaluation reserve adjustment	-	-	-	-	-	-	-	-
Transactions with equity holders of the Bank	-	-	-	-	-	-	-	-
Dividends:								
2024- Dividends paid	-	-	-	-	-	(8,800,770)	-	(8,800,770)
2025- Interim Dividends paid	-	-	-	-	-	-	(5,867,180)	(5,867,180)
Proposed dividends	-	-	-	-	-	8,800,770	(8,800,770)	-
At 31 December 2025	5,867,180	1,911,926	2,425,940	-	2,448,870	8,800,770	128,925,906	150,380,592

	Share capital KShs'000	Share premium KShs'000	Revaluation reserve KShs'000	Statutory reserve KShs'000	Fair value reserve KShs'000	Proposed dividends KShs'000	Retained earnings KShs'000	Total KShs'000
At 1 January 2024	5,867,180	1,911,926	1,448,823	-	(14,759,773)	8,800,770	102,921,832	106,190,758
Profit for the year	-	-	-	-	-	-	22,988,096	22,988,096
Deferred tax on excess depreciation	-	-	9,322	-	-	-	-	9,322
Other comprehensive income	-	-	-	-	14,249,582	-	-	14,249,582
Total comprehensive income	-	-	9,322	-	14,249,582	-	22,988,096	37,247,000
Transfer of excess depreciation	-	-	(31,072)	-	-	-	31,072	-
Revaluation reserve adjustment	-	-	291	-	-	-	-	291
Transactions with equity holders of the Bank	-	-	-	-	-	-	-	-
Dividends:								
2024- Dividends paid	-	-	-	-	-	(8,800,770)	-	(8,800,770)
Proposed dividends	-	-	-	-	-	8,800,770	(8,800,770)	-
At 31 December 2024	5,867,180	1,911,926	1,427,364	-	(510,191)	8,800,770	117,140,230	134,637,279

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 KShs'000	2024 KShs'000
Cash flows generated from operating activities:			
Cash generated from operating activities	44	(13,779,805)	*32,315,404
Interest received		85,970,016	78,585,960
Interest paid		(25,850,061)	(29,571,515)
Income tax paid	25(b)	(11,035,140)	(9,732,503)
Net cash generated from operating activities		35,305,010	*71,597,346
INVESTING ACTIVITIES			
Purchase of property and equipment	19(a)	(2,514,112)	(3,007,520)
Purchase of intangible assets	17(a)	(775,832)	(515,197)
Proceeds from disposal of property and equipment		30,175	12,647
Purchase of investments at amortised cost		(61,936,047)	(70,585,750)
Maturity of investments at amortised cost	14	54,723,192	48,362,110
Net cash (used in)/ generated from investing activities		(10,472,624)	(25,733,710)
FINANCING ACTIVITIES:			
Proceeds from borrowings	24	12,587,974	7,657,908
Repayment of borrowings	24	(5,994,396)	(15,912,341)
Dividends paid to equity holders of the parent		(14,667,950)	(8,800,770)
Repayment of principal portion of lease liabilities	20(ii)	(1,556,177)	(1,496,218)
Net cash used in financing activities		(9,630,549)	(18,551,421)
Net movement in cash and cash equivalents		15,201,837	*27,312,215
Cash and cash equivalents at the beginning of the year		86,406,914	*59,188,653
Effects of changes in foreign exchange rates		636,355	(93,954)
Cash and cash equivalents at 31 December	44	102,245,106	*86,406,914

The notes set out on pages 159 to 288 form an integral part of these financial statements.

*Prior year numbers have been restated, refer to note 49

Bank Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 KShs'000	2024 KShs'000
Cash flows from operating activities:			
Cash from operating activities	44	(8,985,780)	14,049,195
Interest received		73,052,310	79,361,707
Interest paid		(27,710,047)	(22,780,321)
Tax paid	25(b)	(10,418,731)	(8,429,790)
Net cash generated from/ (used in) operating activities		25,937,752	*62,200,791
Cash flows from investing activities:			
Purchase of property and equipment	19(b)	(2,087,004)	(2,630,271)
Purchase of software	17(b)	(754,838)	(354,619)
Proceeds from disposal of property and equipment		37,425	12,647
Purchase of investments at amortised cost	14	(61,934,143)	(70,585,750)
Maturity of investments at amortised cost	14	54,723,192	48,363,743
Cash consideration paid to acquire a subsidiary	15(a)	(25,900)	-
Dividend income	38	69,934	87,065
Net cash (used in)/ generated from investing activities		(9,971,334)	(25,107,185)
Cash flows from financing activities:			
Proceeds from borrowings	24	13,337,384	8,404,026
Repayment of borrowings	24	(2,997,493)	(9,417,507)
Dividends paid		(14,667,951)	(8,800,770)
Repayment of principal portion of lease liabilities	20(ii)	(1,727,504)	(1,316,581)
Net cash generated from/ (used in) financing activities		(6,055,564)	(11,130,832)
Net movement in cash and cash equivalents		9,910,854	*25,962,774
Cash and cash equivalents at the beginning of the year		78,090,326	*50,397,290
Effects of changes in foreign exchange rates		305,793	1,730,262
Cash and cash equivalents at 31 December	44	88,306,973	*78,090,326

The notes set out on pages 159 to 288 form an integral part of these financial statements.

*Prior year numbers have been restated, refer to note 49

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE INFORMATION

The Co-operative Bank of Kenya Limited is a financial institution incorporated in Kenya under the Companies Act, 2015 as a public limited liability company, licensed under the Kenyan Banking Act (Chapter 488) and domiciled in Kenya. The consolidated financial statements comprise the Bank and its subsidiaries, together referred to as the "Group". The Group is primarily involved in corporate and retail banking, investment and asset management services in various parts of Kenya and Juba, South Sudan. The address of its registered office is as disclosed on page 129. The Bank's equities are listed on the Nairobi Securities Exchange (NSE).

The consolidated and separate financial statements for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the Directors on 18 March 2026.

Information on subsidiaries has been disclosed in Note 15 of the financial statements.

2. MATERIAL ACCOUNTING POLICIES

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

a. Basis of preparation

The consolidated and separate financial statements are prepared on the historical cost basis, except for:

- derivative financial instruments
- other financial assets and liabilities held for trading
- financial assets and liabilities designated at fair value through profit or loss (FVPL)
- debt and equity instruments at fair value through other comprehensive income (FVOCI) all of which have been measured at fair value.

The consolidated and separate financial statements are presented in Kenya Shillings (KShs) and all values are rounded to the nearest thousands, except when otherwise indicated. The Group has prepared its consolidated financial statement on the basis that it will continue to operate as a going concern.

b. Statement of compliance

The consolidated and separate financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and in the manner required by the Kenyan Companies Act, 2015.

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

The Group's consolidated and separate financial statements, except for cashflow statement, have been prepared using the accrual basis of accounting.

The preparation of consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Group's accounting policies. The Directors believe that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly.

c. Basis of consolidation

The consolidated and separate financial statements of the Group comprise the financial statements of the Bank and its subsidiaries and associates as at 31 December 2025. Control is achieved by the Group over an investee if and only if the Group has: -

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee), and
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

c. Basis of consolidation (continued)

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Statement of profit or loss and statement of other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

d. Changes in accounting policies and disclosures

(i) New standards, amendments and interpretations effective and adopted during the year

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments became effective during the period:

New standards or amendments	Effective for annual period beginning on or after
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Changes in accounting policies and disclosures

(i) New standards, amendments and interpretations effective and adopted during the year (continued)

Lack of exchangeability – Amendments to IAS 21

The amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendment is effective for annual reporting periods beginning on or after 1 January 2025 with early adoption permitted. The Group has assessed the impact of requirements relating to Lack of exchangeability – Amendments to IAS 21. As the Group does not operate in any jurisdiction currently affected by restrictions on currency exchangeability, the amendments do not have a material impact on the Group's financial statements. The Group will continue monitoring developments in relevant jurisdictions and update its disclosures should circumstances change.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Changes in accounting policies and disclosures

(ii) New standards, amendments and interpretations in issue but not yet effective for the year ended

31 December 2025

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements. These are summarised below;

New standards or amendments	Effective date
Sale or Contribution of Assets between an Investor and its Associate or Company (Amendments to IFRS 10 and IAS 28)	To be determined
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026

Sale or Contribution of Assets between an Investor and its Associate or Company (Amendments to IFRS 10 and IAS 28)

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. The directors of the Group anticipate that the application of these amendments may have an impact on the Group's financial statements in future periods should such transactions arise.

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

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the sole payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments in (b) are most relevant to financial institutions, but the amendments in (a), (c) and (d) are relevant to all entities. The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted subject to any endorsement process.

The Group is currently assessing the impact of these amendments on the financial statements.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Changes in accounting policies and disclosures

(ii) New standards, amendments and interpretations in issue but not yet effective for the year ended

31 December 2025 (continued)

IFRS 18 – Presentation and Disclosure in Financial Statements

This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general

The Group is assessing the expected impact on the financial statements as well as the relevant adoption strategies in case of significant impact.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards

The Group is assessing the expected impact on the financial statements as well as the relevant adoption strategies in case of significant impact.

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

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendments include:

Clarifying the application of the 'own-use' requirements. Under the amendments, the sale of unused nature-dependent electricity will be in accordance with an entity's expected purchase or usage requirements, if specified criteria are met.

Permitting hedge accounting if these contracts are used as hedging instruments. The amendments will allow an entity to designate a variable nominal volume of forecast electricity transactions as a hedged item, if specified criteria are met.

Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. IFRS 7 has been amended to require specific disclosures relating to contracts that have been excluded from the scope of IFRS 9 as a result of the amendments.

The amendments are not expected to have a material impact on the Group's financial statements.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Changes in accounting policies and disclosures

(ii) New standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2025 (continued)

Annual Improvements - volume 11

The following improvements were finalised in July 2024 effective 1 January 2026:

Standards	Amendments
IFRS 1 First-time Adoption of International Financial Reporting Standards	<p>Hedge Accounting by a First-time Adopter</p> <p>Paragraphs B5 and B6 of IFRS 1 have been amended to include cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9. These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.</p>
IFRS 7 Financial Instruments: Disclosures	<p>Gain or Loss on Derecognition</p> <p>The amendments update the language on unobservable inputs in paragraph B38 of IFRS 7 and include a cross reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement.</p>
Guidance on implementing IFRS 7 Financial Instruments: Disclosures	<p>Paragraph IG14 of the Guidance on implementing IFRS 7 has been amended mainly to make the wording consistent with the requirements in paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13.</p>
IFRS 9 Financial Instruments	<p>Lessee Derecognition of Lease Liabilities</p> <p>Paragraph 2.1 of IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss.</p> <p>Transaction Price</p> <p>Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to 'transaction price as defined by IFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying IFRS 15'.</p>
IFRS 10 Consolidated Financial Statements	<p>Determination of a 'De Facto Agent'</p> <p>Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in paragraph B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor. The amendments are intended to remove the inconsistency with the requirement in paragraph B73 for an entity to use judgement to determine whether other parties are acting as de facto agents.</p>
IAS 7 Statement of Cash Flows	<p>Cost Method</p> <p>- Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.</p>

The adoption of these amendments are not expected to have a material impact on the Group's financial statements.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

e. Recognition of interest income

i. The effective interest rate method

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortised cost and at fair value through OCI and financial liabilities at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The entity recalculates the gross carrying amount of the financial asset as the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate or, when applicable, the revised effective interest rate calculated.

ii. Interest and similar income/expense

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information.

In its Interest income/expense calculated using the effective interest method, the Group only includes interest on those financial instruments that are set out in Note (e)(i) above. Interest income/expense on all trading financial assets/liabilities is recognised as a part of the fair value change in Net trading income.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

iii. Presentation of interest income

Interest revenue calculated using the effective interest rate (EIR) method is presented separately on the face of the Statement of profit or loss, where it is differentiated and presented separately from interest revenue calculated using other methods.

The Group has also elected to present its interest expense in a manner consistent and symmetrical with interest income. Therefore, it separates interest expense on liabilities measured at amortised cost from other interest expense. The Group's accounting policies in respect of interest income/expense and the effective interest method are set out in note 2(e) (i) and (ii) above.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

f. Fee and commission income

The Group and the Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income are recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

In accordance with IFRS 15 Revenue from Contracts with Customers, the performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. Fees and commissions earned on the execution of a performance obligation are recognised when the performance obligation act has been met. The Group's and Bank's revenue contracts do not typically include multiple performance obligations.

When the Group and the Bank provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Group and the Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Fee and commission income from services where performance obligations are satisfied over time

Performance obligations satisfied over time include fund management, custody and share registration fees, where the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

The Group's and Bank's fee and commission income from services where performance obligations are satisfied over time include the following:

Fund management fees: These fees are earned for the provision of fund management services, which include portfolio diversification and rebalancing. These services represent a single performance obligation comprised of a series of distinct services which are substantially the same, being provided continuously over the contract period. Management fees are invoiced monthly and determined based on a fixed percentage of the net asset value of the funds under management at the end of the month. Revenue from management fees is therefore generally recognised at the end of each month.

Custody fees: The Group and the Bank earns a fee for providing its customers with custody services, which include the safekeeping of purchased securities and processing of any dividend income and interest payments. Custody fees are invoiced monthly based on a fixed percentage of the value of the funds under custody at the end of the month. These services represent a single performance obligation comprised of a series of distinct daily services that are substantially the same and have the same pattern of transfer over the contract period. Revenue from custody services is therefore generally recognised at the end of each month.

Share registration fees: The Group and the Bank earns fees from maintenance of clients' share registers and processing of dividend pay-outs. Share registration fees are invoiced quarterly based on a fixed amount. These services represent a single performance obligation comprised of a series of distinct daily services that are substantially the same and have the same pattern of transfer over the contract period. Revenue from share registration services is therefore generally recognised at the end of each quarter.

Interchange fees: The Bank provides its customers with credit card processing services (i.e., authorisation and settlement of transactions executed with the Bank's credit cards) where it is entitled to an interchange fee for each transaction (i.e., when a credit cardholder purchases goods and services from merchants using the Bank's credit card). These services represent a single performance obligation comprised of a series of distinct daily services that are substantially the same and have the same pattern of transfer over the contract period. The fees vary based on the number of transactions processed and are structured as either a fixed rate per transaction processed or at a fixed percentage of the underlying cardholder transaction. The variable interchange fees are allocated to each distinct day, based on the number and value of transactions processed that day, and the allocated revenue is recognised as the entity performs.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

f. Fee and commission income(continued)

Fee and commission income from services where performance obligations are satisfied at a point in time

Services provided where the Group's performance obligations are satisfied at a point in time are recognised once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. These include fees and commissions arising from brokerage, banc assurance, consultancy and training services.

The Group typically has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

Brokerage fees: The Group buys and sells securities on behalf of its customers and receives a fixed commission for each transaction. The Group's performance obligation is to execute the trade on behalf of the customer and revenue is recognised once each trade has been executed (i.e., on the trade date). Payment of the commission is typically due on the trade date.

Bancassurance fees: These fees are received for issuance of insurance covers on behalf of the appointed insurance company. The Group's performance obligation is to issue insurance cover notes and remit the premiums collected every month. The Group recognises revenue as per the fixed rates of commission per premium per insurance class.

Consultancy fees: These fees arise from provision of advisory services and Front Office Services Activities (FOSA). The Group's performance obligation is to conduct the assignment and issue a report. The Group recognises revenue after the report has been issued as per the fees agreed in the consultancy agreements.

Training fees: These fees arise from training services rendered to Savings and Credit Co-operative Societies. The Group's performance obligation is to complete the training of the courses specified in the training invites in the period specified. Payment for the training is typically due at the end of the training. The Group recognises revenue after the training has been attended as per the fees indicated in the training invites.

g. Net trading income

Net trading income includes all gains and losses from changes in fair value and the related interest income or expense and dividends, for financial assets and financial liabilities held for trading and foreign exchange differences arising from foreign currency transactions.

h. Property, equipment and right-of-use assets

Recognition and measurement

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Any revaluation surplus is recognised as other comprehensive income in the revaluation reserve (a separate component of equity), except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve. Revaluation surpluses are not distributable. Land and buildings are revalued after every 3 years by approved external valuers.

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 disposed is transferred to retained earnings.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

h. Property, equipment and right-of-use assets

Recognition and measurement (continued)

Other categories of property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes costs incurred to acquire the asset, costs incurred to bring the asset to working condition for its intended use and the cost of replacing part of an item of property and equipment when that cost is incurred, if the recognition criteria are met. Additions and improvements that result in future benefits are capitalised. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs incurred to keep assets in normal operating condition are recognised in profit or loss as incurred. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

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

Depreciation

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

Buildings	40 years	2.5%
Fixtures	8 years	12.5%
Furniture and equipment	5 years	20.0%
Motor vehicles	5 years	20.0%
Office machinery	5 years	20.0%
Computers	5 years	20.0%

Leasehold land is depreciated over the remaining period of the lease. Buildings on leasehold land are depreciated over the remaining period of the lease subject to a maximum of forty years.

The asset's residual values, useful lives and methods of depreciation are reviewed, at each financial year end and prospectively adjusted as a change in estimate, if appropriate.

i. Business combinations and goodwill

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

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. This includes the separation of embedded derivatives in host contracts by the acquiree.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i. Business combinations and goodwill (continued)

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.

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

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

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

j. Intangible assets

The Group's other intangible assets comprise the value of computer software licenses and separately identifiable intangible items acquired in business combinations.

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

See categorisation below of the Group's intangible assets useful lives:

- Computer software licenses – Finite useful lives (5 years)
- NSE trading right – Indefinite useful lives

(1) Computer software licences

Acquired computer software licences 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. Software has a maximum expected useful life of 5 years.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

j. Intangible assets (continued)

(2) Other intangible assets

Other intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use. Other intangible assets consist of the NSE trading right and Business rights. The Business rights relate to the costs incurred in negotiating of the business arrangement with the Government of South Sudan. Under the agreement, the Group acquired certain rights that are identifiable e.g., business relationships with the government and co-operative movement.

NSE trading right, which gave participants the right to trade at Nairobi Securities Exchange (NSE) was initially measured at cost and classified as an intangible asset with an indefinite useful life. After initial recognition, the seat was carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated impairment losses. The revaluation was non-recurring due to non-volatility of the fair values of the NSE seat.

Effective September 2014 and upon demutualization of Nairobi Securities Exchange (NSE), the NSE Seat was replaced with a trading right which gives participants a right to trade at NSE. The trading right serves the same function as the Seat. The trading right was attached a value of KShs 25 million by NSE Board, which has been taken as its fair value. After the demutualisation the shares were replaced by a right to trade.

The trading right is carried as an intangible asset with an indefinite useful life at the value of KShs 25 million, less any subsequent accumulated impairment losses. The right is not subject to annual renewal and can be transferred to another party. Management tests the trading right for impairment by comparing its recoverable amount with its carrying amount annually and whenever there is an indication that the right may be impaired. The Group bases its impairment calculation on market information and the value of the right when a transaction between two parties takes place.

The value is based on available data from binding sales transactions, conducted at arm's length. In determining the fair value, recent market transactions are taken into account. Any impairment losses are accounted for through profit or loss. Refer to note 2(s) on impairment of non-financial assets.

Other intangible assets are stated at cost less amortisation and provisions for impairment, if any, plus reversals of impairment, if any. They are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

k. Investments in associates

An associate is an entity over which the Group and the Bank has significant influence. 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 Group and the Bank's investments in its associates are accounted for using the equity method and at cost in the separate financial statements.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of an associate is shown on the face of the consolidated Statement of profit or loss. This is the profit attributable to equity holders of the associate and therefore is the entity's proportionate share of the associate's profit after tax.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

k. Investments in associates (continued)

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the consolidated Statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

l. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 20 and are subject to impairment in line with the Bank's policy as described in Note 2 (s) Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in other payables (note 27) and a further detailed disclosure under note 20 (ii).

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

l. Leases (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as Lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

m. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

m. Financial assets (continued)

Subsequent measurement

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

- Debt Instruments at amortised costs
- Debt Instruments at Fair Value through OCI
- Derivatives at fair value through profit or loss
- Equity Instruments at Fair Value through OCI

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes loans and advances to customers, due from banks financial investments at amortised cost, Cash and balances with Central Bank and other assets.

The details of these conditions are outlined below.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of financial instruments to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

m. Financial assets (continued)

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
- And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The ECL calculation for Debt instruments at FVOCI is explained in Note 9.

The Group's debt instruments at fair value through OCI includes investments in treasury bonds and corporate bonds included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. These equity instruments are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

Derivative financial instruments

At their inception, derivatives often involve only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Group. Over-the-counter derivatives may expose the Group to the risks associated with the absence of an exchange market on which to close out an open position. The Group's exposure under derivative contracts is closely monitored as part of the overall management of its market risk.

Changes in fair value of any derivative instruments are recognised immediately in the profit or loss. Derivative financial instruments are initially recognised at fair value. Subsequent to initial recognition, derivative financial instruments are measured at fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become assets or liabilities as a result of fluctuations in foreign exchange rates relative to their terms.

The Group uses the following derivative instruments:

Currency Forwards

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

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

m. Financial assets (continued)

Derivative financial instruments (continued)

Swaps

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

Off-balance sheet financial instruments

Financial guarantee, letter of credit and undrawn loan commitment

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. These are written by the Group to support performance by a customer to third parties. The Group will only be required to meet these obligations in the event the customer defaults. Financial guarantee contracts are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and an ECL allowance.

i. Overview of the Expected Credit Loss (ECL) principles

The Group records the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments and other financial assets held at FVPL are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in Note m (ii). The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 3(a).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 3(a).

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognized, the Group recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired (as outlined in Note 3(a)). The Group records an allowance for the LTECLs.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

ii. The calculation of ECLs

The Group calculates ECLs based on four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

- *Probability of Default (PD):* The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The concept of PDs is further explained in Note 3(a).

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

m. Financial assets (continued)

ii. The calculation of ECLs

- *Exposure at Default (EAD):* The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 3(a).
- *Loss Given Default (LGD):* The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3(a).

When estimating the ECLs, the Group considers three scenarios (a base case, an upside, and a downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset. With the exception of credit cards and other revolving facilities, for which the treatment is separately set out below, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value. Provisions for ECLs for undrawn loan commitments are assessed as set out below. The calculation of ECLs (including the ECLs related to the undrawn element) of revolving facilities such as credit cards is explained below.

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired (as defined in Note 3(a)), the Group recognises the lifetime expected credit losses for these loans, with the PD set at 100%.

Loan commitments and letters of credit

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised in other liabilities. The mechanics of ECL for loan commitments and letters of credit are same as above.

Financial guarantee contracts

The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the Statement of Profit and loss, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

m. Financial assets (continued)

iii. Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

iv. Credit cards and other revolving facilities (Overdraft)

The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities with one day's notice. The Group does not limit its exposure to credit losses to the contractual notice period, but instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and the Group's expectations, the period over which the Group calculates ECLs for these products, is five years for corporate and seven years for retail products.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, but greater emphasis is also given to qualitative factors such as changes in usage.

The interest rate used to discount the ECLs for credit cards is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities. This estimation takes into account that many facilities are repaid in full each month and are consequently charged no interest.

The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made, as explained in Note 3(a) on a collective basis. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

v. Forward looking information

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as:

- Inflation Rate "Inflation"
- Exchange rate
- Economic Growth rate
- Central bank lending rate
- Unemployment rate

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 4(a).

vi. Forborne and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

m. Financial assets (continued)

vii. Forborne and modified loans

When the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk, as set out in Note 3 (a). The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 6-month probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities have to be considered performing
- The probation period of 6 months has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period
- The customer does not have any contracts that are more than 30 days past due

If modifications are substantial, the loan is derecognised as disclosed in note 2 (n) below.

n. Derecognition of financial assets

Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCL. When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded. For financial liabilities, the Group considers a modification 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. For financial assets, this assessment is based on qualitative factors.

Derecognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipient.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

n. Derecognition of financial assets (continued)

Derecognition other than for substantial modification (continued)

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

o. Reclassification of financial assets and liabilities

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

p. Repossessed property

In certain circumstances, property is repossessed following the foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount of the secured asset and fair value less costs to sell and reported within 'Non-current assets held for sale'. The bank did not have repossessed assets in the current year (2024: nil).

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. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

q. Financial liabilities

Initial recognition and measurement

The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings or payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

q. Financial liabilities(continued)

Financial liabilities at fair value through profit or loss (continued)

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The Group has classified derivative assets and derivative liabilities at fair value through profit or loss to account for the gain/loss between the contract and market value of the derivatives.

Financial liabilities at amortised cost

i. Customer deposits

Customer deposits include call, fixed, current account and savings deposits. The fair value of savings, deposits and current accounts with no specific maturity is assumed to be the amount payable on demand at end of the reporting period, i.e. their carrying amounts at this date. The fair values of term deposits are estimated using discounted cash flow calculations based upon interest rates currently being offered for similar contracts with maturities consistent with those being valued. The carrying amounts of variable-rate deposits approximate their fair values at the reporting date.

ii. Deposits from/ to other banks

Deposits from other banks include inter-bank placements, items in the course of collection and deposits. The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity.

iii. Other borrowed funds

Borrowings are financial liabilities and measured initially at fair value and subsequently at amortised cost using the effective interest rate method.

Derecognition

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

r. Provisions

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

s. Offsetting

Financial assets and liabilities are offset, and the net amount reported in the consolidated and separate statement of financial position if the amount is not material, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has no offset arrangements.

t. Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or 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 groups of assets. When 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.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

t. Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

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

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

u. Foreign currency

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Kenya shillings, which is the group's presentation currency.

ii. Transactions

Transactions in foreign currencies are translated at the rates ruling on the transaction dates. Monetary balances in foreign currencies are translated at the Central Bank of Kenya rates ruling at the reporting date. Any resulting gains or losses on exchange are dealt with in profit or loss in the period in which they arise. Non-monetary items carried at cost are translated using the exchange rate at the date of the initial transactions, whilst assets carried at fair value are translated at the exchange rate when the fair value was determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

iii. Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy as at 31 December 2025) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities of foreign subsidiaries are translated into Kenya Shillings at the rate of exchange ruling at the reporting date;
- (ii) income and expenses for each statement of comprehensive income are translated at the weighted average exchange rates for the period; and

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

u. Foreign currency (continued)

iii. Group companies (continued)

- iii) exchange differences are recognised in other comprehensive income and accumulated in equity in the translation reserve. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

Hyper-inflationary economy

With effect from 2016, the South Sudanese economy is considered to be hyperinflationary in accordance with criteria in International Accounting Standards (IAS) 29-Financial Reporting in Hyperinflationary Economies.

On consolidation, the statements of profit or loss and financial position of foreign operations whose functional currency is the currency of a hyperinflationary economy are translated into the group's functional currency at the closing rate at the reporting date. The exchange differences arising on translation for consolidation are recognised in equity reserves through other comprehensive income .

Where the functional currency is changed to a currency that is not under hyperinflationary economy, the exchange difference arising on translation is recognised through translation reserve. Judgment has been used in the various assumptions used such as the consumer price indices for the various years due to limitation of data available. The financials were restated from 2016 to 2024 excluding 2023 using consumer price index (CPI) figures derived from South Sudan Consumer Price Index (CPI) compiled by the National Bureau of Statistics, South Sudan. Refer to Note 33(d).

v. Employee benefits

The Group operates a defined contribution retirement scheme for its employees. The assets of the scheme are held in a separate trustee administered fund which is funded by contributions from both the Group and employees. The Group's contributions to the scheme are charged to profit or loss in the year to which they relate. The Group also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). However, following the enactment of the NSSF Act 2013, starting February 2023 the contributions to NSSF are at 12% of the employee pensionable earnings i.e. 6% employee and 6% employer. Further, the 12% contribution is categorized as follows:

- i) Tier I Contributions – 12% of the employee pensionable earnings (6% employee and 6% employer) up to the Lower Earnings Limit (LEL).
- ii) Tier II Contributions – 12% of employee pensionable earnings (6% employee and 6% employer) between the Lower Earnings Limit (LEL) and the Upper Earnings Limit (UEL).

Short-term benefits consist of salaries, bonuses and any non-monetary benefits such as medical aid contributions and free services (i.e. free medical check-ups, counselling and medical complementary follow-ups)

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the reporting date.

w. Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of reporting period. Current tax relating to items recognised outside profit or loss is recognised outside profit or loss. Current tax items are recognised in correlation to the underlying transaction either in profit or loss, other comprehensive income or directly in equity.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

w. Taxes (continued)

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- i. where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset
- ii. or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- iii. in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting period. Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in profit or loss, other comprehensive income or directly in equity.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added tax except where the value added tax incurred on a purchase of assets or services is not recoverable from the Kenya Revenue Authority (KRA), in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to tax authorities is included as part of accounts receivables or payables in the Statement of financial position.

x. Grants

Grants are recognised where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as other income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to other income in equal annual amounts over the expected useful life of the related asset.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as other income in the period in which it becomes receivable.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

y. Cash and cash equivalents

Cash and cash equivalents comprise balances with maturities of less than 91 days from the date of acquisition and include cash and balances with Central Bank of Kenya (excluding restricted balances – cash reserve ratio), items in the course of collection and deposits and balances due from banking institutions. For the purpose of the consolidated and separate statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash and cash equivalents are measured at amortised cost.

z. Dividends

Dividends on ordinary shares are charged to equity in the year in which they are declared. Proposed dividends are shown as a separate component of equity until they have been ratified at the Annual General Meeting and are subsequently recognised as a liability.

aa. Fiduciary assets

Assets and income arising thereon with related undertakings to return such assets to customers are excluded from these financial statements when the Group acts in a fiduciary capacity such as nominee or agents.

ab. 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.

The Group's fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as land and buildings. The bank's panel of Valuers is selected through a competitive bidding process. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuation is carried out every three years after which the valuation reports are evaluated for reasonability by the bank's internal valuers before adoption.

Staff Loans Fair Value

The Group fair values staff loans granted at interest rates lower than the prevailing market interest rates, in accordance with relevant accounting standards, such as IFRS (International Financial Reporting Standards). The staff loans are initially recognized at the amount advanced to the employee.

The Fair Value is calculated by discounting the future cash flows (loan repayments) at the market interest rate for a similar loan with the similar terms and conditions (e.g., a comparable loan from a financial institution to a non-employee). The difference between the fair value of the loan and the nominal amount advanced is accounted for as:

- » An Employee benefit expense under staff costs in the financial statement and
- » On the balance sheet, the staff loans are adjusted to recognise the fair value as opposed to nominal amount.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the consolidated and separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Going concern

The Group's management has made an assessment of the ability of individual entities within the group to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group entities' ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for longer-dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities. The valuation of financial instruments is described in more detail in Note 7.

Effective Interest Rate (EIR) method

The Bank's EIR method, as explained in Note 2 (e), recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to Central Bank's base rate and other fee income/expense that are integral parts of the instrument.

Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

Estimating the incremental borrowing rate

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the subsidiary's stand-alone credit rating, or to reflect the terms and conditions of the lease).

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's and the Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's and the Bank's internal credit grading model, which assigns PDs to the individual grades
- The Group's and the Bank's criteria for assessing if there has been a significant increase in credit risk and therefore allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies.

Determination of general price index

The restatement of the financial statements for Co-operative Bank of South Sudan has been calculated by means of conversion factors derived from South Sudan Consumer Price Index (CPI) compiled by the National Bureau of Statistics, South Sudan which the directors have determined to be the more reliable. Refer to the Consumer Price Index applied in note 33 (d).

Provisions and other contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation and arbitration arising in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

However, when the Group is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group does not include detailed, case-specific disclosures in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates. For further details on provisions and other contingencies see Note 50(c).

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Impact of climate risk on accounting judgments and estimates

Where appropriate, the Group considers climate-related matters in its estimates and assumptions, which may increase their inherent level of uncertainty. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. The Group and its customers are exposed to the physical risks from climate change and risks of transitioning to a net-zero economy. These risks may involve refinancing and liquidity risks for certain customers in high-risk sectors where financial institutions may seek to reduce their exposures in the future. However, the nature and location of the Group's counterparties and the underlying collateral limit the impact of this exposure. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments.

The items and considerations that are most directly impacted by climate-related matters are:

- **Expected credit losses (ECL):** Customers and portfolios with exposure to climate risk may have a resultant deterioration in creditworthiness and a consequential impact on ECL. An analysis was performed of the exposure of counterparties to these climate risks, which determined that, on the whole, counterparties are not expected to be materially impacted by physical or transition risks associated with climate change. Furthermore, the underlying collaterals for the assets are not expected to be impacted by climate risk as the assets are not in high-risk geographical areas and also have EPC ratings largely in compliance with current regulations. As a result of the factors outlined here, it was assessed that the magnitude of any impact of climate risk would not be material in the current reporting period.
- **Classification of ESG-linked (or sustainability-linked) loans and bonds:** For loans and bonds with sustainability-linked features, the Bank determines whether the instrument passes the solely payments of principal and interest test by considering whether they provide commensurate compensation for basic lending risks, such as credit risk, or whether they do not introduce compensation for risks that are inconsistent with basic lending arrangements.
- **Fair value measurement:** The Bank has assumed that any climate change variables incorporated in fair value measurement are those that market participants would consider when pricing the asset or liability, in line with IFRS 13 Fair Value Measurement. Consequently, the Bank concluded that climate risk has been adequately reflected within the fair value of its assets and liabilities. Where prices are observable, it is assumed that the fair value already incorporates market's participants view of climate risk variables. Where a proxy valuation approach has been used for unobservable prices, the selection of the proxy includes consideration of climate risk factors where appropriate.

4. FINANCIAL RISK MANAGEMENT

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk & Finance Committee, which is responsible for developing and monitoring Group risk management policies in their specified areas. All Board committees, with exception of Board Audit Committee, have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

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

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group has exposure to the following risks from its use of financial instruments:

- a. Credit risk
- b. Liquidity risk
- c. Market risks
- d. Operational risks

Below is the information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. There is no significant difference between the Group and Bank balances in assessment of the various risks facing the Group.

a. Credit risk

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

Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to its Board's Risk and Finance Committee. A separate Credit Risk Department, reporting to the Board's Risk and Finance Committee, is responsible for oversight of the Group's credit risk, including:

1. Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
2. Establishing the authorisation structure for the approval and renewal of credit facilities.
3. Reviewing and assessing credit risk.
4. Developing and maintaining the Group's risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks.
5. Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types.
6. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

Each business unit is required to implement Group credit policies and procedures, with credit approval authorities delegated from the Board's Risk and Finance Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

Climate risk considerations

Climate-related risks are potential negative impacts on the Group arising from climate change. Climate-related risks may have an impact on the principal risk categories i.e. credit, liquidity, market and operational risks, but due to their pervasive nature have been identified and managed by the Group on an overall basis. The group is still assessing effect of climate risk on credit risk, by gathering appropriate data to analyse its potential impact to credit. Refer to Note 3 for further details on the judgements made as part of this ongoing assessment.

While collateral is an important means to mitigate against credit risk, the Group's primary policy is to issue loans after establishing capacity of the customer to repay. Facilities are secured by collateral in the form of charges over cash, land and buildings, marketable securities, plant and machinery among others.

The table shows the maximum exposure to credit risk for loans and advances. All other financial assets are unsecured. The table also show the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

Management of credit risk (continued)

Group

2025	Maximum exposure to credit risk	Land & buildings deposits	Cash & other pledges	Motor vehicles	Hypothecation of stock	Debentures & guarantees	Equities & Shares	Other chattels	Total Collateral	Net exposure	Associated ECL
Loans and advances to customers	421,002,682	113,742,129	11,786,801	36,096,609	11,844	59,169,447	3,964,430	3,939,499	228,710,759	192,291,923	55,132,865
Deposits and balances due from banking institutions	60,642,124	-	-	-	-	-	-	-	-	60,642,124	64,447
Debt instruments at amortised cost	121,269,921	-	-	-	-	-	-	-	-	121,269,921	174,495
Debt instruments at fair value through other comprehensive income	124,581,881	-	-	-	-	-	-	-	-	124,581,880	3,070
Debt instruments at fair value through Profit and Loss	630,701	-	-	-	-	-	-	-	-	630,701	-
Derivative financial instruments	606,529	-	-	-	-	-	-	-	-	606,529	-
Equity instruments at fair value through other comprehensive income	577,995	-	-	-	-	-	-	-	-	577,995	-
Other assets	14,191,579	-	-	-	-	-	-	-	-	14,191,579	113,069
Balances with central bank	41,021,729	-	-	-	-	-	-	-	-	41,021,729	7,913
Credit exposures relating to off-balance sheet items	57,833,443	-	-	-	-	-	-	-	-	57,833,443	787,204
Total	842,358,584	113,742,129	11,786,801	36,096,609	11,844	59,169,447	3,964,430	3,939,499	228,710,759	613,647,825	56,283,063

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued) Management of credit risk (continued)

Group

2024	Maximum exposure to credit risk	Land & buildings deposits	Cash & other pledges	Motor vehicles	Hypothe-cation of stock	Debentures & guarantees	Equities & Shares	Other chattels	Total Collateral	Net exposure	Associated ECL
Loans and advances to customers	373,732,927	101,758,588	2,389,557	21,210,507	1,816,945	76,434,799	565,645	5,383,608	209,559,649	164,173,278	49,087,231
Deposits and balances due from banking institutions	52,162,735	-	-	-	-	-	-	-	-	52,162,735	63,329
Debt instruments at amortised cost	114,282,288	-	-	-	-	-	-	-	-	114,282,288	316,889
Debt instruments at fair value through other comprehensive income	104,780,595	-	-	-	-	-	-	-	-	104,780,595	593,198
Equity instruments at fair value through other comprehensive income	408,134	-	-	-	-	-	-	-	-	408,134	-
Other assets	15,089,517	-	-	-	-	-	-	-	-	15,089,517	96,487
Balances with central bank	34,783,864	-	-	-	-	-	-	-	-	34,783,864	9,523
*Credit exposures relating to off-balance sheet items	55,036,251	-	-	-	-	-	-	-	-	55,036,251	1,137,483
Total	749,683,113	101,758,588	2,389,557	21,210,507	1,816,945	76,434,799	565,645	5,383,608	209,559,649	540,123,464	51,304,140

*The presentation on the maximum exposure to credit risk has been revised to include Off balance sheet exposures.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued) Management of credit risk (continued)

Bank

2025	Maximum exposure to credit risk	Land & buildings deposits	Cash & other pledges	Motor vehicles	Hypothecation of stock	Debentures & guarantees	Equities & Shares	Other chattels	Total Collateral	Net exposure	Associated ECL
Loans and advances to customers	393,498,551	113,742,129	11,786,801	36,096,609	11,844	59,169,447	3,964,430	3,939,499	228,710,759	164,787,792	53,475,716
Deposits and balances due from banking institutions	52,995,540	-	-	-	-	-	-	-	-	52,995,540	18,144
Debt instruments at amortised cost	113,870,343	-	-	-	-	-	-	-	-	113,870,343	174,495
Debt instruments at fair value through other comprehensive income	110,900,202	-	-	-	-	-	-	-	-	110,900,202	3,600
Equity instruments at fair value through other comprehensive income	341,487	-	-	-	-	-	-	-	-	341,487	-
Debt instruments at fair value through Profit and Loss	630,701	-	-	-	-	-	-	-	-	630,701	-
Derivative financial instruments	606,529	-	-	-	-	-	-	-	-	606,529	-
Other assets	14,972,817	-	-	-	-	-	-	-	-	14,972,817	6,962
Balances with central bank	34,784,395	-	-	-	-	-	-	-	-	34,784,395	-
Credit exposures relating to off-balance sheet items	56,793,244	-	-	-	-	-	-	-	-	56,793,244	740,901
Total	779,393,809	113,742,129	11,786,801	36,096,609	11,844	59,169,447	3,964,430	3,939,499	228,710,759	550,683,050	54,419,818

The resultant loss allowance for balances with Central bank of Kenya is considered immaterial for disclosure in the financial statements.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

Management of credit risk (continued)

Bank

2024	Maximum exposure to credit risk	Land & buildings deposits	Cash & other pledges	Motor vehicles	Hypothecation of stock	Debentures & guarantees	Equities & Shares	Other chattels	Total Collateral	Net exposure	Associated ECL
Loans and advances to customers	356,257,992	96,773,242	1,233,262	20,303,689	1,632,345	76,217,491	509,312	5,270,158	201,939,499	154,318,493	47,431,915
Deposits and balances due from banking institutions	47,027,095	-	-	-	-	-	-	-	-	47,027,095	6,429
Debt instruments at amortised cost	106,884,614	-	-	-	-	-	-	-	-	106,884,614	857,860
Debt instruments at fair value through other comprehensive income	90,382,274	-	-	-	-	-	-	-	-	90,382,274	19,458
Equity instruments at fair value through other comprehensive income	338,263	-	-	-	-	-	-	-	-	338,263	-
Other assets	8,264,038	-	-	-	-	-	-	-	-	8,264,038	-
Balances with central bank	30,444,256	-	-	-	-	-	-	-	-	30,444,256	-
*Credit exposures relating to off-balance sheet items	54,446,811	-	-	-	-	-	-	-	-	54,446,811	1,092,186
Total	694,045,343	96,773,242	1,233,262	20,303,689	1,632,345	76,217,491	509,312	5,270,158	201,939,499	492,105,844	49,407,848

The fair value of collateral above are undiscounted to cater for time to realisation and have not considered the haircuts required by prudential guidelines. Hence the balances are higher than the gross carrying amount of loans and advances.

*The presentation on the maximum exposure to credit risk has been revised to include Off balance sheet exposures.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

Management of credit risk (continued)

i. Impairment assessment

The references below show where the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the accounting policies on note 2(m).

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Group considers treasury and interbank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

As a part of a qualitative assessment of whether a customer is in default, the Group also has an early warning system, (EWS), which considers a variety of parameters that may indicate unlikelihood of the customer to pay. EWS accounts are carefully reviewed and decisions made that result in treating customer as either stage 2 or stage 3 for ECL calculations such parameters include:

- Changes in account turnovers
- Adverse industry information
- Missed covenants and conditions especially of financial information or ratios
- Missed monthly payments
- Reduced monthly payments
- The borrower requesting emergency funding from the Group
- Bouncing cheques
- A material decrease in the borrower's turnover or the loss of a major customer
- Suspension of the debtor at the primary exchange because of rumours or facts about financial difficulties
- The borrower having past due liabilities to public creditors or employees.
- Increase of frequency of overdraft.
- Several requests on restructure.
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- The debtor filing for bankruptcy application/protection
- Employee retrenchment
- Diversion of funds

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

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

The Group's internal rating and PD estimation process

The Group's credit assessment and appraisal process not only aims at determining the risk profile of a borrower for purposes of making a credit lending decision, but also at determining an optimal credit risk-based pricing. The aggregated credit facilities at portfolio level based on predicted default levels, and expected loss levels, and actual loan performance are used in calculation of regulatory capital, economic capital and loan provision requirements.

The key factors used in the assessment are as follows:

i. Probability of Default (PD):

It is the likelihood of a customer defaulting on a credit facility at a certain point in time, calculated from statistical migration matrices that model the chance of an exposure transitioning to default over time.

ii. Exposure at Default (EAD):

It is an estimate of the value the Bank is exposed at the event of default during the outcome period.

iii. Loss Given Default (LGD):

It is an estimate of the residual loss after any cures, recoveries or any remediation actions in the event of a default.

Internally developed models are used to assess the risks at origination and appraisal stage, with risk ratings assigned to each credit facility. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilize supplemental external information that could affect the borrower's behaviour. The customer's risk profile is determined by customer's internal credit rating which ranges from Grade AAA – Grade F, where AAA is the lowest risk profile and F is the highest risk profile, banded as per the risk levels below:

RATING	Risk Level
AAA	Low Risk
AA	
A	
BBB	Medium Risk
BB	
B	
CC	
C	
DD	High Risk
D	
E	
F	

The internal credit rating is then blended with external data where available such as the credit scores obtained from the Credit Reference Bureaus, especially for individuals. The internal risk ratings also incorporate and are also extrapolated with external credit risk ratings such as Moodys and S&Ps for the corporate portfolios where available and/or possible.

These various models are validated when they are developed and on an annual basis. They are then approved by the Credit Board of Management, and the Board of Credit Committee as embedded in the Credit Policy.

The risk ratings are thereafter used in various statistical, cashflow and expert models to compute the key factors of Probability of Default, Loss Given Default and Exposure at Default. PDs are adjusted for IFRS 9 ECL calculations to incorporate historically collected loss behaviour data and forward-looking information for appropriate IFRS 9 Stage classification of the exposure. The resultant default rates are tested for accuracy and reasonability by comparing them to one-year default rates and overall default rates. The default rates using these key factors of Probability of Default, Loss Given Default and Exposure at Default are used to derive the Expected Credit Losses of a portfolio, differentiated at the various risk levels.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

i. Treasury, trading and interbank relationships

The Group's treasury, trading and interbank relationships and counterparties comprise financial services institutions, banks, investment banks and stockbrokers. For these relationships, the Group's credit department analyses available information such as financial information and other external data, e.g., the rating of credit reference bureaus, ratings by moody or other credible agencies and assigns the internal rating, as shown in the table below.

ii. Corporate and Co-operatives, small and medium business lending

For above segments of customers, the borrowers are assessed by specialised credit risk analysis employees of the Group. The credit risk assessment is based on a mix of expert assessment and credit scoring model that takes into account various historical, current and forward-looking information such as:

- Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in covenants with the clients and are, therefore, measured with greater attention.
- Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports or press releases and articles.
- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.

The complexity and granularity of the rating techniques varies based on the exposure of the Group and the Bank and the complexity and size of the customer. Some of the less complex small business loans are rated on basis of behaviours opposed to using an application score and are being migrated to digital channels for more efficient management.

iii. Consumer lending and other retail advances

Consumer lending comprises unsecured personal loans, credit cards, salary advances, asset finance and mortgages. These products are assessed on basis of product probability of default history and are driven for ECL by an automated tool primarily driven by days past due. Other key inputs into the models are:

- Consumer lending products: use of limits and volatility thereof, GDP growth, unemployment rates, changes in personal income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing
- Retail mortgages: GDP growth, unemployment rates, changes in personal income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing.

iv. The Group's and the Bank's internal credit rating grades

Grade	Internal Grading	IFRS 9 Staging	Days past due
1	Normal	Stage 1	0 - 30 days
2	Watch	Stage 2	30 - 90
3	Substandard	Stage 3	91- 180
4	Doubtful		181 - 365
5	Loss		Over 365

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments.

To calculate the EAD for a Stage 1 loan, the Group and the Bank assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2 and Stage 3, the exposure at default is considered for events over the lifetime of the instruments.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

Exposure at default (continued)

The Group and the Bank determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding to the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Group's and the Bank's models.

Loss given default

For corporate financial instruments, LGD values are assessed at the end of every month, reviewed and approved by the Bank's specialized risk department. The risk assessment is based on a standardized LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realized from any collateral held.

For Corporate, Co-operatives, Small and Medium lending as well as Asset finance and mortgages, the value of securities and expected future cash flows as well as recovery histories are taken into consideration in arriving at specific loss given default to apply to the ECL calculations.

The Group and the Bank segments its retail lending products like unsecured loans, credit cards, mobile loans into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data.

Under IFRS 9, LGD rates are estimated for the stage 1, stage 2 and stage 3 IFRS 9 segment of each asset class. The inputs for these LGD rates are estimated and where possible, calibrated through back testing against recent recoveries.

The Group and the Bank estimates regulatory and IFRS 9 LGDs on a different basis. Under IFRS 9, LGD rates are estimated for the Stage 1, Stage 2 and Stage 3 IFRS 9 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

Significant increase in credit risk

The Group and the Bank continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group and the Bank assesses whether there has been a significant increase in credit risk since initial recognition. The Group and the Bank considers an exposure to have significantly increased in credit risk when the IFRS 9 lifetime PD has doubled since initial recognition and has increased by more than 20 bps a year.

Grouping financial assets measured on a collective basis

When estimating ECLs on a collective basis for a group of similar assets, the Group and the Bank applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

The Bank and Group did not make any changes to its portfolio classification arising from the pandemic. The grouping of portfolios is detailed below.

The Group and the Bank consolidates these exposures into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans, as described below:

- Repayment Type
- Repayment Frequency
- Contract Start Date
- Date of First Repayment
- Expiry date
- Product Type
- Effective Interest Rate
- Days Past Due Band

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

Analysis of inputs to the ECL model under multiple economic scenarios

The macroeconomic factor forecasts – for the three scenarios, base (best estimate), Upside (optimistic) and downside (downturn) – are used to create forecasted values for each of the principal components. The best estimate i.e. base case scenario is the most-likely outcome and consists of information used by the Group for strategic planning and budgeting. These factors are first differenced and lagged, where applicable, and then standardised. Thereafter, the principal components are derived through vector multiplication of the principal components, using the weights for each factor. Lastly, for each scenario, the forecasted index is constructed using the weights. The Group considers several factors in developing macroeconomic scenarios, including economic growth or contraction, expected inflation based on consumer price indices, unemployment rates, exchange rate fluctuations and key monetary responses initiated by central banks e.g. adjustments of lending rate.

Data on inflation interest rates etc is obtained from Central Bank of Kenya website and Kenya Bureau of Statistics to come up with the various scenarios that is used to overlay the ECLs.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

Macroeconomic Overlays

2025

	Upside	Base	Downside
Year 1	1.0073	1.0092	1.0123
Year 2	1.0101	1.0138	1.0201
Year 3	1.0139	1.0186	1.0298
Year 4	1.0174	1.0230	1.0391
Year 5	1.0209	1.0275	1.0488

From our base case, Kenya's economy is expected to grow by around 5% to 5.5% through the forecast horizon, supported by steady performance in services and agriculture and a gradual recovery in industry and construction. Inflation is projected to remain within the Central Bank of Kenya's target range of 3–5%, allowing for a modestly accommodative monetary stance with inflation easing to around 4.3% in early 2026. The Central bank lending rate has already been reduced to 8.75%, and we expect it to gradually decline to 8% by end of 2026 as the easing cycle matures. The Kenyan shilling is expected to remain broadly stable but on a path of gradual depreciation over the medium term, reflecting external financing needs and global currency dynamics.

The Upside scenario features stronger economic activity in the near term, before converging to long-run trend expectations. It also incorporates a faster fall in the rate of inflation than in the Base scenario.

On the mild downside scenario, no abrupt economic change is expected, though economic growth is about 0.7-1.0% lower over the forecast period. The above also supports the scenario weightings assigned with the Baseline assigned 60% as most the probable market outcome.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

Significant increase in credit risk (continued)

2024

	Upside	Base	Downside
Year 1	1.0472	1.0493	1.0524
Year 2	1.0455	1.0497	1.0560
Year 3	1.0447	1.0499	1.0614
Year 4	1.0448	1.0500	1.0668
Year 5	1.0483	1.0547	1.0768

From our base case, an economic growth of approximately 5% is expected over the forecast period. A manageable inflation is predicted to rise to around 5% to 5.5% in 2025 and is likely to see the Central Bank of Kenya reduce lending rate rate to 9% in the coming year. The downside scenario reflects expectations for slowed growth and higher inflation and unemployment in the forecasted period. The Upside scenario features stronger economic activity in the near term, before converging to long-run trend expectations.

Probability weightings

The Group considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Group does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. Probability weighting of each scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario.

	2025	2024
Base case	60%	40%
Upside	20%	20%
Downside	20%	40%

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

Sensitivity of ECL to future economic conditions

The ECL are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. The Group incorporates forward-looking macroeconomic information into its expected credit loss ("ECL") models through the use of multiple economic scenarios. Each scenario is assigned a probability weighting reflecting management's assessment of its likelihood. The baseline scenario represents management's central expectation of future economic conditions and therefore carries the highest probability weighting. The upside and downside scenarios represent moderately favourable and adverse economic conditions and are assigned lower probability weightings, reflecting that such outcomes are less likely but remain reasonably possible. Management performs a sensitivity analysis on the ECL recognised on material classes of its assets.

The table below shows the loss allowance on loans and advances to corporate and retail customers assuming each forward-looking scenario (e.g. central, upside and downside) were weighted 100 percent instead of applying scenario probability weights across the three scenarios. For ease of comparison, the table also includes the probability-weighted amounts that are reflected in the financial statements. The amounts are inclusive of post-model adjustments, as appropriate to each scenario.

Table (in KES 'Millions')

As at 31 December		2025				2024			
Category	Segment	Upside	Central	Downside	Probability-weighted	Upside	Central	Downside	Probability-weighted
Gross exposure	Corporate	156,232	156,530	157,012	155,098	202,071	202,476	203,083	192,963
	Retail	329,768	330,396	331,414	327,374	247,317	247,813	248,556	236,169
	Total	486,000	486,926	488,426	482,472	449,388	450,289	451,639	429,132
Loss allowance	Corporate	23,325	23,370	23,442	23,156	21,487	21,530	21,595	20,518
	Retail	32,301	32,418	32,620	31,977	29,917	29,977	30,067	28,569
	Total	55,626	55,788	56,062	55,133	51,404	51,507	51,662	49,087
Proportion of Assets in stage 2	Corporate	2%	2%	2%	2%	4%	4%	4%	4%
	Retail	5%	5%	5%	5%	5%	5%	5%	5%

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

Credit quality analysis

An analysis of the Group's credit risk exposure per class of financial asset and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following table. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, are analysed under a separate category under Note 49.

Loans and advances to customers at amortised cost

Group	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Gross carrying amount as at 1 January 2025	318,611,032	39,520,675	71,000,234	-	429,131,941
New financial assets originated or purchased	170,786,705	18,098,632	3,436,003	-	192,321,340
Financial assets that have been derecognised (excluding write-off)	(86,928,849)	(15,191,080)	(6,344,890)	-	(108,464,819)
Transfer to Stage 1	15,013,599	(14,331,446)	(682,153)	-	-
Transfer to Stage 2	(3,871,264)	7,149,457	(3,278,193)	-	-
Transfer to Stage 3	(6,676,091)	(1,994,528)	8,670,619	-	-
Write offs	-	-	(2,480,918)	-	(2,480,918)
Other changes	(31,008,643)	(1,370,345)	4,343,057	-	(28,035,931)
Staff loan amortisation	(6,336,066)	-	-	-	(6,336,066)
Gross carrying amount as at 31 December 2025	369,590,423	31,881,365	74,663,759	-	476,135,547
Impairment allowance as at 1 January 2025	4,031,373	11,596,282	33,429,504	-	49,057,159
ECL on new exposures originated or purchased*	4,511,547	2,642,837	1,288,357	-	8,442,741
Financial assets that have been derecognised (excluding write-off)	(1,403,838)	(4,688,232)	(2,559,895)	-	(8,651,965)
Transfer to Stage 1	3,769,814	(3,428,739)	(341,075)	-	-
Transfer to Stage 2	(33,288)	1,110,962	(1,077,674)	-	-
Transfer to Stage 3	(64,714)	(851,077)	915,791	-	-
Write offs	-	-	(2,480,918)	-	(2,480,918)
Other changes	(4,736,035)	(501,607)	14,003,490	-	8,765,848
Impairment allowance as at 31 December 2025	6,074,859	5,880,426	43,177,580	-	55,132,865
Net carrying Amount as at 31 December 2025	363,515,564	26,000,939	31,486,179	-	421,002,682

* The ECL recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the row 'ECL on new exposures originated or purchased' raised based on the exposures ECL stage as at the end of the reporting period.

* *Other changes mainly relates to foreign exchange differences and impact of ECL transfers .

The contractual amount outstanding on financial assets that were written off during the year ended 31 December 2025 and that are still subject to enforcement activity is KShs 2.5 billion (2024: KShs 2.3 billion).

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

Credit quality analysis (continued)

Loans and advances to customers at amortised cost

Group (continued)	Stage 1	Stage 2	Stage 3	***POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Gross carrying amount as at 1 January 2024	308,623,637	48,644,582	66,105,185	-	423,373,404
New financial assets originated or purchased	84,241,434	16,093,981	4,492,854	-	104,828,269
Financial assets that have been derecognised (excluding write-off)	(67,704,322)	(19,665,351)	(8,214,874)	-	(95,584,547)
Transfer to Stage 1	3,488,012	(2,864,872)	(623,140)	-	-
Transfer to Stage 2	(5,348,255)	5,420,788	(72,533)	-	-
Transfer to Stage 3	(3,690,068)	(7,365,326)	11,055,394	-	-
Write offs	-	(156,260)	(2,140,201)	-	(2,296,461)
Other changes**	(999,406)	(586,867)	397,549	-	(1,188,724)
Staff loan amortisation	(6,311,783)	-	-	-	(6,311,783)
Gross carrying amount as at 31 December 2024	312,299,249	39,520,675	71,000,234	-	422,820,158
Impairment allowance as at 1 January 2024	8,255,937	9,774,270	24,767,917	-	42,798,124
New financial assets originated or purchased	2,047,547	9,769,147	4,184,954	-	16,001,648
Financial assets that have been derecognised (excluding write-off)	(1,605,324)	(3,546,782)	- (1,381,204)	-	(6,533,310)
Transfer to Stage 1	1,353,347	(1,140,979)	(212,368)	-	-
Transfer to Stage 2	(1,111,291)	1,137,462	(26,171)	-	-
Transfer to Stage 3	(3,661,439)	(3,991,807)	7,653,246	-	-
Write offs	-	(156,260)	(2,140,201)	-	(2,296,461)
Other changes	(1,062,104)	(157,832)	337,166	-	(822,770)
Impairment allowance as at 31 December 2024	4,216,673	11,687,219	33,183,339	-	49,087,231
Net carrying Amount as at 31 December 2024	308,082,576	27,833,456	37,816,895	-	373,732,927

The contractual amount outstanding on financial assets that were written off during the year ended 31 December 2025 and that are still subject to enforcement activity is KShs 2.5 billion (2024: KShs 2.3 billion).

* The ECL recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the row 'ECL on new exposures originated or purchased' raised based on the exposures ECL stage as at the end of the reporting period.

** Other changes mainly relate to foreign exchange differences and impact of ECL transfers.

***The presentation of the table above has been updated to include purchased or originated credit impaired assets (POCI).

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

Credit quality analysis (continued)

Bank	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Gross carrying amount as at 1 January 2025	304,299,878	38,749,292	66,952,520	-	410,001,690
ECL on new Exposures raised	163,349,220	16,963,062	1,709,681	-	182,021,963
Financial assets that have been derecognised (excluding write-off)	(87,566,310)	(15,200,413)	(5,441,217)	-	(108,207,940)
Transfer to Stage 1	14,661,339	(14,234,401)	(426,938)	-	-
Transfer to Stage 2	(3,871,264)	7,019,570	(3,148,306)	-	-
Transfer to Stage 3	(5,797,670)	(1,920,369)	7,718,039	-	-
Write-offs	-	-	(2,480,918)	-	(2,480,918)
Other changes*	(30,834,104)	(1,389,413)	4,199,055	-	(28,024,462)
Staff loan amortisation	(6,336,066)	-	-	-	(6,336,066)
Gross carrying amount as at 31 December 2025	347,905,023	29,987,328	69,081,916	-	446,974,267
Impairment allowance as at 1 January 2025	3,891,585	11,624,310	31,916,020	-	47,431,915
ECL on new exposures originated or purchased*	3,866,218	2,516,991	1,034,690	-	7,417,899
Financial assets that have been derecognised (excluding write-off)	(1,096,779)	(4,628,488)	(1,902,433)	-	(7,627,700)
Transfer to Stage 1	3,633,255	(3,417,880)	(215,375)	-	-
Transfer to Stage 2	(25,666)	1,087,315	(1,061,649)	-	-
Transfer to Stage 3	(56,655)	(851,682)	908,337	-	-
Write offs	-	-	(2,480,918)	-	(2,480,918)
Other changes*	-	-	(2,480,918)	-	(2,480,918)
Impairment allowance as at 31 December 2025	5,449,095	5,828,813	42,197,808	-	53,475,716
Net carrying Amount as at 31 December 2025	342,455,928	24,158,515	26,884,108	-	393,498,551

* The ECL recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the row 'ECL on new exposures originated or purchased' raised based on the exposures ECL stage as at the end of the reporting period.

**Other changes mainly relate to foreign exchange differences and impact of ECL transfers.

The contractual amount outstanding on financial assets that were written off during the year ended 31 December 2025 and that are still subject to enforcement activity is KShs 1.6 billion (2024: KShs 1.6 billion).

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

Credit quality analysis (continued)

Bank (continued)	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Gross carrying amount as at 1 January 2024	297,544,675	47,407,885	62,396,348	-	407,348,908
ECL on new Exposures raised	76,727,782	15,861,530	4,158,486	-	96,747,798
Financial assets that have been derecognised (excluding write-off)	(64,171,639)	(19,559,214)	(7,777,499)	-	(91,508,352)
Transfer to Stage 1	3,900,820	(2,866,842)	(1,033,978)	-	-
Transfer to Stage 2	(5,148,923)	5,417,095	(268,172)	-	-
Transfer to Stage 3	(3,705,047)	(7,273,615)	10,978,662	-	-
Write-offs	-	(156,260)	(1,375,565)	-	(1,531,825)
Other changes	(847,790)	(81,287)	(125,762)	-	(1,054,839)
Staff loan amortisation	(6,311,783)	-	-	-	(6,311,783)
Gross carrying amount as at 31 December 2024	297,988,095	38,749,292	66,952,520	-	403,689,907
Impairment allowance as at 1 January 2024	7,819,329	9,644,954	23,149,382	-	40,613,665
ECL on new exposures originated or purchased*	1,835,874	9,727,123	4,007,690	-	15,570,687
Financial assets that have been derecognised (excluding write-off)	(1,519,281)	(3,562,194)	(1,201,792)	-	(6,283,267)
Transfer to Stage 1	1,326,327	(1,120,234)	(206,093)	-	-
Transfer to Stage 2	(1,094,361)	1,119,125	(24,764)	-	-
Transfer to Stage 3	(3,644,235)	(3,964,805)	7,609,040	-	-
Write offs	-	(156,260)	(1,375,565)	-	(1,531,825)
Other changes	(832,068)	(63,399)	(41,878)	-	(937,345)
Impairment allowance as at 31 December 2024	3,891,585	11,624,310	31,916,020	-	47,431,915
Net carrying Amount as at 31 December 2024	294,096,510	27,124,982	35,036,500	-	356,257,992

* The ECL recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the row 'ECL on new exposures originated or purchased' raised based on the exposures ECL stage as at the end of the reporting period.

**Other changes mainly relates to foreign exchange differences and impact of ECL transfers .

*The presentation of the table above has been updated to include purchased or originated credit impaired assets (POCI).

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

Credit quality analysis (continued)

Financial guarantees, letters of credit and other undrawn commitments (continued)

The table below shows the credit quality and the maximum exposure to credit risk (being the full amount of the committed facility) based on the Bank's internal credit rating system, 12-month ECL and year-end stage classification. Details of the Bank's internal grading system are explained in Note 4(a)(iv) and the Bank's impairment assessment and measurement approach is set out in Note 13(c).

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	KShs'000	KShs'000	KShs'000	KShs'000
	58,620,647	-	-	58,620,647
Grade 1- Normal	-	-	-	-
Grade 2- Watch	-	-	-	-
Grade 3- Substandard	-	-	-	-
Grade 4- Doubtful	-	-	-	-
Grade 5- Loss	-	-	-	-
Gross carrying amount as at 31 December 2025	58,620,647	-	-	58,620,647
Impairment allowance as at 31 December 2025	(787,204)	-	-	(787,204)
Net carrying Amount as at 31 December 2025	57,833,443	-	-	57,833,443

Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	KShs'000	KShs'000	KShs'000	KShs'000
	57,534,145	-	-	57,534,145
Grade 1- Normal	-	-	-	-
Grade 2- Watch	-	-	-	-
Grade 3- Substandard	-	-	-	-
Grade 4- Doubtful	-	-	-	-
Grade 5- Loss	-	-	-	-
Gross carrying amount as at 31 December 2025	57,534,145	-	-	57,534,145
Impairment allowance as at 31 December 2025	(740,901)	-	-	(740,901)
Net carrying Amount as at 31 December 2025	56,793,244	-	-	56,793,244

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

Credit quality analysis (continued)

Financial guarantees, letters of credit and other undrawn commitments (continued)

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	KShs'000	KShs'000	KShs'000	
	29,017,564	-	-	29,017,564
Grade 1- Normal	-	-	-	-
Grade 2- Watch	-	-	-	-
Grade 3- Substandard	-	-	-	-
Grade 4- Doubtful	-	-	-	-
Grade 5- Loss	-	-	-	-
Net movement	27,156,170	-	-	27,156,170
Gross carrying amount as at 31 December 2024	56,173,734	-	-	56,173,734
Impairment allowance as at 31 December 2024	(1,137,483)	-	-	(1,137,483)
Net carrying Amount as at 31 December 2024	55,036,251	-	-	55,036,251

Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	KShs'000	KShs'000	KShs'000	
	28,451,850	-	-	28,451,850
Grade 1- Normal	-	-	-	-
Grade 2- Watch	-	-	-	-
Grade 3- Substandard	-	-	-	-
Grade 4- Doubtful	-	-	-	-
Grade 5- Loss	-	-	-	-
Net movement	27,087,147	-	-	27,087,147
Gross carrying amount as at 31 December 2024	55,538,997	-	-	55,538,997
Impairment allowance as at 31 December 2024	(1,092,186)	-	-	(1,092,186)
Net carrying Amount as at 31 December 2024	54,446,811	-	-	54,446,811

*The presentation of the table above has been updated to include purchased or originated credit impaired assets (POCI).

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

Credit quality analysis (continued)

Other financial assets

For ECL on non-loan financial assets the Group applies the simplified approach which uses external credit ratings to infer approximate PDs where EADs are estimated based on the expected maturities of the instruments mostly below 12 months. The other financial assets mainly relate to balances held with Banks and other financial institutions, government securities and other assets that are highly rated and therefore considered low risk.

	Group 2025				Group 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	ECL	ECL	ECL		ECL	ECL	ECL	
	12-Month	Lifetime	Lifetime		12-Month	Lifetime	Lifetime	
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cash & balances with Central Banks								
Gross carrying amount as at Jan 1 2025	34,793,387	-	-	34,793,387	32,523,012	-	-	32,523,012
New financial assets originated	6,236,255	-	-	6,236,255	2,270,375	-	-	2,270,375
Gross carrying amount as at Dec 31 2025	41,029,642	-	-	41,029,642	34,793,387	-	-	34,793,387
ECL								
Balance as at Jan 1 2025	9,523			9,523	30,341			30,341
Net remeasurement of loss allowance*	(1,610)			(1,610)	(20,818)			(20,818)
Balance as at Dec 31 2025	7,913			7,913	9,523			9,523
Net Carrying amount as at Dec 31 2025	41,021,729	-	-	41,021,729	34,783,864	-	-	34,783,864
Deposits and balances due from banks								
Gross carrying amount as at Jan 1 2025	52,226,074	-	-	52,226,074	27,316,305	-	-	27,316,305
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
New financial assets originated	8,480,497	-	-	8,480,497	24,909,769	-	-	24,909,769
Gross carrying amount as at Dec 31 2025	60,706,571	-	-	60,706,571	52,226,074	-	-	52,226,074
ECL								
Balance as at Jan 1 2025	63,339	-	-	63,339	41,175	-	-	63,339
Net remeasurement of loss allowance	1,108	-	-	1,108	22,164	-	-	1,108
Balance as at Dec 31 2025	64,447	-	-	64,447	63,339	-	-	64,447
Net carrying Amount as at 31 Dec 2025	60,642,124			60,642,124	52,162,735			60,642,124
Debt instruments at FVOCI								
Gross carrying amount as at Jan 1 2025	105,084,932	-	-	105,084,932	98,695,811	-	-	98,695,811
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
New financial assets originated	20,330,477	-	-	20,330,477	6,389,121	-	-	6,389,121
Balance at Dec 31	125,415,409	-	-	125,415,409	105,084,932	-	-	105,084,932

Net remeasurement of loss allowance* - The bank considers cash and balances held with Central Bank of Kenya as low risk with internal grading of AA thus ECL provision was considered immaterial for disclosure.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

Credit quality analysis (continued)

Other financial assets (continued)

	Group 2025				Group 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	ECL	ECL	ECL		ECL	ECL	ECL	
	12-Month	Lifetime	Lifetime		12-Month	Lifetime	Lifetime	
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ECL								
Balance as at Jan 1	897,535	-	-	897,535	1,423,670	-	-	1,423,670
Net remeasurement	(64,007)	-	-	(64,007)	(526,135)	-	-	(526,135)
Balance at Dec 31	833,528	-	-	833,528	897,535	-	-	897,535
Net carrying Amount as at Dec 31	124,581,881	-	-	124,581,881	104,187,397	-	-	104,187,397
Debt instruments at amortized cost								
Gross carrying amount as at Jan 1 2025	115,078,902	-	-	115,078,902	90,425,698	-	-	90,425,698
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
New financial assets originated	7,265,726	-	-	7,265,726	24,653,204	-	-	24,653,204
Balance at Dec 31	122,344,628	-	-	122,344,628	115,078,902	-	-	115,078,902
ECL								
Balance as at Jan 1	796,614	-	-	796,614	1,144,423	-	-	1,144,423
Net remeasurement	278,093	-	-	278,093	(347,809)	-	-	(347,809)
Balance at Dec 31	1,074,707	-	-	1,074,707	796,614	-	-	796,614
Net carrying Amount as at Dec 31	121,269,921	-	-	121,269,921	114,282,288	-	-	114,282,288
*Other Assets								
Gross carrying amount as at Jan 1	15,172,282	-	-	15,172,282	12,194,903	-	-	12,194,903
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
(Derecognition)/ addition of assets	(867,634)	-	-	(867,634)	2,977,379	-	-	2,977,379
Gross carrying amount as at Dec 31 2025	14,304,648	-	-	14,304,648	15,172,282	-	-	15,172,282
ECL								
Balance as at Jan 1	82,765	-	-	82,765	96,201	-	-	96,201
Net remeasurement	30,304	-	-	30,304	(13,436)	-	-	(13,436)
Balance at Dec 31	113,069	-	-	113,069	82,765	-	-	82,765
Net carrying Amount as at Dec 31	25,434,618	-	-	25,434,618	35,068,438	-	-	35,068,438
Total Gross Carrying amount at Dec 31	364,378,893	-	-	364,378,893	322,763,711	-	-	322,763,711
Total ECL	2,093,664	-	-	2,093,664	1,849,776	-	-	1,849,776
Total Net Carrying amount at Dec 31	362,285,229	-	-	362,285,229	320,913,935	-	-	320,913,935

*The other assets balance has been revised to exclude prepayments and other non-financial assets.

*The presentation of the table above has been updated to include information required by IFRS Accounting standards.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

Credit quality analysis (continued)

Other financial assets (continued)

	Bank 2025				Bank 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	ECL	ECL	ECL		ECL	ECL	ECL	
	12-Month	Lifetime	Lifetime		12-Month	Lifetime	Lifetime	
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cash & balances with Central Banks								
Gross carrying amount as at Jan 1 2025	30,444,256	-	-	30,444,256	28,015,013	-	-	28,015,013
New financial assets originated	4,340,139	-	-	4,340,139	2,429,243	-	-	2,429,243
Net remeasurement of loss allowance*	-	-	-	-	-	-	-	-
Gross carrying amount as at Dec 31 2025	34,784,395	-	-	34,784,395	30,444,256	-	-	30,444,256
ECL								
Balance as at Jan 1 2025	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-	-	-	-	-
Balance as at Dec 31 2025	-	-	-	-	-	-	-	-
Net Carrying amount as at Dec 31 2025	34,784,395	-	-	34,784,395	30,444,256	-	-	30,444,256
Deposits and balances due from banks								
Gross carrying amount as at Jan 1 2025	47,033,524	-	-	47,033,524	21,731,801	-	-	21,731,801
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Net increase in remeasurement	5,980,160	-	-	5,980,160	25,301,723	-	-	25,301,723
Gross carrying amount as at Dec 31 2025	53,013,684	-	-	53,013,684	47,033,524	-	-	47,033,524
ECL								
Balance as at Jan 1 2025	6,429	-	-	6,429	2,749	-	-	2,749
Net remeasurement of loss allowance	11,715	-	-	11,715	3,680	-	-	3,680
Balance as at Dec 31 2025	18,144	-	-	18,144	6,429	-	-	6,429
Net carrying Amount as at 31 Dec 2025	52,995,540	-	-	52,995,540	47,027,095	-	-	47,027,095
Debt instruments at FVOCI								
Balance as at Jan 1 2025	91,212,202	-	-	91,212,202	84,804,458	-	-	84,804,458
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
New financial assets originated	20,521,528	-	-	20,521,528	6,407,744	-	-	6,407,744
Balance at Dec 31	111,733,730	-	-	111,733,730	91,212,202	-	-	91,212,202

Net remeasurement of loss allowance*- The bank considers cash and balances held with Central Bank of Kenya as low risk with internal grading of AA hence no provision has been made.

**The presentation of the table above has been updated to include information required by IFRS Accounting standards.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

Credit quality analysis (continued)

Other financial assets (continued))

	Bank 2025				Bank 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	ECL	ECL	ECL		ECL	ECL	ECL	
	12-Month	Lifetime	Lifetime		12-Month	Lifetime	Lifetime	
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ECL								
Balance as at Jan 1	829,928	-	-	829,928	1,423,670	-	-	1,423,670
Net remeasurement	3,600	-	-	3,600	(593,742)	-	-	(593,742)
Balance at Dec 31	833,528	-	-	833,528	829,928	-	-	829,928
Net carrying Amount as at Dec 31	110,900,202	-	-	110,900,202	90,382,274	-	-	90,382,274
Debt instruments at amortized cost								
Gross carrying amount as at Jan 1 2025								
Balance at Jan 1	107,734,046	-	-	107,734,046	85,490,141	-	-	85,490,141
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
New financial assets originated	7,211,004	-	-	7,211,004	22,243,905	-	-	22,243,905
Balance at Dec 31	114,945,050	-	-	114,945,050	107,734,046	-	-	107,734,046
ECL								
Balance as at Jan 1	849,432	-	-	849,432	1,144,423	-	-	1,144,423
Net remeasurement	225,275	-	-	225,275	(294,991)	-	-	(294,991)
Balance at Dec 31	1,074,707	-	-	1,074,707	849,432	-	-	849,432
Net carrying Amount as at Dec 31	113,870,343	-	-	113,870,343	106,884,614	-	-	106,884,614
*Other Assets								
Gross carrying amount as at Jan 1	14,880,638	-	-	14,880,638	12,059,683	-	-	12,059,683
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
New financial assets originated	99,141	-	-	99,141	2,820,955	-	-	2,820,955
Gross carrying amount as at Dec 31 2025	14,979,779	-	-	14,979,779	14,880,638	-	-	14,880,638
ECL								
Balance as at Jan 1	8,469	-	-	8,469	24,889	-	-	24,889
Net remeasurement	(1,507)	-	-	(1,507)	(16,420)	-	-	(16,420)
Balance at Dec 31	6,962	-	-	6,962	8,469	-	-	8,469
Net carrying Amount as at Dec 31	25,403,865	-	-	25,403,865	32,482,194	-	-	32,482,194
Total Gross Carrying amount at Dec 31	329,798,125	-	-	329,798,125	291,642,929	-	-	291,642,929
Total ECL	1,933,341	-	-	1,933,341	1,694,258	-	-	1,694,258
Total Net Carrying amount at Dec 31	327,864,784	-	-	327,864,784	289,948,671	-	-	289,948,671

*The other assets balance has been revised to exclude prepayments and other non-financial assets.

**The presentation of the table above has been updated to include information required by IFRS Accounting standards.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

i. Impairment assessment (continued)

Credit quality analysis (continued)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are, as follows:

- For securities lending and reverse repurchase transactions, cash or securities
- For corporate and small business lending, charges over real estate properties, inventory and trade receivables and, in special circumstances, government guarantees
- For retail lending, mortgages over residential properties
- For asset finance, charge over the asset
- For MCU charge over chattels

The Group and the Bank also obtains guarantees from parent companies for loans to their subsidiaries.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

In the normal course of business, the Group and the Bank do not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
(i) Categorised by loans & advances:				
Stage 3/Doubtful & loss categories	14,876,532	9,874,030	7,585,571	8,095,047
Stage 3/ Sub-standard category	14,054,490	18,325,973	12,442,899	18,066,906
Stage 1&2 / Normal & watch categories	230,361,908	156,453,305	208,682,289	151,337,626
	259,292,930	184,653,308	228,710,759	177,499,579
(ii) Categorised by nature of collateral:				
Land & buildings	136,962,552	101,758,588	113,742,129	96,773,242
Cash & other pledges	12,137,060	2,389,557	11,786,801	1,233,262
Motor vehicles	38,971,439	21,210,507	36,096,609	20,303,689
Hypothecation of stock	11,844	1,816,945	11,844	1,632,345
Debentures & guarantees	61,268,698	76,434,799	59,169,447	76,217,491
Equities & Shares	3,964,430	565,645	3,964,430	509,312
Other chattels	5,976,907	5,383,608	3,939,499	5,270,158
	259,292,930	209,559,649	228,710,759	201,939,499

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group and the Bank has made concessions that it would not otherwise consider. Once the loan is restructured it may remain in this category or may be re-graded depending on performance after restructuring. Note 13 (b) shows the movement of loan between stage 1,2 and 3. The carrying amount of renegotiated financial assets that would otherwise be past due or impaired is as KShs 4,488,756,551 (2024: KShs 2,690,423,000).

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

Financial assets (with lifetime ECL loss allowance) modified during the period	2025 Kshs '000'	*2024 Kshs '000'
Gross carrying amount before modification	4,636,886	2,784,588
Loss allowance before modification	143,743	87,158
Net amortised cost before modification	4,493,143	2,697,430
Net modification gain	4,386	7,007
Net amortised cost after modification	4,488,757	2,690,423
Financial assets modified since initial recognition	2025 Kshs '000'	2024 Kshs '000'
Gross carrying amount of financial assets for which loss allowance has changed in the period from lifetime to 12-month ECL basis after modification	-	-

ii. Concentration of Risk

Concentration indicates the relative sensitivity of the Group's and Bank's performance to developments affecting a particular industry or geographical location. Excessive concentration arises when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

*A comparative table has been included to show the carrying amounts of renegotiated loans as at 31 December 2024.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

ii. Concentration of Risk(continued)

To avoid excessive concentration of risk, the Group's and the Bank's policies and procedures include specific guidelines that ensure maintenance of a diversified portfolio across bank products, industry sectors, geographic spread, credit ratings, customer segments and exposure to single or related counterparties. Concentrations of credit risk which have been identified are controlled and managed accordingly.

Loans and advances: -	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
i. Concentration by sector:				
Agriculture	8,511,430	8,390,694	8,075,430	8,250,582
Manufacturing, energy & water	32,113,432	18,713,286	31,935,423	18,650,100
Financial services	37,930,671	37,857,749	37,504,758	37,460,138
Tourism & hospitality	2,271,275	2,298,974	2,271,275	2,181,735
Wholesale and retail trade	79,834,750	59,455,201	61,720,893	53,214,410
Transport and communication	40,151,638	37,144,005	37,370,325	35,778,617
Real Estate, building & construction	45,084,383	43,106,680	40,550,211	40,984,366
Consumer & household	236,574,033	222,165,352	233,882,018	213,481,742
	482,471,612	429,131,941	453,310,333	410,001,690
Less: staff loans amortisation	(6,336,066)	(6,311,783)	(6,336,066)	(6,311,783)
	476,135,546	422,820,158	446,974,267	403,689,907
ii. Concentration by business:				
Corporate	128,186,662	119,573,848	124,412,805	119,117,270
Mortgage & Asset Finance	23,328,962	67,129,434	23,328,962	65,007,120
Small, Medium and Microenterprises	111,011,959	56,593,914	88,452,248	48,987,735
Retail	216,361,554	179,575,543	213,533,843	170,770,475
Agribusiness	3,582,475	6,259,202	3,582,475	6,119,090
	482,471,612	429,131,941	453,310,333	410,001,690
Less: staff loans amortisation	(6,336,066)	(6,311,783)	(6,336,066)	(6,311,783)
	476,135,546	422,820,158	446,974,267	403,689,907

Write-off policy

As disclosed in note 13, The Group and the Bank writes off a loan balance as and when Board of Directors determines that the loans are uncollectible and the entity has no reasonable expectations of recovering the balances in their entirety, or a part thereof. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions generally are based on a product specific past due status. A write-off constitutes a de-recognition event. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

iii. Settlement Risk

The Group's and the Bank's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash or other assets as contractually agreed. For some transactions, settlement risk is mitigated by conducting settlements through a settlement/clearing agent to ensure that a transaction is settled only when both parties have fulfilled their contractual obligations. Where this arrangement is not available, this risk is controlled through settlement limits which form part of the credit approval and limit monitoring process under the Group's and Bank's risk management mechanisms. This requires transaction-specific or counterparty-specific assessment to ensure the Group and the Bank deals with highly rated counterparties and implements other measures such as holding collateral.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Liquidity risk

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

Management of liquidity risk

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

Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole.

The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. In addition to internally set liquidity buffers and trigger ratios, compliance with the regulatory framework is also monitored consistently. Liquidity management is regularly reviewed in order to ensure appropriate reactions to shifts in general conditions, and special importance is attached to diversification of liquidity resources. All liquidity policies and procedures are subject to review and approval by Board Risk & Finance Committee which also receives regular risk reports.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Liquidity risk (continued)

Exposure to liquidity risk

The table below analyses the Group's and Banks assets and liabilities into relevant groupings based on the remaining period at 31 December to the un-discounted contractual cash flows:

GROUP	Available immediately and up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2025						
FINANCIAL ASSETS	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cash and balances with Central Bank of Kenya	41,021,729	-	-	-	-	41,021,729
Deposits and balances due from banks	34,035,912	26,606,212	-	-	-	60,642,124
Derivative financial instruments	239,042	269,122	98,365	-	-	606,529
Investment in financial instruments	2,959,842	11,464,188	52,523,838	92,636,989	135,956,191	295,541,048
Loans and advances to customers	31,784,096	11,916,841	25,121,410	192,283,376	308,582,236	569,687,959
Other assets	1,272,023	16,105,948	893,924	6,408,691	230,857	24,911,443
Total undiscounted financial assets	111,312,644	66,362,311	78,637,537	291,329,056	444,769,284	992,410,832
FINANCIAL LIABILITIES						
Deposits and balances due to banks	2,670,577	516	-	-	-	2,671,093
Customers' deposits	442,355,776	57,984,213	72,986,271	1,539,683	-	574,865,943
Loans and borrowings	1,001,824	65,847	1,529,265	41,150,915	30,907,597	74,655,448
Lease liability	115,456	233,436	1,213,184	3,156,630	754,542	5,473,248
Derivative	-	-	-	-	-	-
Other liabilities	3,450,876	37,924	15,103,641	4,525,878	-	23,118,319
Total undiscounted financial liabilities	449,594,509	58,321,936	90,832,361	50,373,106	31,662,139	680,784,051
Net liquidity gap at 31 December 2025	(338,281,865)	8,040,375	(12,194,824)	240,955,950	413,107,145	311,626,781
Liabilities not recognised in statement of financial position (Note 49)	2,084,062	3,035,996	19,079,159	33,634,226	-	57,833,443

For issued financial guarantee contracts noted above under *Liabilities not recognised in statement of financial position (Note 49)*, the maximum amount of the guarantee is allocated to the earliest period to which the guarantee could be called. The Group expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Liquidity risk (continued)

Exposure to liquidity risk (continued)

BANK	Available immediately and up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2025	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
FINANCIAL ASSETS						
Cash and balances with Central Bank of Kenya	34,784,395	-	-	-	-	34,784,395
Deposits and balances due from banks	27,853,665	25,141,875	-	-	-	52,995,540
Derivative financial instruments	239,042	269,122	98,365	-	-	606,529
Investment in financial instruments	2,959,842	9964,188	52,523,838	87,711,298	120,241,893	273,401,059
Loans and advances to customers	30,596,004	11,464,302	24,372,628	177,083,589	308,582,236	552,098,759
Amounts due from related parties			726,915			726,915
Other assets	508,893	16,857,395	6,573,885			23,940,173
Total undiscounted financial assets	96,941,841	63,696,882	84,295,631	264,794,887	428,824,129	938,553,370
FINANCIAL LIABILITIES						
Deposits and balances due to banks	2,358,562	-	-	-	-	2,358,562
Customers' deposits	421,623,961	51,393,293	65,462,852	1,470,515	-	539,950,621
Loans and borrowings	1,001,824	-	32122	35,161,861	23,421,883	59,617,690
Lease Liability	115,456	233,355	1,066,581	2,910,772	735,819	5,061,983
Derivative financial instruments	-	-	-	-	-	-
Other Liabilities	2,801,932	-	14,083,760	-	-	16,885,692
Total undiscounted financial liabilities	427,901,735	51,626,648	80,645,315	39,543,148	24,157,702	623,874,548
Net liquidity gap at 31 December 2025	(330,959,894)	12,070,234	3,650,316	225,251,739	404,666,427	314,678,822
Liabilities not recognised in statement of financial position (Note 49)	1,939,802	3,035,996	8,565,797	3,832,034	39,419,615	56,793,244

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Liquidity risk (continued)

Exposure to liquidity risk (continued)

GROUP	Available immediately and up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2024						
FINANCIAL ASSETS	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cash and balances with Central Bank of Kenya	34,783,864	-	-	-	-	34,783,864
Deposits and balances due from banks	31,994,327	20,168,408	-	-	-	52,162,735
Investment in financial instruments	2,012,528	10,101,697	22,817,336	115,549,399	144,369,400	294,850,360
Loans and advances to customers	44,576,001	6,253,070	26,279,338	161,562,643	278,193,910	516,864,962
Other assets	612,546	16,675,365	8,014,182	-	-	25,302,093
Total undiscounted financial assets	113,979,266	53,198,540	57,110,856	277,112,042	422,563,310	923,964,014
FINANCIAL LIABILITIES						
Deposits and balances due to banks	2,283,906	517,171	-	-	-	2,801,077
Customers' deposits	364,744,948	64,882,899	78,720,797	1,317,171	-	509,665,815
Loans and borrowings	836,654	928,514	2,057,468	20,542,211	42,164,483	66,529,330
Lease liability	116,193	242,206	1,174,519	3,150,095	716,973	5,399,986
Derivative financial instruments	-	-	367,277	-	-	367,277
Other liabilities	11,405,578	17,024	-	116,385	-	11,538,987
Total undiscounted financial liabilities	379,387,279	66,587,814	82,320,061	25,125,862	42,881,456	596,302,472
Net liquidity gap at 31 December 2024	(265,408,013)	(13,389,274)	(25,209,205)	251,986,180	379,681,854	327,661,542
Liabilities not recognised in statement of financial position (Note 49)	5,404,909	8,941,689	27,343,390	6,388,548	623,334	48,701,870

*The other assets balance has been revised to exclude prepayments and other non-financial assets.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Liquidity risk (continued)

Exposure to liquidity risk (continued)

BANK	Available immediately and up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2024	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
FINANCIAL ASSETS						
Cash and balances with Central Bank of Kenya	30,444,256	-	-	-	-	30,444,256
Deposits and balances due from banks	27,541,875	19,485,220	-	-	-	47,027,095
Investment in financial instruments	2,012,528	10,101,697	22,817,336	105,881,968	132,530,590	273,344,119
Loans and advances to customers	42,824,471	5,673,943	25,162,500	143,961,273	278,193,910	495,816,097
Amounts due from related parties	-	-	59,062	-	-	59,062
Other assets	612,546	16,675,365	7,663,998	-	-	24,951,909
Total undiscounted financial assets	103,435,676	51,936,225	55,702,896	249,843,241	410,724,500	871,642,538
FINANCIAL LIABILITIES						
Deposits and balances due to banks	4,476,324	-	-	-	-	4,476,324
Customers' deposits	348,805,077	59,459,830	71,730,962	1,248,003	-	481,243,872
Loans and borrowings	836,654	-	-	13,887,729	34,678,769	49,403,152
Lease Liability	110,280	224,385	1,035,564	2,671,011	716,973	4,758,213
Derivatives	-	-	367,277	-	-	367,277
Other Liabilities	10,652,996	-	1,999,478	-	-	12,652,474
Total undiscounted financial liabilities	364,881,331	59,684,215	75,133,281	17,806,743	35,395,742	552,901,312
Net liquidity gap at 31 December 2024	(261,445,655)	(7,747,990)	(19,430,385)	232,036,498	375,328,758	318,741,226
Liabilities not recognised in statement of financial position (Note 49)	5,515,276	9,124,276	26,272,518	6,519,001	636,062	48,067,133

*The other assets balance has been revised to exclude prepayments and other non-financial assets.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, and foreign exchange rates will affect the Bank's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risk

The Bank separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios are managed on a mark to market basis. Overall authority for market risk is vested in Asset and Liability Committee (ALCO). Risk Management Department is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

Exposure to market risk – trading portfolios

The Bank measures its market risk exposure for the trading portfolio through marking to market monthly.

Exposure to interest rate risk – non- trading portfolios

The principal risk to which financial instruments held at amortised cost portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands to minimise the impact of movements in market interest rates on its net interest margin. Maturity gap analysis of assets and liabilities, whereby interest rate re-pricing based on time (periodic) buckets is used to measure potential income effects arising from interest rate changes. The Bank critically evaluates overall risk and return profiles and objectives, including monitoring compliance through ALCO in conjunction with Risk Management Department for day-to-day activities.

i. Exposure to interest rate risk

The Bank carries interest rate fluctuations risk on its operations to the extent that interest earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. As comprehensively highlighted above, the Bank has constituted various policies managed by different departments to manage and monitor the risks on a day-to-day basis.

Interest rate benchmark reform

A fundamental reform by the Financial Stability Board of major interest rate benchmarks was undertaken globally, replacing some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The GBP, EUR and JPY LIBOR rates and the one-week and two-month USD LIBOR rates were discontinued as at 31 December 2021. The USD LIBOR rate was discontinued post 30 June 2023.

By the end of 2024 the Group had successfully completed the transition of the majority of its IBOR exposure to RFRs. In particular, prior to the cessation of some synthetic LIBORs the Group had completed the transition of all affected exposures.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market risk (continued)

i. Exposure to interest rate risk (continued)

Interest rate benchmark reform (continued)

Effective December 1, 2025, the Central Bank of Kenya (CBK) implemented a revised Risk-Based Credit Pricing Model (RBCPM) where bank loans are priced using the Kenya Shilling Overnight Interbank Average (KESONIA) as the base reference rate, plus a risk premium ("K"). The Premium "K" reflects the borrower's risk profile, bank operating costs, and shareholder returns. This model aims to lower costs for low-risk borrowers and increases them for high-risk borrowers. The framework was effective from September 1, 2025, with full rollout for new variable rate loans on December 1, 2025, and transition for existing loans by February 28, 2026. The Group has transitioned to KESONIA for new variable rate loans and has communicated to customers about the change of interest rate benchmark in line with the CBK directive. The group has transitioned the existing variable rate Kenya Shilling denominated portfolio. The Group shall use KESONIA rates as the Lending Reference Rate for variable rate Kenya Shilling Denominated loans. The risks identified with the adoption of KESONIA were addressed and incorporated into the lending policies, pricing framework and guidelines of the Group's internal credit risk policy.

The IBOR reform exposes the Group to various risks, which the relevant teams have been managing and monitoring closely. These risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform.
- Financial risk to the Bank and its clients that markets are disrupted due to IBOR reform giving rise to financial losses.
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable.
- Operational risk arising from changes to the Bank's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available.
- Accounting risk if the Bank's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to RFRs.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market risk (continued)

i. Exposure to interest rate risk (continued)

The table below summarises the exposure to interest rate risks. Included in the table are the group's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. The sensitivity computations assume that financial assets maintain a constant rate of return from one year to the next. The Group bases its sensitivity analysis on the interest sensitivity gap. However, the sensitivity analysis has been performed only on interest-bearing financial assets and liabilities that are subject to/ could be subject to interest rate changes.

GROUP	Available immediately and up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Total
31 December 2025	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000		KShs'000
ASSETS							
Cash and balances with Central Bank of Kenya	-	-	-	-	-	41,021,729	41,021,729
Deposits and balances due from banks	34,041,965	26,600,159	-	-	-	-	60,642,124
Investment in financial instruments	2,930,537	9,673,969	49,550,791	88,830,104	95,497,102	-	246,482,503
Loans and advances to customers	31,468,921	11,688,465	23,933,471	151,850,936	200,757,066	1,303,823	421,002,682
Other assets	-	-	-	-	-	14,191,579	14,191,579
Total assets	68,441,423	47,962,593	73,484,262	240,681,040	296,254,168	56,517,131	783,340,617
LIABILITIES							
Deposits and balances due to banks	2,670,577	91,448	-	-	-	-	2,762,025
Customers' deposits	136,264,286	56,281,741	70,632,648	9,481,456	-	301,509,973	574,170,104
Loans and borrowings	996,840	117,917	190,314	26,914,433	18,506,143	14,971,428	61,697,075
Other liabilities	351,037	475,390	16,281,538	-	-	-	17,107,965
Lease liabilities	224,958	274,450	1,058,444	2,929,357	567,421	-	5,054,630
Total liabilities	140,507,698	57,240,946	88,162,944	39,325,246	19,073,564	316,481,401	660,791,799
Interest sensitivity gap	(72,066,275)	(9,278,353)	(14,678,682)	201,355,794	277,180,604	(259,964,270)	122,548,818

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market risk (continued)

i. Exposure to interest rate risk (continued)

BANK	Available immediately and up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Total
31 December 2025	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ASSETS							
Cash and balances with Central Bank of Kenya	-	-	-	-	-	34,784,395	34,784,395
Deposits and balances due from banks	27,853,665	25,141,875	-	-	-	-	52,995,540
Investment in financial instruments	2,930,537	9,673,969	49,550,791	67,470,229	95,775,720	-	225,401,246
Loans and advances to customers	30,293,073	11,130,390	22,993,045	136,218,145	192,863,898	-	393,498,551
Other assets	-	-	-	-	-	14,972,817	14,972,817
Total assets	61,077,275	45,946,234	72,543,836	203,688,374	288,639,618	49,757,212	721,652,549
Deposits and balances due to banks	2,358,562	-	-	-	-	-	2,358,562
Customers' deposits	126,839,010	50,758,808	63,866,197	1,307,125	-	294,256,455	537,027,595
Loans and borrowings	996,840	-	31,186	30,575,531	18,016,833	-	49,620,390
Other Liabilities	351,037	-	14,455,095	-	-	-	14,806,132
Lease liabilities	114,845	229,691	1,033,609	2,510,368	557,861	-	4,446,374
Total liabilities	130,660,294	50,988,499	79,386,087	34,393,024	18,574,694	294,256,455	608,259,053
Interest sensitivity gap	(69,583,019)	(5,042,265)	(6,842,251)	169,295,350	270,064,924	(244,499,243)	113,393,496

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market risk (continued)

i. Exposure to interest rate risk (continued)

GROUP	Available immediately and up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Total
31 December 2024	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ASSETS							
Cash and balances with Central Bank of Kenya	-	-	-	-	-	34,783,864	34,783,864
Deposits and balances due from banks	29,952,823	22,209,912	-	-	-	-	52,162,735
Investment in financial instruments	1,992,602	9,807,473	21,525,789	102,693,369	82,858,586	-	218,877,819
Loans and advances to customers	43,576,314	6,601,375	24,803,239	124,595,317	173,871,194	285,488	373,732,927
Other assets	-	-	-	-	-	15,172,282	15,172,282
Total assets	75,521,739	38,618,760	46,329,028	227,288,686	256,729,780	50,241,634	694,729,627
LIABILITIES							
Deposits and balances due to banks	2,283,906	517,171	-	-	-	-	2,801,077
Customers' deposits	114,588,484	64,081,890	76,812,163	1,170,819	-	249,458,791	506,112,147
Loans and borrowings	832,492	914,792	544,005	11,467,407	26,675,976	14,971,428	55,406,100
Other liabilities	-	-	-	-	-	11,538,987	11,538,987
Lease liabilities	225,349	236,467	1,040,324	2,564,598	470,146	-	4,536,884
Total liabilities	117,930,231	65,750,320	78,396,492	15,202,824	27,146,122	275,969,206	580,395,195
Interest sensitivity gap	(42,408,492)	(27,131,560)	(32,067,464)	212,085,862	229,583,658	(225,727,572)	114,334,432

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market risk (continued)

i. Exposure to interest rate risk (continued)

BANK	Available immediately and up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Total
31 December 2024	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ASSETS							
Cash and balances with Central Bank of Kenya	-	-	-	-	-	30,444,256	30,444,256
Deposits and balances due from banks	27,541,875	19,485,220	-	-	-	-	47,027,095
Investment in financial instruments	1,992,602	9,807,473	21,525,789	81,447,668	82,493,356	-	197,266,888
Loans and advances to customers	42,400,466	5,508,683	23,738,208	110,739,441	173,871,194	-	356,257,992
Other assets	-	-	-	-	-	25,874,063	25,874,063
Total assets	71,934,943	34,801,376	45,263,997	192,187,109	256,364,550	56,318,319	656,870,294
LIABILITIES							
Deposits and balances due to banks	4,476,324	-	-	-	-	-	4,476,324
Customers' deposits	105,123,581	58,725,758	69,981,426	1,109,336	-	243,243,481	478,183,582
Loans and borrowings	832,492	-	-	12,076,286	26,675,976	-	39,584,754
Other Liabilities	-	-	-	-	-	12,652,474	12,652,474
Lease liabilities	109,323	218,646	983,909	2,115,652	470,146	-	3,897,676
Total liabilities	110,541,720	58,944,404	70,965,335	15,301,274	27,146,122	255,895,955	538,794,810
Interest sensitivity gap	(38,606,777)	(24,143,028)	(25,701,338)	176,885,835	229,218,428	(199,577,636)	118,075,484

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market risk (continued)

i. Exposure to interest rate risk (continued)

Interest rate risk sensitivity analysis

With all other variables held constant, the effect of 1% increase or decrease in interest rates on financial assets and liabilities on the group profit before tax and equity would be as follows:

Group	2025			2024		
	Carrying amount KShs'000	1% increase	1% decrease	Carrying amount KShs'000	1% increase	1% decrease
ASSETS						
Loans and advances to customers	421,002,682	4,210,027	(4,210,027)	373,732,927	3,737,329	(3,737,329)
Deposits and balances due from banks	60,642,124	606,421	(606,421)	52,162,735	521,627	(521,627)
Debt instruments at fair value through Profit and Loss	630,701	6,307	(6,307)	-	-	-
Derivative financial instruments	606,529	6,065	(6,065)	-	-	-
Debt instruments at amortised cost	121,269,921	1,212,699	(1,212,699)	114,282,288	1,142,823	(1,142,823)
LIABILITIES						
Loans and borrowings	61,697,075	(616,971)	616,971	55,406,100	(554,061)	554,061
Deposits and balances due to banks	2,762,025	(27,620)	27,620	2,801,077	(28,011)	28,011
Customer deposits	574,170,104	(5,741,701)	5,741,701	506,112,147	(5,061,121)	5,061,121
Effect on profit before tax		(344,773)	344,773		(241,414)	241,414
Effect on equity on items other than FVOCI		(241,341)	241,341		(168,990)	168,990
		3,757,978	(3,757,978)		3,372,963	(3,372,963)
Debt instruments at fair value through other comprehensive income	124,581,880	1,245,819	(1,245,819)	104,187,398	1,041,874	(1,041,874)
Effect on equity		1,004,478	(1,004,478)		872,884	(872,884)

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market risk (continued)

i. Exposure to interest rate risk (continued)

Bank	2025			2024		
	Carrying amount KShs'000	1% increase	1% decrease	Carrying amount KShs'000	1% increase	1% decrease
ASSETS						
Loans and advances to customers	393,498,551	3,934,986	(3,934,986)	30,444,256	304,443	(304,443)
Deposits and balances due from banks	52,995,540	529,955	(529,955)	47,027,095	470,271	(470,271)
Debt instruments at fair value through Profit and Loss	630,701	6,307	(6,307)	356,257,992	3,562,580	(3,562,580)
Derivative financial instruments	606,529	6,065	(6,065)	-	-	-
Debt instruments at amortised cost	113,870,343	1,138,703	(1,138,703)	106,884,614	1,068,846	(1,068,846)
LIABILITIES						
Loans and borrowings	49,620,390	(496,204)	496,204	39,584,754	(395,848)	395,848
Deposits and balances due to banks	2,358,562	(23,586)	23,586	4,476,324	(44,763)	44,763
Customer deposits	537,027,595	(5,370,276)	5,370,276	478,183,582	(4,781,836)	4,781,836
Effect on profit before tax		(274,050)	274,050		183,693	(183,693)
Effect on equity on items other than FVOCI		(191,835)	191,835		128,585	(128,585)
Debt instruments at fair value through other comprehensive income	110,900,202	1,109,002	(1,109,002)	90,382,274	(3,679,026)	3,679,026
Effect on equity		917,167	(917,167)		(3,550,441)	3,550,441

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market risk (continued)

i. Exposure to interest rate risk (continued)

Currency risk is the potential for losses as a result of adverse exchange rate movements during a period in which the group has an open position, either spot or forward, or a combination of the two, in an individual foreign currency. Currently, the Group operates in 13 foreign currencies (namely USD, GBP, JPY, CHF, AUD, CAD, SEK, NOK, DKK, INR, ZAR, EUR and AED), but USD is the most significant exposure. The Group strives to minimize the potential impact of movements in exchange rates on its risk bearing capacity by having currency position and stop loss limits. The key risk indicators which are used pro-actively to manage and monitor foreign exchange risk are also developed.

The table below summarises foreign currency exposure to the Group as at close of period.

GROUP

CURRENCY TYPE	USD	GBP	EURO	JPY	CHF	ZAR	OTHERS	TOTAL
EXCHANGE RATE	129.00	174.34	151.92	0.83	163.59	7.74	-	
31 December 2025	KShs`000	KShs`000	KShs`000	KShs`000	KShs`000	KShs`000	KShs`000	KShs`000
Foreign Currency Assets:								
Cash and balances with banks abroad	54,081,695	289,796	1,360,103	129,192	81,554	33,043	271,103	56,246,486
Loan and advances to customers	28,569,676	34,551	59,235	-	-	-	-	28,663,462
Other foreign assets	33,445,075	524	7,189	(1,797)	-	2	-	33,450,993
Total statement of financial position items	116,096,446	324,871	1,426,527	127,395	81,554	33,045	271,103	118,360,941
Items not recognized in statement of financial position*	5,783,237	-	1,376,435	11,845	-	-	205,309	7,376,826
Total Foreign assets	121,879,683	324,871	2,802,962	139,240	81,554	33,045	476,412	125,737,767
Foreign Currency Liabilities:								
Deposits	32,054,487	275,125	1,062,744	114,077	19,942	2,022	175,849	33,704,246
Loan and borrowings	43,860,000	-	-	-	-	-	-	43,860,000
Other foreign liabilities	34,770,230	21,245	265,623	10	(1,443)	26,975	5,826	35,088,466
Total statement of financial position items	110,684,717	296,370	1,328,367	114,087	18,499	28,997	181,675	112,652,712
Items not recognized in statement of financial position*	10,679,311	(2,526)	1,434,433	11,845	-	-	217,206	12,340,269
Total Foreign liabilities	121,364,028	293,844	2,762,800	125,932	18,499	28,997	398,881	124,992,981
Net Exposure at 31 December 2025	515,655	31,027	40,162	13,308	63,055	4,048	77,531	744,786

* This comprises of the letters of credits, guarantees, forwards and swaps

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market risk (continued)

i. Exposure to interest rate risk (continued)

BANK

CURRENCY TYPE	USD	GBP	EURO	JPY	CHF	ZAR	OTHERS	TOTAL
EXCHANGE RATE	129.00	174.34	151.92	0.83	163.59	7.74	-	
31 December 2025	KShs`000	KShs`000	KShs`000	KShs`000	KShs`000	KShs`000	KShs`000	KShs`000
Foreign Currency Assets:								
Cash and balances with banks abroad	53,378,960	272,769	1,329,917	129,192	81,554	33,043	271,103	55,496,538
Loan and advances to customers	28,178,987	34,551	59,235	-	-	-	-	28,272,773
Other foreign assets	33,396,106	524	7,189	-1797	-	2	-	33,402,024
Total statement of financial position items	114,954,053	307,844	1,396,341	127,395	81,554	33,045	271,103	117,171,335
Items not recognized in statement of financial position*	5,783,237	-	1,376,435	11,845	-	-	205,309	7,376,826
Total Foreign Assets	120,737,290	307,844	2,772,776	139,240	81,554	33,045	476,412	124,548,161
Foreign Currency Liabilities:								
Deposits	30,791,827	272,822	1,040,491	114,077	19,942	2,022	175,849	32,417,030
Loan and borrowings	43,860,000	-	-	-	-	-	-	43,860,000
Other foreign liabilities	34,745,369	21,245	265,622	10	-1443	26975	5,256	35,063,034
Total statement of financial position items	109,397,196	294,067	1,306,113	114,087	18,499	28,997	181,105	111,340,064
Items not recognized in statement of financial position*	10,679,311	-2,526	1,434,433	11,845	-	-	217,206	12,340,269
Total foreign liabilities	120,076,507	291,541	2,740,546	125,932	18,499	28,997	398,311	123,680,333
Net exposure at 31 December 2025	660,783	16,303	32,230	13,308	63,055	4,048	78,101	867,828

* This comprises of the letters of credits, guarantees, forwards and swaps

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market risk (continued)

i. Exposure to interest rate risk (continued)

The table below summarises foreign currency exposure to the Group as at close of period.

GROUP

CURRENCY TYPE	USD	GBP	EURO	JPY	CHF	ZAR	OTHERS	TOTAL
EXCHANGE RATE	129.29	162.27	134.29	0.82	142.67	6.87	-	
31 December 2024	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Foreign Currency Assets:								
Cash and balances with banks abroad	31,148,775	330,553	7,516,467	35,404	99,499	20,467	118,264	39,269,429
Loan and advances	33,744,171	152,208	73,034	-	-	-	-	33,969,413
Other foreign assets	26,134,066	11,276	1,178	-	-	12,901	(4)	26,159,417
Total statement of financial position items	91,027,012	494,037	7,590,679	35,404	99,499	33,368	118,260	99,398,259
Items not recognized in statement of financial position*	16,538,776	105,977	3,027,515	92,462	-	-	292,584	20,057,314
Total Foreign assets	107,565,788	600,014	10,618,194	127,866	99,499	33,368	410,844	119,455,573
Foreign Currency Liabilities:								
Deposits	43,159,005	312,022	2,014,225	105,785	21,869	1,792	10,013	45,624,711
Loan and advances	32,793,330	-	4,028,697	-	-	-	-	36,822,027
Other foreign liabilities	1,016,320	64,000	653,728	417	-	-	4,620	1,739,085
Total statement of financial position items	76,968,655	376,022	6,696,650	106,202	21,869	1,792	14,633	84,185,823
Items not recognized in statement of financial position*	27,585,750	243,495	3,649,012	21,078	51,452	25,907	292,594	31,869,288
Total Foreign liabilities	104,554,405	619,517	10,345,662	127,280	73,321	27,699	307,227	116,055,111
Net Exposure at 31 December 2024	3,011,383	(19,503)	272,532	586	26,178	5,669	103,617	3,400,462

* This comprises of the letters of credits, guarantees, forwards and swaps

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market risk (continued)

i. Exposure to interest rate risk (continued)

BANK

CURRENCY TYPE	USD	GBP	EURO	JPY	CHF	ZAR	OTHERS	TOTAL
EXCHANGE RATE	156.4618	199.8047	173.7797	1.1100	186.9094	8.4402	-	
31 December 2024	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Foreign Currency Assets:								
Cash and balances with banks abroad	26,825,012	303,147	7,473,136	35,404	99,499	20,467	117,940	34,874,605
Loan and advances	30,396,128	152,208	73,034	-	-	-	-	30,621,370
Other foreign assets	24,708,023	11,276	-	-	-	12,901	(4)	24,732,196
Total statement of financial position items	81,929,163	466,631	7,546,170	35,404	99,499	33,368	117,936	90,228,171
Items not recognized in statement of financial position*	16,538,776	105,977	3,027,515	92,462	-	-	292,584	20,057,314
Total Foreign Assets	98,467,939	572,608	10,573,685	127,866	99,499	33,368	410,520	110,285,485
Foreign Currency Liabilities:								
Deposits	35,659,823	301,603	1,979,316	105,785	21,869	1,792	10,013	38,080,201
Loan and advances	32,793,330	-	4,028,697	-	-	-	-	36,822,027
Other foreign liabilities	-	64,000	653,728	417	-	-	4,620	722,765
Total statement of financial position items	68,453,153	365,603	6,661,741	106,202	21,869	1,792	14,633	75,624,993
Items not recognized in statement of financial position*	27,585,750	243,495	3,649,012	21,078	51,452	25,907	292,594	31,869,288
Total foreign liabilities	96,038,903	609,098	10,310,753	127,280	73,321	27,699	307,227	107,494,281
Net exposure at 31 December 2024	2,429,036	(36,490)	262,932	586	26,178	5,669	103,293	2,791,204

* This comprises of the letters of credits, guarantees, forwards and swaps.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market risk (continued)

i. Exposure to interest rate risk (continued)

Currency risk sensitivity analysis

With all other variables held constant, the effect of 10% appreciation or depreciation of the shilling against major trading currencies on profit before tax and equity would be as follows: -

GROUP

	2025			2024		
	Carrying amount KShs'000	10% appreciation	10% depreciation	Carrying amount KShs'000	10% appreciation	10% depreciation
Foreign Currency Assets						
USD	121,939,647	(12,193,965)	12,193,965	107,565,788	(10,756,579)	10,756,579
GBP	324,871	(32,487)	32,487	600,014	(60,001)	60,001
EURO	2,802,985	(280,299)	280,299	10,618,194	(1,061,819)	1,061,819
JPY	139,240	(13,924)	13,924	127,866	(12,787)	12,787
CHF	81,554	(8,155)	8,155	99,499	(9,950)	9,950
ZAR	33,045	(3,305)	3,305	33,368	(3,337)	3,337
Other currencies	476,412	(47,641)	47,641	410,844	(41,084)	41,084
		(12,579,776)	12,579,776		(11,945,557)	11,945,557
Foreign Currency Liabilities						
USD	121,364,028	12,136,403	(12,136,403)	104,554,405	10,455,441	(10,455,441)
GBP	293,844	29,384	(29,384)	619,517	61,952	(61,952)
EURO	2,762,800	276,280	(276,280)	10,345,662	1,034,566	(1,034,566)
JPY	125,932	12,593	(12,593)	127,280	12,728	(12,728)
CHF	18,499	1,850	(1,850)	73,321	7,332	(7,332)
ZAR	28,997	2,900	(2,900)	27,699	2,770	(2,770)
Other currencies	398,881	39,888	(39,888)	307,227	30,723	(30,723)
		12,499,298	(12,499,298)		11,605,512	(11,605,512)
Effect on profit before tax		(80,478)	80,478		(340,045)	340,045
As percentage (%) of profit before tax		(0.20%)	0.20%		(0.98%)	0.98%
Effect on equity (profit after tax)		(56,334)	56,334		(238,032)	238,032
As percentage (%) of equity		(0.04%)	0.04%		(0.16%)	0.16%

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market risk (continued)

i. Exposure to interest rate risk (continued)

BANK

	2025			2024		
	Carrying amount KShs'000	10% appreciation	10% depreciation	Carrying amount KShs'000	10% appreciation	10% depreciation
Foreign Currency Assets						
USD	120,737,290	(12,073,729)	12,073,729	98,467,939	(9,846,794)	9,846,794
GBP	307,844	(30,784)	30,784	572,608	(57,261)	57,261
EURO	2,772,776	(277,278)	277,278	10,573,685	(1,057,369)	1,057,369
JPY	139,240	(13,924)	13,924	127,866	(12,787)	12,787
CHF	81,554	(8,155)	8,155	99,499	(9,950)	9,950
ZAR	33,045	(3,305)	3,305	33,368	(3,337)	3,337
Other currencies	476,412	(47,641)	47,641	410,520	(41,052)	41,052
		(12,454,816)	12,454,816		(11,028,550)	11,028,550
Foreign Currency Liabilities						
USD	120,076,507	12,007,651	(12,007,651)	96,038,903	9,603,890	(9,603,890)
GBP	291,541	29,154	(29,154)	609,098	60,910	(60,910)
EURO	2,740,546	274,055	(274,055)	10,310,753	1,031,075	(1,031,075)
JPY	125,932	12,593	(12,593)	127,280	12,728	(12,728)
CHF	18,499	1,850	(1,850)	73,321	7,332	(7,332)
ZAR	28,997	2,900	(2,900)	27,699	2,770	(2,770)
Other currencies	398,311	39,831	(39,831)	307,227	30,723	(30,723)
		12,368,034	(12,368,034)		10,749,428	(10,749,428)
Effect on profit before tax		(86,782)	86,782		(279,120)	279,120
As percentage (%) of profit before tax		(0.24%)	0.24%		(0.89%)	0.89%
Effect on equity (profit after tax)		(60,748)	60,748		(195,384)	195,384
As percentage (%) of equity		(0.05%)	0.05%		(0.15%)	0.15%

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

d. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations and are faced by all business units.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- i. requirements for appropriate segregation of duties, including the independent authorisation of transactions
- ii. requirements for the reconciliation and monitoring of transactions
- iii. compliance with regulatory and other legal requirements
- iv. documentation of controls and procedures
- v. requirements for the yearly assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- vi. requirements for the reporting of operational losses and proposed remedial action
- vii. development of contingency plans
- viii. training and professional development
- ix. ethical and business standards
- x. risk mitigation, including insurance where this is effective

Compliance with Group standards is supported by a programme of regular reviews undertaken by both the Internal Audit and Compliance departments. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Board Audit Committee and senior management of the Bank.

Risk Management is charged with the role of overall planning, coordination, and monitoring of operational risk from a centralized operational risk management department. The department is responsible for collecting and collating all data on operational risk loss events, risk indicators, and developing risk matrices aimed at reducing the Bank's Operational Risk Capital Charge.

e. Climate-related risk

Climate-related risks are potential negative impacts on the Group arising from climate change. These risks can affect the principal risk categories disclosed in this report (including credit, liquidity, market and operational risks) and are managed through the Group's existing enterprise risk management and credit risk frameworks.

The Group distinguishes between **physical risks** (including drought, flooding, heat stress and other extreme weather events that may affect customer cashflows, collateral values and operational continuity) and **transition risks** (arising from policy, legal/regulatory, technology, market and reputational changes associated with the transition to a lower-carbon economy).

Oversight of climate-related risks is embedded within the Group's governance arrangements, with management execution coordinated through the risk function under the leadership of the Chief Risk Officer, working with finance, business and operations.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

e. Climate-related risk (continued)

During FY2025, the Group completed a first-round climate risk assessment and stress testing exercise supported by external modelling and portfolio data; outputs are used directionally to inform sector watchlists, credit guidance and monitoring and are not used as point forecasts. The Group is enhancing portfolio mapping and data capture to better identify exposures to physical and transition risks, recognising that borrower-level data remains limited and is being strengthened over time.

In preparing the financial statements, management considers climate-related factors in significant judgements and estimates where relevant (including expected credit losses, collateral valuations and other assumptions). Climate impacts are reflected through these established processes rather than as a separate "climate-only" financial statement line item.

Refer to Note 3 for details of accounting judgements, estimates and assumptions related to climate-related risk.

f. Compliance risk

Compliance risk encompasses regulatory and legal compliance risk. Compliance risk is the risk that the Group incurs financial or reputational risk through imposition of penalties or fines as a result of not adhering to applicable laws, rules and regulations and good market practice (including ethical standards). The Bank's compliance function proactively seeks to enhance compliance risk management and the supporting control framework. The Bank operates in a market where there is a significant level of regulatory change activity, therefore, compliance risk is a key area of focus for Senior Management. The compliance function monitors this risk through reference to metrics relevant to the Group, review of incident reports and assessments, risk and control assessments pertaining to the first and second lines of defence functions, results of regulatory assessments, and review of results internal audit and external audit reports. Remediation of controls is conducted in a timely manner.

5. CAPITAL MANAGEMENT

Regulatory capital

The Central Bank of Kenya sets and monitors capital requirements for the Banking industry as a whole. The statutory minimum core capital is KShs 1 billion. In implementing current capital requirements, the Central Bank of Kenya requires the Bank to maintain a 14.5% prescribed ratio of total capital to total risk-weighted assets. Banks in Kenya are also required to maintain a capital conservation buffer of 2.5% over and above the minimum capital requirements. The Bank has already met this requirement

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

- a. Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, after deductions for intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- b. Tier 2 capital, which includes 25% of asset revaluation reserves which have received prior Central Bank approval, subordinated debt and other capital instruments approved by Central Bank.

Various limits are applied to elements of the capital base; qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital. There also are restrictions on the amount of collective impairment allowances that may be included as part of tier 2 Capital.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

5. CAPITAL MANAGEMENT

Regulatory capital

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Bank has complied with all externally imposed capital requirements throughout the year.

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

	2025 KShs'000	2024 KShs'000
Tier I Capital:		
Ordinary share capital	5,867,180	5,867,180
Share premium	1,911,925	1,911,925
Retained earnings	128,925,906	117,140,227
Other reserves	332,561	351,036
Less: Investments in equity of other institutions & deferred tax	(10,787,836)	(10,476,584)
Core Capital	126,249,736	114,793,784
Tier II Capital:		
Revaluation reserves (25%)	606,485	356,841
Term subordinated debt	14,836,162	18,747,442
Supplementary capital	15,442,647	19,104,283
Total regulatory capital	141,692,383	133,898,067
Total risk weighted assets	638,903,698	639,757,936
Capital ratios:		
Core capital to Total deposit liabilities (CBK minimum 10.5%)	23.4%	23.78%
Core capital to Total risk weighted assets (CBK minimum 10.5%)	19.8%	17.94%
otal capital to Total risk weighted assets (CBK minimum 14.5%)	22.2%	20.93%

The increase of the Tier 1 qualifying capital in the year of 2025 is mainly due to the contribution of the current-year profit. The increase of the risk-weighted assets reflects the expansion of the business in SMEs in 2025.

The Bank 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 Accounting Standards as issued by the International Accounting Standards Board are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

5. CAPITAL MANAGEMENT

Capital Allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by Group Risk and Group Credit, and is subject to review by the Group Credit Committee or ALCO as appropriate. Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision-making. Account also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer-term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

6. SEGMENT REPORTING

For management purposes, the Bank is organised into two main operating segments based on products and services as follows:

1. Retail Banking: Includes loans deposits and other transactions and balances with retail customers.
2. Wholesale Banking: Includes loans deposits and other transactions and balances with corporate and institutional customers
3. Group Functions: This relates to segments which do not fall into the categories of retail or wholesale banking. These mainly comprises of support departments such as ICT, Finance and shared services among others.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Income taxes are managed on a group basis and are not allocated to operating segments.

The Group's segment operations are all financial with a majority of revenues deriving from interest. The management relies primarily on net interest revenue to assess the performance of the segment. Interest income is reported net as management primarily relies on net interest revenue as a performance measure, not gross income and expenses. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2025 or 2024.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

6. SEGMENT REPORTING (CONTINUED)

The following table presents income and profit and certain asset and liability information regarding the Group's operating segments. All the revenue shown is from external customers.

Profit or loss for the year ended

	Wholesale Banking KShs'000	Retail Banking KShs'000	Group Functions KShs'000	Total KShs'000
31 December 2025				
Interest income	11,712,586	40,531,329	40,893,289	93,137,204
Interest expense	(18,082,809)	(4,526,882)	(7,640,566)	(30,250,257)
Net interest income	(6,370,223)	36,004,447	33,216,538	62,850,762
Non-funded income	2,526,963	17,167,185	9,340,110	29,034,258
Operating income	(3,843,260)	53,171,632	42,556,648	91,885,020
Depreciation	(30,268)	(127,100)	(3,071,508)	(3,228,876)
Amortization	(24,824)	(55,848)	(826,688)	(907,360)
Other operating expenses	(1,548,476)	(4,724,350)	(41,580,704)	(47,853,530)
Share of profit in associates	-	48,264,334	392,181	392,181
Profit before tax	(5,446,828)	-	(2,530,071)	40,287,435
Income tax expense	-	-	(10,532,906)	(10,532,906)
Profit after tax	(5,446,828)	48,264,334	(13,062,977)	29,754,529
31 December 2024				
Interest income	10,811,384	33,603,533	41,835,041	86,249,958
Interest expense	(22,732,678)	(8,243,497)	(3,753,050)	(34,729,225)
Net interest income	(11,921,294)	25,360,036	38,081,991	51,520,733
Non-funded income	14,612,173	17,038,112	(2,395,424)	29,254,861
Operating income	2,690,879	42,398,148	35,686,567	80,775,594
Depreciation	(23,742)	(190,050)	(2,618,889)	(2,832,681)
Amortization	(31,422)	(80,992)	(848,774)	(961,188)
Other operating expenses	(1,576,213)	(5,950,080)	(35,497,484)	(43,023,777)
Share of profit in associates	-	-	822,372	822,372
Profit before tax	1,059,502	36,177,026	(2,456,208)	34,780,320
Income tax expense	-	-	(9,323,974)	(9,323,974)
Profit after tax	1,059,502	36,177,026	(11,780,182)	25,456,346

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

6. SEGMENT REPORTING (CONTINUED)

	Wholesale Banking KShs'000	Retail Banking KShs'000	Group Functions KShs'000	Total KShs'000
Statement of financial position as at 31 December 2025				
Assets:				
Segment assets	157,634,941	275,815,681	-	433,450,622
Unallocated assets	-	-	393,407,117	393,407,117
Total assets	157,634,941	275,815,681	393,407,117	826,857,739
Liabilities and equity:				
Segment liabilities and Equity	280,308,674	261,212,448	-	541,521,122
Unallocated liabilities and Equity	-	-	285,336,617	285,336,617
Total liabilities and equity	280,308,674	261,212,448	285,336,617	826,857,739
Statement of financial position as at 31 December 2024				
Assets:				
Segment assets	110,158,344	284,890,334	-	395,048,678
Unallocated assets	-	-	348,141,462	348,141,462
Total assets	110,158,344	284,890,334	348,141,462	743,190,140
Liabilities and equity:				
Segment liabilities and Equity	200,422,766	286,498,685	-	486,921,451
Unallocated liabilities and Equity	-	-	256,268,689	256,268,689
Total liabilities and equity	200,422,766	286,498,685	256,268,689	743,190,140

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

6. SEGMENT REPORTING (CONTINUED)

Geographical information

The Group's operations are within the two geographical segments of Kenya and South Sudan. The table below contains segmental information provided to the Board of Management for the year ended 31 December 2025.

Profit or loss for the year ended	Kenya	South Sudan	Total
31 December 2025	KShs'000	KShs'000	KShs'000
Interest income	92,398,274	738,930	93,137,204
Interest expense	(30,192,809)	(93,633)	(30,286,442)
Net interest income	62,205,465	645,297	62,850,762
Non-funded income	27,604,289	1,429,968	29,034,257
Operating income	120,002,563	2,168,898	122,171,461
Depreciation	(3,108,746)	(120,130)	(3,228,876)
Amortization	(878,100)	(29,260)	(907,360)
Other operating expenses	(46,163,974)	(1,468,259)	(47,632,233)
Loss on net monetary position	-	(221,297)	(221,297)
Operating profit	39,658,934	236,319	39,895,253
Share of profit in associate	392,181	-	392,181
Profit before tax	40,051,115	236,319	40,287,434
Income tax expense	(10,378,369)	(154,537)	(10,532,906)
Profit for the year	29,672,746	81,782	29,754,528
Statement of financial position			
Segment assets			
Non-current assets	695,117,006	5,374,484	700,491,490
Current assets	121,318,843	5,937,118	127,255,961
	816,435,849	11,311,602	827,747,451
Segment liabilities	651,443,477	9,971,167	661,414,644
Equity	164,992,372	1,340,435	166,332,807
Profit or loss for the year ended			
31 December 2024	KShs'000	KShs'000	KShs'000
Interest income	85,660,768	589,190	86,249,958
Interest expense	(34,656,362)	(72,863)	(34,729,225)
Net interest income	51,004,406	516,327	51,520,733
Non-funded income	27,638,534	1,616,327	29,254,861
Operating income	78,642,940	2,132,654	80,775,594
Depreciation	(2,753,635)	(79,656)	(2,833,291)
Amortization	(945,104)	(15,474)	(960,578)
Other operating expenses	(40,997,316)	(1,162,489)	(42,159,805)
Loss on net monetary position	-	(734,656)	(734,656)
Operating profit	33,946,885	140,379	34,087,264
Share of profit in associate	822,372	-	822,372
Profit before tax	34,769,257	140,379	34,909,636
Income tax expense	(9,141,802)	(41,793)	(9,183,595)
Profit for the year	25,627,455	98,586	25,726,041
Statement of financial position			
Segment assets			
Non-current assets	546,604,144	5,702,469	552,306,613
Current assets	187,075,502	4,526,269	191,601,771
	733,679,646	10,228,738	743,908,384
Segment liabilities	589,194,938	9,172,330	598,367,268
Equity	144,484,708	1,056,408	145,541,116

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

7. FAIR VALUE OF ASSETS AND LIABILITIES

a. Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes treasury and corporate bonds listed in Nairobi Securities exchange (NSE).

Level 2 – other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows an analysis of assets and liabilities recorded at fair value by level of the fair value hierarchy. This hierarchy requires the use of observable market data where available. The Group considers relevant and observable market prices in its valuations where possible:

GROUP

As at 31 December 2025	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
Assets measured at fair value:				
Free hold land and buildings	-	-	3,886,174	3,886,174
Debt instruments at FVOCI	124,581,881	-	-	124,581,881
Debt instruments at FVPL	630,701	-	-	630,701
Derivatives	-	606,529	-	606,529
Unquoted equity instruments at FVOCI	-	-	577,995	577,995
Liabilities measured at fair value:				
Derivatives	-	-	-	-
Assets for which fair values are disclosed (Note 7(b))				
Debt Instruments at Amortised cost				
Treasury bonds	96,756,843	-	-	96,756,843
Treasury bills	23,597,398	-	-	23,597,398
Corporate bonds	-	915,681	-	915,681
Staff loans at amortised cost (Note 13(a))	-	6,336,066	-	6,336,066
As at 31 December 2024				
Assets measured at fair value:				
Free hold land and buildings	-	-	3,106,048	3,106,048
Debt instruments at FVOCI	-	-	-	-
Treasury bonds	104,187,397	-	-	104,187,397
Unquoted equity instruments at FVOCI	-	-	408,134	408,134

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

7. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

a. Determination of fair value and fair value hierarchy (continued)

GROUP (continued)

GROUP (continued)

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
As at 31 December 2024				
Liabilities measured at fair value:				
Derivatives	-	367,277	-	367,277
Assets for which fair values are disclosed (Note 7(b))				
Debt Instruments at Amortised cost				
Treasury bonds	89,104,981	-	-	89,104,981
Treasury bills	24,281,380	-	-	24,281,380
Corporate bonds	-	895,927	-	895,927
Staff loans at amortised cost (Note 13(a))	-	6,311,783	-	6,311,783
Liabilities for which fair values are disclosed (Note 7(b))				
Loans and borrowings	-	6,459,809	-	6,459,809

BANK

As at 31 December 2025

Assets measured at fair value:

Free hold land and buildings	-	-	3,077,506	3,077,506
Debt instruments at FVOCI	110,900,202	-	-	110,900,202
Debt instruments at FVPL	630,701	-	-	630,701
Unquoted equity instruments at FVOCI	-	-	341,487	341,487
Derivatives	-	-	606,529	606,529

Liabilities measured at fair value:

Derivatives	-	-	-	-
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Assets for which fair values are disclosed (Note 7(b))

Debt Instruments at Amortised cost				
Treasury bonds	89,357,265	-	-	89,357,265
Treasury bills	23,597,398	-	-	23,597,398
Corporate bonds	-	915,681	-	915,681
Staff loans at amortised cost (Note 13(a))	-	6,336,066	-	6,336,066

As at 31 December 2024

Assets measured at fair value:

Free hold land and buildings	-	-	2,307,300	2,307,300
Debt instruments at FVOCI	-	-	-	-
Treasury bonds	90,382,274	-	-	90,382,274
Unquoted equity instruments at FVOCI	-	-	338,263	338,263

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

7. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

a. Determination of fair value and fair value hierarchy (continued)

BANK (continued)

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
As at 31 December 2024				
Liabilities measured at fair value:				
Derivatives	-	367,277	-	367,277
Assets for which fair values are disclosed (Note 7(b))				
Debt Instruments at Amortised cost				
Treasury bonds	82,502,980	-	-	82,502,980
Treasury bills	24,065,500	-	-	24,065,500
Corporate bonds	-	895,927	-	895,927
Staff loans at amortised cost (Note 13(a))	-	6,311,783	-	6,311,783

The transfers between levels 1 and 2 in the year are disclosed on Note 7(e).

b. Fair value of financial assets and liabilities not carried at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities whose fair value would be categorised as Level 2 and 3 in the fair value Hierarchy above that not presented on the Group's and Company's statement of financial position at their fair value, other than those with carrying amounts that are reasonable approximation of fair values.

GROUP	2025		2024	
	Carrying amount KShs'000	Fair value KShs'000	Carrying amount KShs'000	Fair value KShs'000
Financial assets:				
Amortised cost				
Treasury bonds and bills	122,281,610	121,269,921	115,068,755	114,282,288
Financial liabilities:				
Loans and borrowings				
Fixed-rates borrowings	5,283,969	3,809,991	6,093,534	4,158,738
BANK				
Financial assets:				
Amortised cost				
Treasury bonds and bills	112,954,663	118,556,231	106,568,480	115,781,477
Financial liabilities:				
Loans and borrowings				
Fixed-rates borrowings	5,283,969	3,809,991	6,093,534	4,158,738

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

i. Assets for which fair value approximates carrying amounts

For financial assets and financial liabilities that have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to inter-bank placements, demand deposits, and savings accounts without a specific maturity and treasury bills at amortised cost (previously, held to maturity).

ii. Government securities

Government debt securities include both long-term treasury bonds and short-term treasury bills with fixed rate interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Group uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate the fair value in which instances the Group classifies those securities as Level 2. The Group does not have Level 3 government securities where valuation inputs would be unobservable.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

7. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

b. Fair value of financial assets and liabilities not carried at fair value (continued)

iii. Debt securities issued by financial institutions and other debt securities

These include corporate bonds which are standard fixed rate securities. The Group uses active market prices when available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value. Corporate bonds are generally Level 2 instruments.

iv. Foreign exchange contracts

Foreign exchange contracts include foreign exchange forward and swap contracts. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Group classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

v. Loans and borrowings

The estimated fair value of fixed interest-bearing loans is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity.

c. Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurements categorised within level 3 of the fair value hierarchy, are as shown below

Asset	Valuation Technique	Significant unobservable inputs	Range (Weighted Average)	Sensitivity of the input to fair value
Free hold land and building	DCF method	Value of equivalent property and market sales		+/-1% (2024: +/-1%) = Fair value change of +/- KShs 23million (2024: 23million)
		Estimated rental value per s.q.m. per month	KShs 30	
		Rent growth p.a.	3%	
		Long-term vacancy rate	5%	
		Discount rate	5%	
Unquoted-equity instruments	DCF method	Long term growth rate	5%	+/-1% (2024: +/-1%) = Fair value change of +/- KShs 0.3million (2024: +/- 0.3million)
		Discount rate (WACC)	25%	

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

7. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

d. Transfers between Level 1 and Level 2

There were no transfers between Level 1 and 2 in the year (2024: NIL)

e. Reconciliation of fair value measurement of unquoted equity instruments classified as FVOCI

Bank

	2025 KShs'000	2024 KShs'000
At 1 January	338,263	313,755
Purchase	-	-
Remeasurement recognised through OCI	3,224	24,508
At December	341,487	338,263

8. CASH AND BALANCES WITH CENTRAL BANKS

	Group		Bank	
	2025 KShs'000	2024 KShs'000	2025 KShs'000	2024 KShs'000
Cash on hand	10,799,964	10,691,646	9,576,324	9,095,783
Central Bank of Kenya:				
Restricted balances (Cash Reserve Ratio)	18,369,799	21,420,402	17,396,848	20,164,177
Unrestricted balances available for use by the Group	8,875,543	1,361,546	7,811,223	1,184,296
Central Bank of South Sudan	2,984,336	1,319,793	-	-
	41,029,642	34,793,387	34,784,395	30,444,256
Allowance for expected credit losses	(7,913)	(9,523)	-	-
	41,021,729	34,783,864	34,784,395	30,444,256

The Cash Reserve Ratio are restricted deposits with the Central Bank of Kenya and Bank of South Sudan and represents mandatory reserve deposits and are not available for use in the Bank's day-to-day operations. The deposits are non-interest earning and are based on the value of deposits as adjusted by Central Bank of Kenya requirements. At 31 December 2025, the Cash Reserve Ratio requirement on all deposits was 3.25% (2024: 3.25%) for Kenya and 20.00% (2024: 20.00%) for South Sudan. The allowance for expected credit losses relates to deposits held by Bank of South Sudan.

9. DEPOSITS AND BALANCES DUE FROM BANKS

	Group		Bank	
	2025 KShs'000	2024 KShs'000	2025 KShs'000	2024 KShs'000
Local banks	16,302,359	22,047,084	8,255,142	14,946,464
Foreign banks	44,404,212	30,178,990	44,758,542	32,087,060
	60,706,571	52,226,074	53,013,684	47,033,524
Allowance for expected credit losses (Note 4(a)(i))	(64,447)	(63,339)	(18,144)	(6,429)
	60,642,124	52,162,735	52,995,540	47,027,095

The weighted average effective interest rate on deposits and balances due from banks as at 31 December 2025 was 3.88% (2024: 7.82%).

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

10. FINANCIAL INVESTMENTS OTHER THAN THOSE MEASURED AT FVPL

a. Debt instruments at FVTPL

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Government treasury bonds measured at FVTPL	630,701	-	630,701	-

b. Debt instruments at FVOCI

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Government Treasury bills:				
Maturing within 91 days	6,835,158	-	6,835,158	-
Maturing after 91 days	13,500,165	-	13,500,165	-
Treasury Bonds:				
Maturing within 91 days	-	701,274	-	-
Maturing after 91 days	104,246,558	103,486,123	90,564,879	90,382,274
	124,581,881	104,187,397	110,900,202	90,382,274

Movement in the year for debt instrument through OCI

At January 1	104,187,397	98,695,811	90,382,274	84,804,458
Additions	37,998,943	10,027,577	37,793,481	9,713,596
Disposals and maturities	(21,512,664)	(20,444,336)	(20,212,664)	(18,954,597)
Reclassification from debt instruments at amortised cost	-	-	-	-
Expected credit losses	(3,070)	593,198	(3,600)	593,743
Change in fair value recognized OCI	3,911,275	15,315,147	2,940,711	14,225,074
At December 31	124,581,881	104,187,397	110,900,202	90,382,274

The weighted average effective interest rate on debt instruments at FVOCI as at 31 December 2025 was 12.6% (2024: 12.97%).

In assessing for the expected credit losses, the debt instruments at FVOCI were assessed to be of high-grade credit quality and classified under stage 1 category.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

10. FINANCIAL INVESTMENTS OTHER THAN THOSE MEASURED AT FVPL

c. Equity instruments at FVOCI

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Quoted equity investments: -				
Nairobi Securities Exchange: -				
7,000,000 ordinary shares of KShs 20.33 each	142,284	42,000	-	-
CIC Insurance Group Ltd: -				
8,800,000 ordinary shares of KShs 4.57 each	40,216	17,200	-	-
Uchumi Supermarkets Ltd: - 57,455,124 ordinary shares of KShs 0.94 each	54,008	9,767	-	-
Other equity investments	-	904	-	-
Unquoted equity Investments: -				
Consolidated Bank of Kenya Ltd: -				
135,000 ordinary shares of KShs 20 each	2,700	2,700	2,700	2,700
580,000, 4% non-cumulative preference shares of KShs 20 each	1,562	1,562	1,562	1,562
Kenya National Federation of Co-operatives Ltd: -				
82 shares of KShs100 each	8	8	8	8
Kenya National Housing Co-operative Union Ltd: -				
1 share of KShs 1,000	1	1	1	1
Kenya Mortgage Finance Company: -				
2,000,000 shares of KShs 100 each	200,000	200,000	200,000	200,000
Menno Plaza Limited: -				
8,293 ordinary shares representing 11% ownership	137,216	133,992	137,216	133,992
	577,995	408,134	341,487	338,263

Movement in the year for debt and equity instrument through OCI

At January 1	408,134	385,479	338,263	313,755
Additions	-	-	-	-
Disposals and maturities	-	-	-	-
Reclassification from debt instruments at amortised cost	-	-	-	-
Change in fair value recognized OCI	169,861	22,655	3,224	24,508
At December 31	577,995	408,134	341,487	338,263

The above unquoted instruments relate to investments in the banking sector co-operative movement. The unquoted equities are not actively traded and management does not intend to dispose them in the immediate future. The unquoted equity investments are placed under level 3 of fair value hierarchy. The valuation technique used is equity calculation based on EBTDA and market data. The dividend income recognised in profit or loss from the equity instruments at FVOCI (Menno Plaza Limited) was KShs 3,056,493 (2024: KShs 1,420,330).

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

11. DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk. These derivative financial instruments are measured at fair value through profit or loss.

	Group and Bank			
	2025		2024	
	KShs'000	KShs'000	KShs'000	KShs'000
	Notional value	Fair value of contracts: Asset /(Liability)	Notional value	Fair value of contracts: Asset /(Liability)
Forward exchange contracts	(2,222,128)	(34,206)	1,082,962	(22,544)
Swaps	32,845,826	640,735	(13,488,399)	(344,733)
	30,623,698	606,529	(12,405,437)	(367,277)

12. OTHER ASSETS

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Interest receivable	7,167,188	8,014,182	7,167,188	7,663,998
Items in the course of collection from other banks	570,537	612,546	508,892	612,545
Deposits with financial Institutions	230,857	233,771	230,857	230,857
Sundry debtors and prepayments	11,243,039	19,978,921	10,431,048	17,610,025
Amounts due from related parties (45 (c))	-	-	736,776	61,455
Staff loan amortisation	6,336,066	6,311,783	6,336,066	6,311,783
	25,547,687	35,151,203	25,410,827	32,490,663
Impairment (losses)/ gains on deposits with financial institutions & other financial assets	(113,069)	(82,765)	(6,962)	(8,469)
	25,434,618	35,068,438	25,403,865	32,482,194

The sundry debtors relates to various types of receivables of low values of which the Group consider it will not be useful to disclose individually.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

13. LOANS AND ADVANCES TO CUSTOMERS

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
a. Net loans and advances				
Overdrafts	46,125,255	26,020,860	44,300,768	24,491,720
Commercial loans	318,777,146	375,627,844	318,777,145	359,504,666
Government/ Donor funded loan schemes	949,196	791,540	949,196	791,540
Credit cards	830,976	717,749	830,976	717,749
Micro enterprises & SME	115,789,040	25,973,948	88,452,248	24,496,015
Gross loans and advances	482,471,613	429,131,941	453,310,333	410,001,690
Staff loans amortisation	(6,336,066)	(6,311,783)	(6,336,066)	(6,311,783)
	476,135,547	422,820,158	446,974,267	403,689,907
Allowance for expected credit losses (Note 13(c))	(55,132,865)	(49,087,231)	(53,475,716)	(47,431,915)
Net loans and advances	421,002,682	373,732,927	393,498,551	356,257,992

b. The weighted average effective interest rates at 31 December were:

	Group and Bank	
	2025	2024
	%	%
Overdrafts	14.24	19.2
Commercial loans	15.54	17.7
Government/ Donor funded loan schemes	9.5	9.5
Credit card balances	18.5	20.5

c. Allowance for Expected Credit Losses

Group

	Stage 1	Stage 2	Stage 3	Total
	KShs'000	KShs'000	KShs'000	KShs'000
At 1 January 2025	4,216,673	11,687,219	33,183,339	49,087,231
Expected credit losses	(98,878)	1,441,622	8,120,031	9,462,775
Write off	(62,020)	(27,202)	(2,700,551)	(2,789,773)
Exchange difference on translation of a foreign operation	(22,860)	-	(604,508)	(627,368)
At 31 December 2025	4,032,915	13,101,639	37,998,311	55,132,865
At 1 January 2024	8,255,938	9,774,269	24,767,917	42,798,124
Expected credit losses	(4,018,387)	2,105,487	10,697,025	8,784,125
Write back/ (off)	-	(156,260)	(2,140,201)	(2,296,461)
Exchange difference on translation of a foreign operation	(20,878)	(36,277)	(141,402)	(198,557)
At 31 December 2024	4,216,673	11,687,219	33,183,339	49,087,231

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

13. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

c. Allowance for Expected Credit Losses (continued)

BANK

	Stage 1 KShs'000	Stage 2 KShs'000	Stage 3 KShs'000	Total KShs'000
At 31 December 2025	3,891,585	11,624,310	31,916,020	47,431,915
Expected credit loss	(288,984)	1,476,134	7,914,965	9,102,115
Recoveries	-	-	(577,396)	(577,396)
Write off	-	-	(2,480,918)	(2,480,918)
At 31 December 2025	3,602,601	13,100,444	36,772,671	53,475,716
At 1 January 2024	7,819,329	9,644,954	23,149,382	40,613,665
Expected credit loss	(3,927,744)	2,135,616	10,142,203	8,350,075
Recoveries	-	(156,260)	(1,375,565)	(1,531,825)
At 31 December 2024	3,891,585	11,624,310	31,916,020	47,431,915

The table below provides overview of the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year end stage classification.

GROUP

31 December 2025

Internal risk rating category	Provisions for impairment							
	12-month ECL Stage 1	Lifetime ECL not credit impaired Stage 2	Lifetime ECL credit impaired Stage 3	Gross Carrying Amount	12-month ECL Stage 1	Lifetime ECL not credit impaired Stage 2	Lifetime ECL credit impaired Stage 3	Total ECL
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Grade1	377,863,984	-	-	377,863,984	6,311,588	-	-	6,311,588
Grade2	-	30,532,702	-	30,532,702	-	6,245,054	-	6,245,054
Grade3	-	-	40,220,632	40,220,632	-	-	23,936,415	23,936,415
Grade4	-	-	31,808,717	31,808,717	-	-	17,655,332	17,655,332
Grade5	-	-	2,045,578	2,045,578	-	-	984,476	984,476
Total	377,863,984	30,532,702	74,074,927	482,471,613	6,311,588	6,245,054	42,576,223	55,132,865

31 December 2024

Grade1	318,611,032	-	-	318,611,032	4,216,673	-	-	4,216,673
Grade2	-	39,520,675	-	39,520,675	-	11,687,219	-	11,687,219
Grade3	-	-	42,872,376	42,872,376	-	-	20,499,458	20,499,458
Grade4	-	-	27,303,582	27,303,582	-	-	11,903,742	11,903,742
Grade5	-	-	824,276	824,276	-	-	780,139	780,139
Total	318,611,032	39,520,675	71,000,234	429,131,941	4,216,673	11,687,219	33,183,339	49,087,231

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

13. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

c. Allowance for Expected Credit Losses (continued)

BANK

31 December 2025

Internal risk rating category	Provisions for impairment							
	12-month ECL Stage 1	Lifetime ECL not credit impaired Stage 2	Lifetime ECL credit Impaired Stage 3	Gross Carrying Amount	12-month ECL Stage 1	Lifetime ECL not credit impaired Stage 2	Lifetime ECL credit Impaired Stage 3	Total ECL
	KShs'000	KShs'000	KShs'000		KShs'000	KShs'000	KShs'000	
Grade1	354,241,089	-	-	354,241,089	5,449,095	-	-	5,449,095
Grade2	-	29,987,328	-	29,987,328	-	5,828,814	-	5,828,814
Grade3	-	-	37,991,390	37,991,390	-	-	23,839,678	23,839,678
Grade4	-	-	30,227,247	30,227,247	-	-	17,623,610	17,623,610
Grade5	-	-	863,279	863,279	-	-	734,519	734,519
Total	354,241,089	29,987,328	69,081,916	453,310,333	5,449,095	5,828,814	42,197,807	53,475,716

31 December 2024

Grade1	304,299,878	-	-	304,299,878	3,891,585	-	-	3,891,585
Grade2	-	38,749,292	-	38,749,292	-	11,624,310	-	11,624,310
Grade3	-	-	42,079,975	42,079,975	-	-	20,456,601	20,456,601
Grade4	-	-	24,549,152	24,549,152	-	-	11,251,280	11,251,280
Grade5	-	-	323,394	323,394	-	-	208,139	208,139
Total	304,299,878	38,749,292	66,952,521	410,001,691	3,891,585	11,624,310	31,916,020	47,431,915

Bank

Maturity Analysis

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Maturity within 3 months	42,083,147	43,576,314	41,423,463	42,400,466
Maturing after 3 months but within 12 months	25,142,296	31,404,614	22,993,045	29,246,891
Maturity after 1 year	353,777,239	298,751,999	329,082,043	284,610,635
Net loans and advances to customers	421,002,682	373,732,927	393,498,551	356,257,992

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

14. DEBT INSTRUMENTS AT AMORTISED COST

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Government treasury bills:				
Maturing within 91 days	5,688,208	10,062,350	5,688,208	10,062,350
Maturing after 91 days	17,909,189	14,219,030	17,909,189	14,219,030
Treasury bonds:				
Maturing within 91 days	-	100,000	-	100,000
Maturing after 91 days	96,756,842	89,004,981	89,357,265	81,607,307
Corporate bonds:				
Maturing within 91 days	-	-	-	-
Maturing after 91 days	915,682	895,927	915,681	895,927
	121,269,921	114,282,288	113,870,343	106,884,614
Movement in the year:				
At 1 January	114,282,288	91,741,759	106,884,614	84,345,718
Additions	61,936,047	70,585,750	61,934,143	70,585,750
Allowance for credit losses	(225,222)	316,889	(225,222)	316,889
Maturities	(54,723,192)	(48,362,110)	(54,723,192)	(48,363,743)
At December 31	121,269,921	114,282,288	113,870,343	106,884,614

The weighted average effective interest rate on Debt instruments measured at amortised cost as at 31 December 2025 was 11.78% (2024: 12.75%). In assessing for the expected credit losses, the debt instruments at amortised cost were assessed to be of high-grade credit quality and classified under stage 1 category.

* Kingdom Bank (a subsidiary of the Group) which was acquired in 2020 changed its business model on managing the government securities initially held at amortized cost to allow for a more aggressive approach on the funds received from Central Bank of Kenya to be utilised for lending to customers on need basis, improve the liquidity position and revive the Bank.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

15. a. INVESTMENT IN SUBSIDIARIES

The following subsidiaries are owned by the Bank: -

Bank

	Ownership	Principal Activity	2025 KShs'000	2024 KShs'000
Co-op Bancassurance Intermediary Limited	100%	Bancassurance	70,000	70,000
Co-optrust Investment Services Limited	100%	Fund management	20,000	20,000
Kingdom Securities Limited	60%	Brokerage Services	150,000	150,000
Co-operative Bank of South Sudan	51%	Banking	2,670,825	2,644,925
Kingdom Bank Limited	90%	Banking	1,000,000	1,000,000
			3,910,825	3,884,925

The investment in the above subsidiaries is at cost. All the subsidiaries are unlisted and have the same financial year-end of 31 December as the Bank.

Co-op Bancassurance Intermediary Limited was established as Co-op Consultancy Services in 2002 to offer consultancy, advisory and insurance agency services. The audited financial statements for the year ended 31 December 2025 show that the company made a profit after tax of KShs 1,157,119,948 (2024: KShs 922,818,535)

Co-optrust Investment Services was established in 1998 to offer fund management and investment services. The audited financial statements for the year ended 31 December 2025 show that the company made a profit after tax of KShs 652,209,142 (2024: KShs 265,751,139).

Kingdom Securities Limited (previously Bob Mathews Stockbrokers Limited) was acquired by Co-operative Bank Limited through purchase of 60% shareholding in 2009. The company offers brokerage services and is a registered broker with the Nairobi Securities Exchange. The audited financial statements for the year ended 31 December 2025 show that the company made a profit after tax of KShs 141,318,464 (2024: KShs 74,208,668). Refer to Note 33 for financial statements summaries.

Co-operative Bank of South Sudan was registered in 2013 with the partnership of Government of South Sudan which holds 49% of the ordinary shares. As at year end, Co-operative Bank of Kenya Limited had contributed 51% of the total share capital with the Government of South Sudan contributing 49%. The Subsidiary is based in South Sudan and commenced operation in September 2013. The audited financial statements for the year ended 31 December 2025 show that the company made a profit after tax of KShs 81,782,513 (2024: loss of KShs 707,784). Refer to note 33 for financial statements summaries.

Kingdom Bank Limited (previously Jamii Bora Bank) was acquired by Co-operative Bank Limited through purchase of 90% shareholding in 2020 with the objective of accessing the SME market share. The audited financial statements for the year ended 31 December 2025 show that the bank made a profit after tax of KShs 946,222,665 (2024 – profit after tax of KShs 1,068,426,883). Refer to Note 33 for financial statements summaries. On acquisition of Kingdom Bank Limited in year 2020, there was recognition of Goodwill of Kes. 3,294,000,000. The Group subjected the Goodwill to impairment test with no resultant impairment cost.

b. GOODWILL

Goodwill amounting to KShs 3,294,000,000 arose from the acquisition of 90% shareholding in Jamii Bora Bank (now Kingdom Bank Limited). For the purpose of goodwill impairment assessment, the group has treated Kingdom bank as a single Cash generating Unit (CGU) with one governing and reporting structure. The unit continues to generate positive cash flows. The recoverable amount of the cash generating unit is based on value-in-use calculation which uses cash flow projections based on financial budgets and plans approved by the Board of Directors covering a five year period.

The group has used a five-year period in line with its five-year long-term strategic plan. The calculation of value in use is most sensitive to the following assumptions:

- The net cash flows were discounted using the country specific pre-tax weighted average cost of capital (WACC) of 22.42%. The weighted average cost of capital was calculated using the bond yield plus risk premium method.
- Long term growth rate - An asset or business with an indefinite life requires a terminal value in the cash flow forecast. This represents what an investor might pay for the cash flows beyond the specific forecast period. This is based on the projected growth rate in GDP for Kenya.
- Growth Rate: This is based on the projected growth rate in GDP for Kenya.
- Expense Growth rate: The expense growth rate is based on the inflation rate in Kenya.

At 31 December 2025, no impairment loss was warranted (2024: nil).

Sensitivity analysis

If the discount rate applied to the cash flow projections of this CGU had been 10% higher than management's estimates (25% instead of 22%), the headroom would have decreased by KShs 1.56M. However, there would still have been no impairment.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

16. INVESTMENTS IN ASSOCIATES

The Bank has 33.41% interest in Co-operative Insurance Society Limited which is the majority shareholder of CIC Insurance Group Limited. CIC Insurance Group Limited is a listed company at Nairobi Securities Exchange (NSE) and is incorporated in Kenya. The principal activity of the Company is insurance business and fund management. The fair value of the investment as at 31 December 2025 was KShs 3.26 billion(2024:Kshs.1.5 billion). CIC Group Ltd declared and paid a dividend of Kes 0.13 per share and a Bonus Issue of one share for every ten held (1:10) with respect to FY2024. This was paid out in June 2025 to all shareholders including Co-operative Insurance Society Ltd (CIS Ltd).

The Group's Interest in Co-operative Insurance Society Limited is accounted for using the equity method in the consolidated financial statements.

The Bank's interest in Co-operative Insurance Society Limited is accounted for at cost in the separate financial statements.

Co-operative Bank of South Sudan owns 31% stake in CIC South Sudan. The interest in CIC South Sudan is accounted for using the equity method in the consolidated financial statements.

The Bank has a joint venture, Co-op Bank Fleet Africa Leasing Limited, with Super Group Limited to carry out leasing business. The terms of the joint venture are such that the Bank owns 25% shareholding with Super Group owning 75% shareholding with a 50:50 profit sharing arrangement.

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
At 1 January	3,656,036	2,711,086	706,444	706,444
Share of profit/ (loss) -Insurance associates	325,285	762,246	-	-
Share of profit/ (loss) – Leasing associate	66,896	60,126	-	-
Other comprehensive income	322,481	1,463,569	-	-
Income tax relating to components of other comprehensive income	(96,744)	(9,322)	-	-
Dividends received	(69,934)	(87,065)	-	-
Exchange difference on translation	(385,623)	(1,244,604)	-	-
At 31 December	3,818,397	3,656,036	706,444	706,444

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

16. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table illustrates summarized financial information of the Group's investment in associates:

	Co-operative Insurance Society Limited		CIC South Sudan Limited	
	2025	2024	2025	2024
Statement of financial position:	KShs'000	KShs'000	KShs'000	KShs'000
Non-current assets	16,376,607	16,606,475	1,447,211	1,357,445
Current assets	56,385,123	45,659,296	333,752	456,073
	72,761,730	62,265,771	1,780,963	1,813,518
Current liabilities	(61,546,163)	(51,004,788)	(1,919,410)	(1,650,196)
Equity	11,215,567	11,260,983	(138,447)	163,322
Share in equity	3,745,999	2,145,530	(42,919)	50,630
Other adjustments	302,114	565,556	-	-
Carrying amount of the investment	4,048,113	2,711,086	(42,919)	50,630

	Co-operative Insurance Society Limited		CIC South Sudan Limited	
	2025	2024	2025	2024
Statement of comprehensive income:	KShs'000	KShs'000	KShs'000	KShs'000
Revenue	29,482,062	28,974,908	1,138,796	1,448,557
Operating and other expenses	(27,819,912)	(25,706,980)	(1,321,912)	(1,227,010)
Profit/(loss) before tax	1,662,150	3,267,928	(183,116)	221,547
Income tax expense	(688,523)	(986,412)	-	-
Profit/(loss) after tax	973,627	2,281,516	(183,116)	221,547
Other comprehensive income	945,691	1,400,285	(46,443)	263,173
Total comprehensive income for the year	1,919,318	3,681,801	(229,559)	484,720
Attributable to parent	1,907,537	3,659,202	-	-
Attributable to Non-controlling interest	11,781	22,599	-	-
	1,919,318	3,681,801	-	-
Share of comprehensive income	647,766	2,225,815	-	49,020
Split as follows				
Share of profit or loss	325,285	762,246	-	68,328
Share of OCI	322,481	1,463,569	-	-
Fair value gain of FVOCI investment	-	-	-	-
Translation difference	-	-	-	-
Revaluation gain of building	-	-	-	13,256
	647,766	2,225,815	-	81,584
	647,766	2,225,815	-	566,304

*The presentation of the carrying amounts of the investment in associates has been updated.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

17. INTANGIBLE ASSETS

GROUP

	Computer software KShs'000	Business Rights KShs'000	Other intangible assets KShs'000	Work-in-progress KShs'000	Total KShs'000
COST					
At 1 January 2025	9,923,063	11,664	25,000	250,567	10,210,294
Additions	495,943	-	-	279,889	775,832
Transfers from WIP	480,016	-	-	(480,016)	-
Asset Reclassification to PPE	2,919	-	-	89,598	92,517
Write off	(12,641)	(11,664)	-	-	(24,305)
Exchange difference on translation	10,422	-	-	(1,008)	9,414
At 31 December 2025	10,899,722	-	25,000	139,030	11,063,752
AMORTISATION					
At 1 January 2025	7,980,141	11,664	-	-	7,991,805
Amortisation for the year	907,360	-	-	-	907,360
Write off	(8,493)	(11,664)	-	-	(20,157)
Exchange difference on translation	40,596	-	-	-	40,596
At 31 December 2025	8,919,604	-	-	-	8,919,604
NET CARRYING AMOUNT					
At 31 December 2025	1,980,118	-	25,000	139,030	2,144,148
COST					
At 1 January 2024	9,525,208	52,099	25,000	155,398	9,757,705
Additions	372,250	-	-	142,947	515,197
Transfers from WIP	47,205	-	-	(47,205)	-
Write off	(1,659)	-	-	-	(1,659)
Exchange difference on translation	(19,941)	(40,435)	-	(573)	(60,949)
At 31 December 2024	9,923,063	11,664	25,000	250,567	10,210,294
AMORTISATION					
At 1 January 2024	7,032,196	52,099	-	-	7,084,295
Amortisation for the year	960,578	-	-	-	960,578
Exchange difference on translation	(12,633)	(40,435)	-	-	(53,068)
At 31 December 2024	7,980,141	11,664	-	-	7,991,805
NET CARRYING AMOUNT					
At 31 December 2024	1,942,922	-	25,000	250,567	2,218,489

Other intangible assets relate to trading rights by Kingdom Securities Limited to participate in trading at Nairobi Securities Exchange (NSE).

The business rights relate to the costs incurred in negotiating a business arrangement with the Government of South Sudan for the Co-Operative Bank of South Sudan. Under the agreement with the Government of South Sudan, the Bank acquired certain rights that are identifiable e.g., business relationships with the government and co-operative movement.

Work-in-progress relates to partially paid and ongoing software projects not yet commissioned for use by the group.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

17. INTANGIBLE ASSETS (CONTINUED)

BANK

	Computer software KShs'000	Work-in progress KShs'000	Total KShs'000
COST			
At 1 January 2025	9,111,955	249,559	9,361,514
Additions	439,259	279,889	719,148
Transfer from work-in-progress	480,016	(480,016)	-
Write off	-	-	-
Asset Reclassification	2,920	32,770	35,690
At 31 December 2025	10,034,150	82,202	10,116,352
AMORTISATION			
At 1 January 2025	7,345,327	-	7,345,327
Amortisation for the year	850,005	-	850,005
Write off	-	-	-
At 31 December 2025	8,195,332	-	8,195,332
NET CARRYING AMOUNT			
At 31 December 2025	1,838,818	82,202	1,921,020
COST			
At 1 January 2024	8,858,784	149,770	9,008,554
Additions	235,101	119,518	354,619
Transfer from work-in-progress	18,070	(18,070)	-
Write off	-	(1,659)	(1,659)
At 31 December 2024	9,111,955	249,559	9,361,514
AMORTISATION			
At 1 January 2024	6,412,886	-	6,412,886
Amortisation for the year	932,441	-	932,441
Write off	-	-	-
At 31 December 2024	7,345,327	-	7,345,327
NET CARRYING AMOUNT			
At 31 December 2024	1,766,628	249,559	2,016,187

Amortisation has not been charged in arriving at the results for the year in respect of certain fully amortised software assets with a cost of KShs 4,807,025,094 (2024: KShs 3,929,961,114), which are still in use. If amortisation had been charged during the year on the cost of these assets at normal rates, it would have amounted to KShs 961,405,019 (2024: KShs 785,992,223).

18. LEASEHOLD LAND

	Group and Bank	
	2025 KShs'000	2024 KShs'000
COST		
At 1 January	54,413	54,413
AMORTISATION:		
At 1 January	22,940	22,330
Charge for the year	609	610
At 31 December	23,549	22,940
NET CARRYING AMOUNT		
At 31 December	30,864	31,473

Prepaid lease rentals relate to advance payments made for the right of occupancy of leasehold land made to the Government of Kenya for a lease term period of 99 years. Amortization is done over the remaining lease period of the lease as at the time of purchase.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

19. PROPERTY AND EQUIPMENT

GROUP

	Land & buildings	Capital work-in progress	Fixtures	Office machinery, furniture & equipment	Motor vehicles	Computers	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
COST/VALUATION							
At 1 January 2025	3,106,048	233,096	11,390,693	3,262,941	191,373	11,102,553	29,286,704
Additions	9,775	1,072,637	383,739	396,233	225,464	426,264	2,514,112
Disposals	-	(16,213)	(23,099)	(26,366)	(63,685)	(226,670)	(356,033)
Revaluation	770,206	-	-	-	-	-	770,206
Transfers from WIP	-	(961,981)	247,754	101,676	-	612,551	-
Write offs	-	(7,998)	-	-	-	-	(7,998)
Intercompany transfers	-	-	600	-	-	1,352	1,952
Asset reclassification	-	-	-	(450)	-	-	(450)
Asset Reclassification from Intangible assets	-	(35,689)	-	-	-	(1,128)	(36,817)
Exchange difference on translation	145	302,102	(352,571)	480,521	11,727	(261,380)	180,544
At 31 December 2025	3,886,174	585,954	11,647,116	4,214,555	364,879	11,653,542	32,352,220
ACCUMULATED DEPRECIATION							
At 1 January 2025	269,726	-	9,537,270	2,393,858	134,349	8,410,939	20,746,142
Charge for the year	134,861	-	409,304	288,806	48,952	868,323	1,750,246
Disposals	-	-	(179,23)	(29,702)	(63,686)	(222,222)	(333,533)
Asset reclassification	-	-	(3,791)	3,791	-	-	-
Intercompany transfers	-	-	385	-	-	1,352	1,737
Asset Reclassification from Intangible assets	-	-	-	175	-	-	175
Write offs	-	-	-	-	-	-	-
Revaluation	(404,587)	-	-	-	-	-	(404,587)
Exchange difference on translation	-	-	(319,748)	433,640	4,949	13,880	132,721
At 31 December 2025	-	-	9,605,497	3,090,568	124,564	9,072,272	21,892,901
NET CARRYING AMOUNT							
At 31 December 2025	3,886,174	585,954	2,041,619	1,123,987	240,315	2,581,270	10,459,319

- Capital work-in-progress (WIP) represents ongoing construction work at the various branches of the Group.
- Kingdom Bank Land and Buildings were revalued as at 30 January 2023 by Morgan Wright Limited. The Bank revalued the Land and Buildings on open market value basis by professional valuers (Landmark Realtors Ltd, Benchmark Valuers Ltd and Joe Musyoki Consultants) as at 31 December 2025. The resulting surplus on revaluation was adjusted to book values of the properties and credited to revaluation reserve. If land and building were measured using the cost model, the net carrying amount would have been KShs 1,902,711,266 (2024: KShs 2,948,790,089).
- No depreciation has been charged in arriving at the results for the year in respect of certain fully depreciated property and equipment with a cost of KShs 14,263,107,148 (2024- KShs 15,298,502,397), which are still in use. If depreciation had been charged during the year on the cost of these assets at normal rates, it would have amounted to KShs 2,307,432,683 (2024 - KShs 2,489,391,930).
- The Group has not pledged any item of property, plant and equipment as security as at 31 December 2025 (31 December 2024: Nil).
- The write offs in PPE & Intangibles relate to abandoned projects during the year. Their book values were written off through the statement of Profit or Loss.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

19. PROPERTY AND EQUIPMENT

GROUP (continued)

	Land & buildings	Capital work-in progress	Fixtures	Office machinery, furniture & equipment	Motor vehicles	Computers	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
COST/VALUATION							
At 1 January 2024	3,083,653	382,204	10,803,267	2,759,050	172,680	9,316,296	26,517,150
Additions	-	2,100,692	279,715	406,942	23,208	196,963	3,007,520
Disposals	-	(1,008)	(1,250)	(32,883)	-	(253,420)	(288,561)
Revaluation	22,395	-	-	-	-	-	22,395
Transfers from WIP	-	(1,965,090)	307,983	89,057	-	1,568,050	-
Asset reclassification	-	(281,945)	-	(1,349)	-	283,294	-
Exchange difference on translation	-	(1,757)	978	42,124	(4,515)	(8,630)	28,200
At 31 December 2024	3,106,048	233,096	11,390,693	3,262,941	191,373	11,102,553	29,286,704
ACCUMULATED DEPRECIATION							
At 1 January 2024	134,863	-	9,125,512	2,073,739	118,470	8,016,398	19,468,982
Charge for the year	134,863	-	376,661	221,806	15,120	649,798	1,398,248
Disposals	-	-	(1,250)	(32,600)	-	(249,740)	(283,590)
Asset reclassification	-	-	-	(509)	-	509	-
Exchange difference on translation	-	-	36,347	131,422	759	(6,026)	162,502
At 31 December 2024	269,726	-	9,537,270	2,393,858	134,349	8,410,939	20,746,142
NET CARRYING AMOUNT							
At 31 December 2024	2,836,322	233,096	1,853,423	869,083	57,024	2,691,614	8,540,562

- i. Capital work-in-progress (WIP) represents ongoing construction work at the various branches of the Group.
- ii. Kingdom Bank Land and Buildings were revalued as at 30 January 2023 by Morgan Wright Limited. The Bank revalued the Land and Buildings on open market value basis by professional valuers (Miligan Valuers, Hallmark Valuers and Crystal Valuers) as at 31 December 2022. The resulting surplus on revaluation was adjusted to book values of the properties and credited to revaluation reserve. If land and building were measured using the cost model, the net carrying amount would have been KShs 2,948,790,089 (2024: KShs 2,948,790,089).
- iii. No depreciation has been charged in arriving at the results for the year in respect of certain fully depreciated property and equipment with a cost of KShs 14,283,110,953 (2024- KShs 14,283,110,953), which are still in use. If depreciation had been charged during the year on the cost of these assets at normal rates, it would have amounted to KShs 2,185,036,288 (2024 - KShs 2,185,036,288).
- iv. The Group has not pledged any item of property, plant and equipment as security as at 31 December 2024 (31 December 2024: Nil).
- v. The write offs in PPE & Intangibles relate to abandoned projects during the year. Their book values were written off through the statement of Profit or Loss.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

19. PROPERTY AND EQUIPMENT

BANK

	Land & buildings	Capital work-in-progress	Fixtures	Office machinery, furniture & equipment	Motor vehicles	Computers	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
COST/VALUATION							
At 1 January 2025	2,307,300	102,013	11,020,471	1,986,121	130,151	11,007,791	26,553,847
Additions	-	910,294	383,265	157,094	219,473	416,878	2,087,004
Disposals	-	-	(17,696)	(26,440)	(62,461)	(222,958)	(329,555)
Revaluation surplus	770,206	-	-	-	-	-	770,206
Transfer from work-in-progress	-	(860,839)	247,754	534	-	612,551	-
Intercompany transfer	-	-	-	(450)	-	-	(450)
Asset reclassification	-	(35,689)	150	-	-	(1,129)	(36,668)
Write off	-	(7,998)	-	-	-	1,261	(6,737)
At 31 December 2025	3,077,506	107,781	11,633,944	2,116,859	287,163	11,814,394	29,037,647
ACCUMULATED DEPRECIATION							
At 1 January 2025	269,726	-	9,208,912	1,567,242	94,509	8,342,266	19,482,655
Charge for the year	134,863	-	407,715	143,948	40,137	858,251	1,584,914
Disposals	-	-	(17,142)	(25,238)	(62,461)	(218,570)	(323,411)
Intercompany transfer	-	-	-	175	-	-	175
Asset reclassification	-	-	150	-	-	1,262	1,412
Revaluation	(404,589)	-	-	-	-	-	(404,589)
At 31 December 2025	-	-	9,599,635	1,686,127	72,185	8,983,209	20,341,156
NET CARRYING AMOUNT							
At 31 December 2025	3,077,506	107,781	2,034,309	430,732	214,978	2,831,185	8,696,491

- i. Capital work-in-progress represents ongoing construction work at the various branches of the Bank.
- ii. Land and Buildings were revalued on open market value basis by professional valuers (Landmark Realtors Ltd, Benchmark Valuers Ltd and Joe Musyoki Consultants) as at 31 December 2025. The resulting surplus on revaluation was adjusted to book values of the properties and credited to revaluation reserve. If land and building were measured using the cost model, the net carrying amount would have been KShs 1,902,711,266 (2024: KShs 2,172,437,089).
- iii. No depreciation has been charged in arriving at the results for the year in respect of certain fully depreciated property and equipment with a cost of KShs. 16,352,170,273 (2024: KShs 15,173,431,158), which are still in use. If depreciation had been charged during the year on the cost of these assets at normal rates, it would have amounted to KShs 2,623,069,247 (2024: KShs 2,464,377,682).
- iv. The write offs in PPE relate to abandoned projects during the year. Their book values were written off through the statement of Profit or Loss.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

19. PROPERTY AND EQUIPMENT

BANK (continued)

	Land & buildings	Capital work-in progress	Fixtures	Office machinery, furniture & equipment	Motor vehicles	Computers	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
COST/VALUATION							
At 1 January 2024	2,307,300	239,018	10,498,957	1,809,124	130,151	9,224,441	24,208,991
Additions	-	2,004,488	232,370	210,274	-	183,139	2,630,271
Disposals	-	(1,008)	(1,250)	(32,024)	-	(251,133)	(285,415)
Revaluation surplus	-	-	-	-	-	-	-
Transfer from work-in-progress	-	(1,858,540)	290,394	96	-	1,568,050	-
Asset Reclassification	-	(281,945)	-	(1,349)	-	283,294	-
At 31 December 2024	2,307,300	102,013	11,020,471	1,986,121	130,151	11,007,791	26,553,847
ACCUMULATED DEPRECIATION							
At 1 January 2024	134,863	-	8,840,082	1,473,464	82,673	7,945,471	18,476,553
Charge for the year	134,863	-	370,080	126,028	11,836	643,739	1,286,546
Disposals	-	-	(1,250)	(31,741)	-	(247,453)	(280,444)
Asset reclassification	-	-	-	(509)	-	509	-
At 31 December 2024	269,726	-	9,208,912	1,567,242	94,509	8,342,266	19,482,655
NET CARRYING AMOUNT							
At 31 December 2024	2,037,574	102,013	1,811,559	418,879	35,642	2,665,525	7,071,192

- i. Capital work-in-progress represents ongoing construction work at the various branches of the Bank.
- ii. Land and Buildings were revalued on open market value basis by professional valuers (Miligan Valuers, Hallmark Valuers and Crystal Valuers) as at 31 December 2022. The resulting surplus on revaluation was adjusted to book values of the properties and credited to revaluation reserve. If land and building were measured using the cost model, the net carrying amount would have been KShs 2,172,437,089 (2023: KShs 2,307,432,683).
- iii. No depreciation has been charged in arriving at the results for the year in respect of certain fully depreciated property and equipment with a cost of KShs 14,263,107,148 (2023: KShs 13,466,851,726), which are still in use. If depreciation had been charged during the year on the cost of these assets at normal rates, it would have amounted to KShs 2,307,432,683 (2023: KShs 2,181,035,527).
- iv. The write offs in PPE & Intangibles relate to abandoned projects during the year. Their book values were written off through the statement of Profit or Loss.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

20. LEASES

i. Right-of-use assets

	GROUP			BANK		
	Buildings and Equipment KShs'000	Motor Vehicles KShs'000	Total KShs'000	Buildings and Equipment KShs'000	Motor Vehicles KShs'000	Total KShs'000
COST						
At 1 January 2025	11,382,730	331,110	11,713,840	10,385,555	331,110	10,716,665
Additions	2,089,448	10,287	2,099,735	1,782,175	10,287	1,792,462
Disposals	(73,671)	-	(73,671)	-	-	-
Exchange differences	94,501	-	94,501	-	-	-
At 31 December 2025	13,493,008	341,397	13,834,405	12,167,730	341,397	12,509,127
DEPRECIATION						
At 1 January 2025	7,485,436	235,605	7,721,041	7,016,158	235,605	7,251,763
Depreciation for the year	1,446,217	32,413	1,478,630	1,232,688	32,413	1,265,101
Disposals	(5,837)	-	(5,837)	-	-	-
Exchange differences	77,779	-	77,779	-	-	-
At 31 December 2025	9,003,595	268,018	9,271,613	8,248,846	268,018	8,516,864
NET CARRYING AMOUNT						
At 31 December 2025	4,489,413	73,379	4,562,792	3,918,884	73,379	3,992,263
COST						
At 1 January 2024	10,091,497	278,175	10,369,672	9,282,413	278,175	9,560,588
Additions	1,331,618	52,935	1,384,553	1,103,142	52,935	1,156,077
Exchange differences	(40,385)	-	(40,385)	-	-	-
At 31 December 2024	11,382,730	331,110	11,713,840	10,385,555	331,110	10,716,665
DEPRECIATION						
At 1 January 2024	6,081,774	208,823	6,290,597	5,743,716	208,823	5,952,539
Depreciation for the year	1,407,652	26,782	1,434,434	1,272,442	26,782	1,299,224
Exchange differences	(3,990)	-	(3,990)	-	-	-
At 31 December 2024	7,485,436	235,605	7,721,041	7,016,158	235,605	7,251,763
NET CARRYING AMOUNT						
At 31 December 2024	3,897,294	95,505	3,992,799	3,369,397	95,505	3,464,902

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

20. LEASES (CONTINUED)

ii. Lease liabilities

Set out below are the carrying amounts of lease liabilities (included in other liabilities in Note 27) and the movements during the period:

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
At 1 January	4,536,884	4,402,577	3,897,677	4,094,559
Additions/ modification	2,144,713	1,782,857	1,879,147	1,119,699
Accretion of interest	455,706	368,948	397,054	323,654
Payments	(2,011,883)	(1,865,166)	(1,727,504)	(1,640,235)
Translation difference	(70,790)	(152,332)	-	-
At 31 December	5,054,630	4,536,884	4,446,374	3,897,677

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Expected to be settled within 12 months after the year end	1,540,853	1,409,818	1,378,145	1,311,878
Expected to be settled more than 12 months after the year end	3,513,777	3,127,066	3,068,229	2,585,799
	5,054,630	4,536,884	4,446,374	3,897,677
The total cash outflow for leases in the year was:				
Payments of principal portion of the lease liability	1,556,177	1,496,218	1,330,450	1,316,581
Interest paid on lease liabilities	455,706	368,948	397,054	323,654
	2,011,883	1,865,166	1,727,504	1,640,235

iii. Amounts recognised in profit or loss

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Interest on lease liabilities	(455,706)	(368,948)	(397,054)	(323,654)
Depreciation of right to use asset	(1,478,630)	(1,434,434)	(1,265,038)	(1,299,224)
At 31 December	(1,934,336)	(1,803,382)	(1,662,092)	(1,622,878)

The Group and Bank lease holdings include leased space where the Bank's branches and subsidiaries conduct their business as well as twenty-five leased motor vehicles used by various departments and branches of the bank. The leased spaces have a tenor of six years while the motor vehicles have a tenor of four years. Some of the leases have termination or extension clauses. However, the lease contracts do not have a residual value guarantee. Some of the leases have escalations clauses after two years, which vary from contract to contract on the leases mentioned above. The maturity analysis of lease liabilities are disclosed in Note 3(b). Short-term leases and leases of low-value assets are expensed on a straight-line basis over the term of the lease. The Bank expensed KShs 95 million in 2025 (2024: 84 million) under other operating expenses (Note 40) related to these leases.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

21. DEFERRED TAX

The following table shows deferred tax recorded on the statement of financial position and changes recorded in the Income tax expense:

GROUP

	Deferred tax assets	Through Profit or loss	Through OCI	Deferred tax assets	Through Profit or loss	Through reserves
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Collective allowance for impairment disallowed for tax purposes	(5,307,717)	49,574	-	(5,389,407)	(146,792)	-
Revaluation surplus	706,995	-	(176,219)	530,774	-	(9,322)
Excess of tax wear and tear allowance over depreciation	(182,115)	397,253	-	(611,437)	75,070	-
Provision for staff leave pays	(82,496)	(2,187)	-	-	-	-
Unrealised exchange gains	13,017	-	-	(31,779)	(31,779)	-
Leases	(577,915)	83,544	-	(129,077)	16,030	-
Over provision	-	-	-	-	(38,362)	-
Unutilised tax losses	39,152	(309)	-	258,552	(509)	-
Other temporary differences	(1,883,549)	(893,581)	-	(1,576,585)	(464,238)	-
Deferred tax asset	(7,274,628)	(365,706)	(176,219)	(6,948,959)	(590,580)	(9,322)
Collective allowance for impairment disallowed for tax purposes	-	-	-	(23,466)	(48,903)	-
Excess of tax wear and tear allowance over depreciation	-	-	-	34,205	30,907	-
Leases	-	-	-	651	(58,447)	-
Over provision	-	-	-	-	(1,108)	-
Other temporary differences	-	-	-	106,571	185,202	-
Deferred tax liability	-	-	-	117,961	107,651	-
Net deferred tax asset	(7,274,628)	(365,706)	(176,219)	(6,830,998)	(482,929)	(9,322)

BANK

	2025			2024		
	Deferred tax assets	Through profit or loss	Through OCI	Deferred tax assets	Through profit or loss	Through reserves
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Collective allowance for impairment disallowed for tax purposes	(5,307,717)	49,574	-	(5,357,290)	(229,748)	-
Revaluation surplus	706,995	-	176,219	530,774	-	(9,322)
Accelerated wear and tear allowance over depreciation	(306,850)	355,635	-	(662,485)	101,363	-
Unrealised exchange gains	-	-	-	-	-	-
Provision for staff leave pay	(84,329)	(2,325)	-	(82,003)	15,763	-
IFRS 16 Leases	(136,233)	(6,402)	-	(129,832)	16,121	-
Other temporary differences	(1,988,877)	(858,053)	-	(1,130,823)	(562,466)	-
	(7,117,011)	(461,571)	176,219	(6,831,659)	(658,967)	(9,322)

Other temporary differences are as a result of movement in provisions. These mainly include general and specific bad debts provisions, bonus and leave provisions, and unrealised exchange gain.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

22. DEPOSITS AND BALANCES DUE TO BANKS

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Local banks	504,722	590,716	101,259	2,265,963
Foreign banks	2,257,303	2,210,361	2,257,303	2,210,361
	2,762,025	2,801,077	2,358,562	4,476,324

The weighted average effective interest rate on deposits from other banks at 31 December 2025 was 1.95% (2024: 1.92%). These current accounts do not accrue any interest.

23. CUSTOMER DEPOSITS

a. Deposit category	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Call deposits	58,705,043	52,086,489	58,705,043	52,086,489
Fixed deposits	176,955,194	172,701,325	154,143,876	156,618,832
Transaction accounts	135,362,345	125,916,439	135,362,345	126,135,746
Savings accounts	29,051,229	24,759,503	26,498,742	23,022,628
Current accounts	170,672,814	127,436,239	158,894,110	117,107,735
Foreign currency deposits	3,423,479	3,212,152	3,423,479	3,212,152
	574,170,104	506,112,147	537,027,595	478,183,582
b. From government and parastatals:				
Payable on demand	35,325,517	42,684,405	29,884,485	41,659,543
Payable within 30 days	20,094,911	14,430,505	20,094,911	14,430,505
Payable after 30 days but within 1 year	7,717,070	3,243,236	7,717,070	3,243,236
	63,137,498	60,358,146	57,696,466	59,333,284
c. From private sector and individuals:				
Payable on demand	272,955,098	210,650,980	261,576,042	199,543,806
Payable within 30 days	107,329,940	90,489,937	107,329,940	90,489,938
Payable after 30 days but within 1 year	130,747,568	144,613,084	110,425,147	128,816,554
	511,032,606	445,754,001	479,331,129	418,850,298
	574,170,104	506,112,147	537,027,595	478,183,582

Included in customers' deposits is an amount of KShs. 11,787 million (2024: KShs 7,467 million) that has been pledged to the Bank by customers as security for loans and advances. The weighted average effective interest rate on interest-bearing customer deposits as at 31 December 2025 was 3.05% (2024: 3.99%).

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

24. LOANS AND BORROWINGS

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Long-term borrowing				
Kenya Mortgage Refinance Company	905,819	308,144	806,276	308,144
International Finance Corporation (IFC)	27,838,449	16,709,206	27,838,449	16,709,206
EIB- East Africa	4,720,804	6,151,665	4,720,804	6,151,665
DEG	16,254,861	16,415,739	16,254,861	16,415,739
	49,719,933	39,584,754	49,620,390	39,584,754
Central Bank of Kenya	11,977,142	15,821,346	-	-
	61,697,075	55,406,100	49,620,390	39,584,754
Movement in the year:				
At 1 January	55,406,100	67,334,316	39,584,754	47,086,007
Additional loan disbursement	13,437,892	7,657,908	13,337,384	8,404,026
Central Bank REPO	(849,918)	-	-	-
Accrued interest	369,979	536,344	368,327	367,183
Loan Repayment	(5,994,396)	(15,912,341)	(2,997,493)	(9,417,507)
Foreign exchange difference	(672,582)	(4,210,127)	(672,582)	(6,854,955)
At 31 December	61,697,075	55,406,100	49,620,390	39,584,754

The long-term borrowings are loans received by the Bank for onward lending to customers in specific segments. The term for these loans is as described below: -

European Investment Bank

A loan agreement of equivalent to Euros 50 million was entered in November 2021 between the European Investment Bank and The Co-operative Bank of Kenya Limited. The loan was to be disbursed upon request for onward lending to eligible investment projects undertaken by private enterprises in Kenya. The loan is part of the East Africa Covid-19 Rapid Response Facility. The loan has a fixed interest rate of 10.301%. As at end of 2025, equivalent of Euros 50 Million had been disbursed to the bank.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

24. LOANS AND BORROWINGS (CONTINUED)

International Finance Corporation

In March 2019, the bank entered into agreement with IFC for a total loan of USD 150 Million. The loan was repayable in eleven equal instalments and was to mature in December 2025. The loan was disbursed in two tranches, as at the end of year 2019, the bank had received a drawdown of USD 150 Million. In December 2020, the bank made a repayment of USD 75 Million of the loan. As at the end of year 2025, the bank had fully repaid the loan.

In December 2020, the bank secured a long-term financing facility arranged by IFC amounting to USD 75 Million for on-lending to MSMEs. The syndicated loan was financed by IFC (USD 50,000,000), Eco-Business Fund S. A (USD 10,000,000) and SwedFund International AB (USD 15,000,000). The loan has a maturity period of 7 years and a 5-year grace period on principal repayment. As at the end of year 2025, the bank had received a drawdown of USD 75 Million.

In June 2024, the bank entered into agreement with IFC for a total loan facility of USD 140 Million. The loan is repayable in eleven equal instalments and with a maturity date of June 2032. The loan was disbursed in two tranches with final tranche of USD 100 Million received in the current year. At the end of year 2025, the bank had received a total drawdown of USD 140 Million.

Kenya Mortgage Refinance Company Limited

In June 2021, the bank entered into agreement with Kenya Mortgage Refinance Company for a credit facility at fixed rate of 5% to finance affordable housing mortgage loans. As at the end of year 2025, the amount disbursed to the bank under such terms was KShs 549.79 Million.

The bank entered into subsequent agreements with Kenya Mortgage Refinance company for credit facilities at fixed rate of 5.6% to finance affordable housing loans. In the current year, a total of Ksh 436M was disbursed to the bank under similar terms. As at the end of year 2025, the amount disbursed to the bank under such terms was KShs 933.98 Million.

Included in KMRC loan balances are advances made to Kingdom Bank towards refinancing of Mortgages under the World Bank credit line. These advances have a tenure of 15.25 years effective 13th August 2025 with an effective interest rate of 6.60% p.a.

DEG - Deutsche Investitions- Und Entwicklungsgesellschaft Mbh

The Co-operative Bank of Kenya Limited signed USD 100 Million Subordinated Term facility agreement arranged by DEG in December 2022. The loan facility was disbursed in 2024. The facility is for onward lending to micro, small and medium-sized enterprises. The loan has a maturity period of 7 years and a 5-year grace period on principal repayment.

In 2024, the Bank received an additional disbursement of USD 25 Million to finance investments in small and medium-sized enterprises owned or managed by women in the Republic of Kenya.

Central Bank of Kenya Borrowing

In 2020 Kingdom Bank Limited received additional support from the Central Bank of Kenya (CBK) of KShs 20.96 billion in exercise of its statutory mandate as regulator towards strengthening the liquidity position geared towards restoring eroded customer confidence in a bid to turnaround the entity back to profitability and stabilize the banking sector.

The amount is guaranteed by Co-operative Bank Kenya Limited and has an effective interest rate of zero. It is repayable in 10 years with a moratorium of 3 years.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

25. TAXATION

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
a. Income Statement: -				
Current tax at 30% on the taxable profit for the year (2024: 30%)	10,992,326	9,806,903	10,059,199	8,974,080
Adjustment in respect of current income tax of prior years	(93,714)	(19,670)	-	19,670
Deferred income tax credit	(365,706)	(423,789)	(461,571)	(658,967)
Over provision of deferred tax in previous years	-	(39,470)	-	-
Income tax expense	10,532,906	9,323,974	9,597,628	8,315,113
b. Statement of Financial Position: -				
Income tax payable/ (recoverable)				
Balance brought forward	230,128	(654,777)	563,960	(790,836)
Adjustment in respect of current income tax of prior years	93,714	19,670	-	19,670
Utilised tax credits from prior years	-	790,836	-	790,836
Charge for the year	10,992,326	9,806,902	10,059,199	8,974,080
Paid during the year	(11,035,140)	(9,732,503)	(10,418,731)	(8,429,790)
	281,029	230,128	204,428	563,960
c. Reconciliation of tax expense to tax based on accounting profit: -				
Accounting profit	40,287,435	34,780,319	36,051,257	31,303,209
Tax applicable rate at 30% (2024: 30%)	12,086,231	10,434,096	10,815,377	9,390,962
Adjustment in respect of current income tax of prior years	(93,714)	(19,670)	-	-
Share of profit in associate	-	246,712	-	-
Adjustment in respect of deferred tax of prior years	-	(39,470)	-	-
Hyper inflationary adjustment	63,737	134,638	-	-
Tax effect of items not eligible for tax	(1,523,348)	(1,432,332)	(1,217,749)	(1,075,849)
Tax expense in the income statement	10,532,906	9,323,974	9,597,628	8,315,113

The corporation tax rate applicable to the Bank, subsidiaries and associates is 30%.

Items not eligible for tax relates to items disallowed for purpose of calculating the income tax in accordance with the Income Tax Act. These mainly relates to donations, interest on infrastructure bonds.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

26. PROVISIONS

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Leave liability	237,547	230,576	229,897	222,146
Balance at 1 January	230,576	284,379	222,146	274,687
Movement through profit or loss	6,971	(53,803)	7,751	(52,541)
Balance at 31 December	237,547	230,576	229,897	222,146

This provision is for obligations in respect of annual leave entitlements not taken as at close of the period. The amount has been accrued at remuneration rates expected to apply when the obligation is settled.

27. OTHER LIABILITIES

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Bills payable	443,370	11,405,578	443,370	10,652,996
Lease liabilities (Note 20)	5,054,630	4,536,884	4,446,374	3,897,677
Items in the course of collection by other banks	516,661	9,106	508,893	-
Sundry creditors and accruals	15,407,033	15,396,348	13,112,967	13,794,252
Allowance for credits losses for off balance sheet commitments	740,901	1,092,186	740,901	1,092,186
	22,162,595	32,440,102	19,252,505	29,437,111

Bills payable, sundry creditors and accruals are payable on demand and are non-interest bearing.

28. GOVERNMENT GRANTS

	Group and Bank	
	2025	2024
	KShs'000	KShs'000
Grant net of amortisation:		
At 1 January	351,037	369,513
Amortisation for the year	(18,476)	(18,476)
At 31 December	332,561	351,037

The grants relate to rehabilitation work on Co-operative House financed by USAID following the August, 1998 bomb blast. The grant is amortised in line with the depreciation on the building. The grant is amortised for the same period of the building since it was part of the cost to reconstruct the building.

29. SHARE CAPITAL

	Group and Bank	
	2025	2024
	KShs'000	KShs'000
Authorised:		
7.5 billion (2024: 7.5 billion) ordinary shares of KShs 1 each.	7,500,000	7,500,000
Issued and fully paid:		
5.8 billion (2024: 5.8 billion) ordinary shares of KShs 1 each.	5,867,180	5,867,180

30. SHARE PREMIUM

These reserves arose in 2008 when the Bank issued 557,242,300 new shares through an Initial Public Offering. The shares, with a par value of KShs 1 were issued at KShs 9.50. These reserves may be applied towards capital in the future.

	Group and Bank	
	2025	2024
	KShs'000	KShs'000
At 1 January and 31 December	1,911,926	1,911,926

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

31. RESERVES

a. Revaluation reserve

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

b. Retained earnings

This reserve includes accumulated profits over the years. The retained earnings are distributable to the shareholders.

c. Fair value reserve

This comprises changes in fair value on debt instruments at fair value through other comprehensive income, excluding impairment losses, until the net investment is derecognised. This reserve is not distributable as it relates to unrealised fair value changes.

d. Statutory reserve

Where impairment losses required by legislation or regulations exceed those computed under IFRS Accounting Standards as issued by the International Accounting Standards Board, the excess is recognised as a statutory reserve and accounted for as an appropriation of retained earnings. This reserve is not distributable.

For the year ended 31 December 2025, the Group and the Bank's allowance for expected credit losses calculated in line with IFRS 9 amounted to KShs 55.1 billion and KShs 53.5 billion (2024: KShs 49.2 billion and KShs 47.4 billion) respectively while the Group and the Bank's Statutory loan loss provisions amounted to KShs 56 million and Nil in 2025, (2024: KShs 53 million and KShs Nil) respectively.

The Bank's ECL allowance was more than the Statutory loan loss provisions resulting into a reversal of the statutory reserve previously held. The balance in the Group's statement of changes in equity relates to Co-operative Bank of South Sudan

e. Foreign currency translation reserve

The reserves represent exchange differences arising from translation of the net assets of the Group's foreign operations in the Co-operative Bank of South Sudan from their functional currency (South Sudan pounds), to the Group's presentation currency (Kenya shillings). These differences are recognised directly through other comprehensive income and accumulated in the foreign currency translation reserve in equity. The reserve is not available for distribution to the shareholders.

32. PROPOSED DIVIDENDS AND DIVIDENDS PER SHARE

	Group and Bank	
	2025	2024
	KShs'000	KShs'000
Proposed dividends	8,800,770	8,800,770

- Dividend per share is arrived at by dividing the total dividends by the weighted average number of shares in issue during the year.
- Proposed dividends are accounted for as a separate component of equity at year end until they are ratified at an Annual General Meeting (AGM). At the AGM to approve year 2025 financial statements, a final dividend in respect of year 2025 of KShs 1.50 (2024 - a first and final dividend of KShs 1.50) for every ordinary share of KShs 1 each will be proposed by the Directors and is subject to approval by shareholders. During the current year an interim dividend of KShs. 1 was paid to shareholders (2024 - Nil).
- Payment of dividend is subject to withholding tax at the rate of 5% for residents and 15% for non-resident shareholders.

33. MATERIAL PARTLY OWNED SUBSIDIARIES

a. Kingdom Securities Limited

Kingdom Securities Limited (previously Bob Mathews Stockbrokers Limited) was acquired in 2009 by the Bank through the purchase of 60% shareholding. The proportion of equity interest held by non-controlling Interest is 40%. The company offers brokerage services and is a registered broker with the Nairobi Securities Exchange.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

33. MATERIAL PARTLY OWNED SUBSIDIARIES (CONTINUED)

b. Co-operative Bank of South Sudan

Co-operative Bank of South Sudan was registered in partnership with the Government of South Sudan which holds 49% of the ordinary shares while the Bank holds 51%. The subsidiary is based in South Sudan and offers banking services.

c. Kingdom Bank Limited

Kingdom Bank Limited (formerly Jamii Bora Bank Limited) was acquired by The Co-operative Bank Limited through purchase of 90% shareholding in August 2020. The proportion of equity interest held by non-controlling Interest is 10%. The company offers banking services and is a commercial bank registered and regulated by the Central Bank of Kenya.

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss and other comprehensive income for: -

	Kingdom Bank Limited	Kingdom Securities Limited	Co-operative Bank of South Sudan
Percentage ownership	90%	60%	51%
As at 31 December 2025	KShs'000	KShs'000	KShs'000
Interest and other income	6,180,566	275,218	2,168,898
Interest and commission expenses	(2,514,790)	(43,913)	(93,633)
	3,665,776	231,305	2,075,265
Operating expenses	(2,540,458)	(101,613)	(1,617,648)
Loss on net monetary position	-	-	(221,297)
Profit before tax	1,125,318	129,692	236,320
Share of profit of an associate	-	-	-
Income tax credit / (expense)	(179,095)	11,626	(154,537)
Profit for the year	946,223	141,318	81,783
Other comprehensive income	1,119,877	139,559	-
Total comprehensive income	2,066,100	280,877	81,783
Allocated to non-controlling interest	206,612	111,035	40,073
As at 31 December 2024			
Interest and other income	5,009,850	209,978	2,205,517
Interest and commission expenses	(2,261,771)	(40,941)	(72,863)
	2,748,079	169,037	2,132,654
Operating expenses	(1,679,652)	(94,828)	(2,856,247)
Loss on net monetary position	-	-	734,656
Profit / (loss) before tax	1,068,427	74,209	11,063
Share of profit of an associate	-	-	-
Income tax expense	(471,987)	44,833	(182,172)
Profit / (loss) for the year	596,440	119,042	(171,109)
Other comprehensive income	1,019,371	60,247	176,139
Total comprehensive income	1,615,811	179,289	5,030
Allocated to non-controlling interest	161,581	71,715	(83,842)

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

33. MATERIAL PARTLY OWNED SUBSIDIARIES (CONTINUED)

Summarised statement of financial position: -

	Kingdom Bank Limited	Kingdom Securities Limited	Co-operative Bank of South Sudan
	KShs'000	KShs'000	KShs'000
As at 31 December 2025			
Current assets	28,886,401	398,639	5,370,904
Non-current Assets	22,287,976	1,049,943	5,876,526
Liabilities	(46,030,737)	(880,521)	(9,972,849)
Total equity	5,143,640	568,061	1,274,581
Attributable to:			
Equity holders of the parent	4,629,276	340,837	650,036
Accumulated non-controlling interests of the subsidiary	514,364	227,224	624,545
As at 31 December 2024			
Current assets	18,956,971	196,716	7,991,245
Non-current Assets	22,132,684	885,118	2,355,454
Liabilities	(38,012,115)	(794,651)	(9,290,292)
Total equity	3,077,540	287,183	1,056,407
Attributable to:			
Equity holders of the parent	2,769,786	172,310	538,768
Accumulated non-controlling interests of the subsidiary	307,754	114,873	517,639

d. Hyperinflationary economy in South Sudan

With effect from 2016, the South Sudanese economy is considered to be hyperinflationary in accordance with the criteria in International Accounting Standards (IAS) 29- Financial Reporting in Hyperinflationary Economies

IAS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy, shall be stated in terms of the measuring unit current at the end of the reporting period. The corresponding figures for the previous period and any information in respect of earlier periods shall also be stated in terms of the measuring unit current at the end of the reporting period. The management applied this standard to prepare the financial statements for the Co-operative Bank of South Sudan for the financial years ended 2016 to 2025 excluding 2023 using consumer price index (CPI) figures derived from South Sudan Consumer Price Index (CPI) compiled by the National Bureau of Statistics, South Sudan. However, the Group did not restate the corresponding figures on the consolidated financial statements as it is not required to do so. CPIs and the corresponding conversion coefficients used in the previous period are presented below:

Year	CPI	Conversion factor
2016	2,799	1
2017	4,502	2.2
2018	6,503	1.4
2019	7,751	1.2
2020	14,549	1.9
2021	14,434	1.03
2022	12,961	0.93
2023	38.02*	1.1
2024	151.55*	3.99
2025	222.15*	1.47

* The significant shift in the CPI in South Sudan is attributed to economic contraction and currency fluctuation triggered by the disruption of oil exports experienced in 2025.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

34. INTEREST AND SIMILAR INCOME

	Group		Bank	
	2025 KShs'000	2024 KShs'000	2025 KShs'000	2024 KShs'000
<i>Interest income calculated using the effective interest method</i>				
Loans and advances to customers	60,067,508	55,892,422	56,791,338	53,822,127
Debt instruments at amortised cost	17,099,069	13,994,849	16,145,439	13,038,607
Debt instruments at FVOCI	12,012,775	12,880,636	10,554,295	11,276,591
Deposits and balances due from other banks	3,957,852	3,482,051	3,037,823	2,578,983
Total interest and similar income	93,137,204	86,249,958	86,528,895	80,716,308

35. INTEREST AND SIMILAR EXPENSE

	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
<i>Interest expense calculated using the effective interest method</i>				
Call deposits	6,629,246	4,204,737	4,177,369	4,204,737
Fixed deposits	15,953,191	22,377,914	15,953,131	20,270,582
Savings accounts	955,040	836,566	954,839	835,537
Current accounts	1,387,876	1,877,591	1,387,753	1,876,395
Deposits and balances due to banks	536,419	962,298	506,271	926,518
Lease obligations	432,348	349,183	397,054	323,654
Borrowed funds	4,392,322	4,120,936	4,295,991	4,032,130
Total interest and similar expense	30,286,442	34,729,225	27,672,408	32,469,553

36. FEES AND COMMISSIONS

	Group		Bank	
	2025 KShs'000	2024 KShs'000	2025 KShs'000	2024 KShs'000
Fees and commissions income	23,372,554	23,100,441	19,152,332	20,357,608
Fees and commissions expense	(263,195)	(267,415)	(263,195)	(267,415)
Net fees and commissions income	23,109,359	22,833,026	18,889,137	20,090,193

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

36. FEES AND COMMISSIONS (CONTINUED)

Disaggregated fees and commission information as at the period end

31 December 2025	Banking services KShs'000	Advisory & training KShs'000	Banc assurance KShs'000	Investment management KShs'000	Brokerage KShs'000	Total KShs'000
Fees and commission income						
Custodial	484,997	-	-	-	-	484,997
Share registration	14,206	-	-	-	-	14,206
Fund management	-	-	-	1,118,581	-	1,118,581
Brokerage	-	-	-	-	97,505	97,505
Consultancy	-	39,878	-	-	-	39,878
Training	-	108,047	-	-	-	108,047
Insurance agency	-	-	1,339,923	-	-	1,339,923
Ledger fees and service charges	1,499,429	-	-	-	-	1,499,429
Other fees & commissions	18,406,793	-	-	-	-	18,406,793
Total revenue from contracts with customers	20,405,425	147,925	1,339,923	1,118,581	97,505	23,109,359
<u>Timing of revenue recognition</u>						
Services transferred at a point in time	19,906,222	147,925	1,339,923	-	97,505	21,491,575
Services that are provided over time	499,203	-	-	1,118,581	-	1,617,784
Total revenue from contracts with customers	20,405,425	147,925	1,339,923	1,118,581	97,505	23,109,359
31 December 2024	Banking services KShs'000	Advisory & training KShs'000	Banc assurance KShs'000	Investment management KShs'000	Brokerage KShs'000	Total KShs'000
Fees and commission income						
Custodial	360,991	-	-	-	-	360,991
Share registration	14,206	-	-	-	-	14,206
Fund management	-	-	-	564,995	-	564,995
Brokerage	-	-	-	-	43,182	43,182
Consultancy	-	44,508	-	-	-	44,508
Training	-	88,761	-	-	-	88,761
Insurance agency	-	-	988,080	-	-	988,080
Ledger fees and service charges	2,600,120	-	-	-	-	2,600,120
Other fees & commissions	18,128,183	-	-	-	-	18,128,183
Total revenue from contracts with customers	21,103,500	133,269	988,080	564,995	43,182	22,833,026
<u>Timing of revenue recognition</u>						
Services transferred at a point in time	20,728,304	133,269	988,080	-	43,182	21,892,835
Services that are provided over time	375,196	-	-	564,995	-	940,191
Total revenue from contracts with customers	21,103,500	133,269	988,080	564,995	43,182	22,833,026

Other fees and commission is made up of all banking fees charged to the customer. This includes loan fees, mobile transaction fees, money transfer fees, transaction fees among many other income lines.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

37. NET TRADING INCOME

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Foreign exchange gain	3,658,139	4,974,885	3,196,790	4,099,341

38. OTHER OPERATING INCOME

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Gain on disposal of property and equipment	64,416	7,676	24,092	7,676
Dividend income	-	-	69,934	87,065
Rental income	158,119	137,818	158,119	137,818
Gain on sale of financial assets at Fair value	603,621	40,100	938,611	73,503
Sundry Income	1,158,933	1,242,880	228,083	653,906
	1,985,089	1,428,474	1,418,839	959,968

Dividends from associate and equity investments are recognised when the Group's right to receive payment is established.

Rental income is accounted for on a straight-line basis over the lease terms on ongoing leases and is recognised monthly when it falls due.

39. EMPLOYEES COST

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Basic salaries	16,765,776	14,838,606	15,220,053	13,559,695
Allowances	697,048	552,262	567,635	519,311
Pension scheme contribution	-	-	-	-
- Statutory Scheme	215,075	144,198	213,696	101,005
- Employee Scheme	1,154,785	991,737	885,439	937,928
Medical expenses	962,120	849,919	881,573	779,510
Education and training	164,717	96,629	164,210	91,516
Others	855,481	849,207	792,224	568,720
	20,815,002	18,322,558	18,724,830	16,557,685
The number of employees at the year-end was:				
Management	922	837	775	721
Supervisory and unionizable	3,725	3,999	3,594	3,548
Others	1,588	1,027	922	760
	6,235	5,863	5,291	5,029

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

40. OTHER OPERATING EXPENSES

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Rent and maintenance costs for branch premises	864,059	855,991	828,452	792,021
Motor vehicle running and other equipment maintenance	3,038,745	3,512,928	2,919,703	3,439,528
Stationery and printing	553,966	512,887	528,369	491,178
Travelling and insurance	1,380,672	1,242,500	1,074,870	1,059,734
Telephone, postage, electricity and water	810,175	818,252	744,797	744,076
Contribution to Deposit Protection Fund	776,950	713,141	768,080	696,204
Directors' emoluments	405,072	351,383	322,172	274,632
Auditors' remuneration	60,369	53,036	21,500	23,678
Loss on net monetary position	221,535	734,656	-	-
Other operating and administrative expenses	9,278,046	7,766,624	7,705,208	6,817,533
	17,389,589	16,561,398	14,913,151	14,338,584

	2025	2024	2023
	KShs'000	KShs'000	KShs'000
Auditor's remuneration			
Lead auditor of the Group			
Financial statement audit fee	25,760	23,678	22,443
ICT and Cybersecurity	9,350	17,309	16,485
Total	35,110	40,987	38,928
Other Component Auditors	2025	2024	2023
Financial statement audit fee	15,003	6,354	6,052
Tax	5,257	6,901	2,394
All other services	3,641	4,903	4,684
Total	23,901	18,158	13,130

Other operating and administrative expenses relates to various expenses of low values of which the Bank consider it will not be useful to disclose individually.

41. ECL-OTHER FINANCIAL ASSETS

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Credit loss expense				
ECL- Bank balances	14,042	3,680	11,715	3,680
ECL- Off balance sheet balances	-	269,730	-	269,730
ECL- Investments in Government securities /corporate bonds	228,345	-	228,875	-
ECL- Sundry debtors	30,304	-	-	-
	272,691	273,410	240,590	273,410
Credit loss write back				
ECL- Investments in Government securities/ corporate bonds	(52)	-	(52)	(910,632)
ECL- Off balance sheet balances	-	-	(351,285)	-
ECL- Off balance sheet balances	(350,279)	(904,278)	-	-
ECL- Sundry debtors	-	(13,436)	(1,507)	(16,419)
	(350,331)	(917,714)	(352,844)	(927,051)
Net credit loss (write back)/expense	(77,640)	(644,304)	(112,254)	(653,641)

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

42. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share for the Group and the Bank is based on the year's profit attributable to equity holders of the parent and the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Group		Bank	
	2025	2024	2025	2024
Profit for the year attributable to equity holder of the parent (KShs'000)	29,563,529	25,432,927	26,453,630	22,988,096
Weighted average number of ordinary shares for basic earnings per share (Thousands)	5,867,180	5,867,180	5,867,180	5,867,180
Weighted average number of ordinary shares for diluted earnings per share (Thousands)	5,867,180	5,867,180	5,867,180	5,867,180
Basic earnings per share (KShs)	5.04	4.33	4.51	3.92
Diluted earnings per share (KShs)	5.04	4.33	4.51	3.92

43. COMPONENTS OF OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income

	Group		Bank	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Net movement of FVOCI investments	4,560,707	15,337,802	2,959,061	14,258,904
Income tax relating to components of other comprehensive income	(176,219)	(9,322)	(176,219)	(9,322)
Share of other comprehensive income of associates	322,481	1,463,569	-	-
Revaluation of land and building surplus	1,174,795	-	1,174,795	-
	5,881,764	16,792,049	3,957,637	14,249,582

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

44. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to cash generated from operations

OPERATING ACTIVITIES	Note	Group		Bank	
		2025 KShs'000	2024 KShs'000	2025 KShs'000	2024 KShs'000
Profit before tax		40,287,435	34,780,319	36,051,258	31,303,209
Adjustments for: -					
Depreciation of property and equipment	19	1,750,246	1,398,248	1,584,914	1,286,546
Depreciation of right-of-use asset	20	1,478,630	1,434,434	1,265,101	1,299,224
Write-off on PPE	19	-	-	7,187	-
Amortization of leasehold	18	610	610	609	610
Write-off on intangible assets	17	4,148	1,659	-	1,659
Movement in provisions		6,045,636	6,289,107	6,043,801	6,818,249
Leave provision	26	6,971	(53,803)	7,751	(52,541)
Allowance for credit losses		244,372	(873,074)	239,030	(923,371)
Amortization of intangible assets	17	(907,360)	(960,578)	850,005	932,441
Amortization of capital grants	28	(18,476)	(18,476)	(18,476)	(18,478)
Gain on disposal of property and equipment		(7,676)	(7,676)	(24,092)	(7,676)
Share of (loss)/ profit in associates	16	(392,181)	(822,372)	-	-
Dividend income	38	-	-	(69,934)	(87,065)
Interest on lease liability		455,706	368,948	397,054	323,654
Interest received	24	(85,970,016)	(78,585,960)	(73,052,310)	(79,361,707)
Interest paid	24	25,394,355	29,202,567	27,312,992	22,456,667
Exchange difference on borrowings		(672,582)	(4,210,127)	(672,582)	(6,854,955)
Accrued interest on borrowings		369,979	536,344	368,327	367,183
Loss on net monetary position		221,298	734,655	-	-
Cash flows from operating activities before working capital changes		(11,708,906)	(10,785,175)	290,635	(22,516,351)
Advances to customers		(53,315,389)	(5,794,613)	(43,284,360)	(2,688,855)
Other assets		12,202,792	(14,395,634)	6,976,183	(11,358,304)
Deposits from customers		68,057,957	54,470,099	58,844,014	45,635,284
Deposits from banks		(39,052)	(1,656,201)	(2,117,761)	(1,275,760)
Other liabilities		(10,795,253)	(263,273)	(10,733,309)	(592,418)
Central Bank of Kenya Repo		-	(7,000,000)	-	(7,000,000)
FVTPL investments		(630,701)	-	(630,701)	-
FVOCI Investments		(16,577,447)	18,769,027	(17,356,675)	14,874,425
Derivative financial instruments		(973,806)	(1,028,826)	(973,806)	(1,028,826)
Cash flows generated from operating activities		(13,779,805)	32,315,404	(8,985,780)	14,049,195
Cash and cash equivalents comprises of:-					
Cash on hand		10,799,964	10,691,647	9,576,324	9,095,783
Cash with Central Banks		30,229,678	24,101,739	25,208,072	21,348,472
Deposits and balances due from banking institutions		60,706,571	52,226,074	53,013,684	47,033,525
Items in the course of collection from other banks		508,893	(612,546)	508,893	612,546
		102,245,106	86,406,914	88,306,973	78,090,326

*Prior year numbers have been restated, refer to note 49

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

45. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

a. Loans due from directors, employees, and other related parties: -

Balances outstanding at the close of year as advanced to directors, employees of the Bank and other related parties in the ordinary course of business is as follows:

	Group and Bank	
	2025	2024
	KShs'000	KShs'000
Directors	178,933	239,700
Employees	12,058,854	12,410,537
Associates	11,488,189	8,126,011
	23,725,976	20,776,248
Interest income earned	792,484	818,677
Weighted average interest rate	6%	6%

The loans are secured by property and are repayable in less than 30 years. No impairment losses have been recorded against balances outstanding during the period and no specific allowance has been made for impairment losses on balances at period end as staff and directors are all active and currently in-service for the bank and recoveries are made directly through payroll.

All loan repayments are made through cash repayments.

The Loan advanced to CIC Limited, an associate of the Bank, had a carrying amount of KShs 4.92 billion. The loan has a tenor of 60 months with 1 principal bullet payment on the 60th month and interest payment after every 4 months.

Kingdom Securities Limited has an outstanding loan of KShs 623 million (2024: 544 Million) with the Bank at the prevailing market rate of 13%. The terms of the facility are such that the facility is to be repaid in cash once the company's liquidity/capital has improved to above regulatory levels and the company is profitable. The loan is non-secured.

b. Deposits received from directors, employees, and other related parties: -

Balances held at the close of year as received from directors, employees of the Bank and other related parties in the ordinary course of business is as follows:

	Group and Bank	
	2025	2024
	KShs'000	KShs'000
Directors and Employees (Key personnel)	1,113,782	390,796
Subsidiaries and Associate companies	796,835	885,387
Interest expensed	49,361	100,818
Weighted average interest rate	2.6%	79%

c. Inter-company balances and transactions: -

The financial statements include the following balances relating to transactions entered into with other group companies:

	Relationship	Bank	
		2025	2024
		KShs'000	KShs'000
Amounts due from:-			
Co-optrust Investment Services Limited	Subsidiary	-	-
Co-op Bancassurance Intermediary Limited	Subsidiary	-	-
Co-op Holdings Co-operative Society Limited	Parent	15	11,096
Co-operative Bank of South Sudan	Subsidiary	66,182	50,359
		66,197	61,455

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

45. RELATED PARTY DISCLOSURES (continued)

c. Inter-company balances and transactions: -

	Relationship	Group and Bank	
		2025 KShs'000	2024 KShs'000
Amounts due to:-			
Insurance premium:-			
Co-operative Insurance Company Limited	Associate	715,488	424,926

Outstanding balances at the year-end are unsecured and no guarantees have been provided or received from any related party. The Bank has not made any provision for impairment losses on balances at period end.

d. Compensation of key management personnel: -

	Group		Bank	
	2025 KShs'000	2024 KShs'000	2025 KShs'000	2024 KShs'000
Non-executive Directors				
Directors' emoluments:				
-Fees	320,610	297,832	283,816	238,179
-Others	82,109	53,529	38,356	36,453
	402,719	351,361	322,172	274,632
Executive Director				
-Short-term employee benefits	185,764	172,463	179,561	166,260
-Post-employment benefits/bonus	303,698	302,313	303,698	302,313
	489,462	474,776	483,259	468,573
Senior Managers:				
-Short-term employee benefits	2,207,408	2,108,740	2,063,583	1,938,123
-Post-employment pension	127,475	161,568	118,167	153,917
-Termination benefits	231	370	231	370
	2,335,114	2,270,678	2,181,981	2,092,410

e. Co-operative Bank Foundation:

The Foundation is a registered trust established to assist bright needy students from the Co-operative movement in paying school fees. In 2025, KShs 132,796,153 (2024: KShs 171,783,951) was disbursed to the Foundation. At 31 December 2025, the Foundation held deposits of KShs 19,041,328 (2024: KShs 19,777,413) with the Bank. The Bank also gives donation in kind through payment of the Foundation operating expenses. The total costs covered as at 31 December 2025 amounted to KShs 32,004,618 (2024: KShs 36,605,823).

f. Co-operative Bank of Kenya Staff Retirement Benefits Scheme: -

This is a defined contribution scheme and provides, under the rules of the scheme, retirement benefits for the staff of Co-operative Bank of Kenya Limited and its subsidiaries. The Group contributed KShs 1.67 billion as at 31 December 2025 (2024: KShs 1.4 billion). Under the terms of their appointment, Co-optrust Investment Services Limited, a subsidiary of the Bank, is responsible for the investment of funds.

Transactions during the year are as highlighted below and were at similar terms and conditions as those offered to other customers:

	2025 KShs'000	2024 KShs'000
Rent paid to the scheme on leased property	12,050	10,955
Dividends paid on the Bank's ordinary shares	55,966	54,967

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

46. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Group and the Bank presents its statement of financial position in order of liquidity. The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	GROUP			BANK		
	Within 12 months KSh's'000	After 12 months KSh's'000	Total KSh's'000	Within 12 months KSh's'000	After 12 months KSh's'000	Total KSh's'000
As at 31 December 2025						
ASSETS						
Cash and balances with Central Banks	41,021,729	-	41,021,729	34,784,395	-	34,784,395
Deposits and balances due from banks	60,642,124	-	60,642,124	52,995,540	-	52,995,540
Investment in financial instruments	62,155,297	184,905,201	247,060,498	62,155,296	163,587,437	225,742,733
Loans and advances	67,225,442	353,777,240	421,002,682	64,416,509	329,082,042	393,498,551
Derivative financial instruments	606,529	-	606,529	606,529	-	606,529
Deferred tax asset	-	7,274,628	7,274,628	-	7,117,011	7,117,011
Other assets	14,191,579	-	14,191,579	14,972,817	-	14,972,817
Investment in subsidiaries	-	-	-	-	3,910,825	3,910,825
Investment in associates	-	3,818,397	3,818,397	-	706,444	706,444
Leasehold land	-	30,864	30,864	-	30,864	30,864
Property and equipment	-	10,459,319	10,459,319	-	8,696,491	8,696,491
Right-of-use assets	-	4,562,792	4,562,792	-	3,992,263	3,992,263
Intangible assets	-	2,144,148	2,144,148	-	1,921,020	1,921,020
Goodwill	-	3,294,000	3,294,000	-	-	-
Total assets	245,842,700	570,266,589	816,109,289	229,931,086	519,044,397	748,975,483
LIABILITIES						
Customer Deposits	564,688,648	9,481,456	574,170,104	535,720,469	1,307,125	537,027,594
Deposits and balances due to banks	2,762,025	-	2,762,025	2,358,562	-	2,358,562
Tax payable	281,029	-	281,029	204,428	-	204,428
Provisions	-	237,547	237,547	-	229,897	229,897
Other Liabilities	8,942,032	13,220,563	22,162,595	19,252,507	-	19,252,507
Government grants	-	332,561	332,561	-	332,561	332,561
Loans and borrowings	2,596,936	59,100,139	61,697,075	1,033,946	48,586,444	49,620,390
Total liabilities	579,270,670	82,372,266	661,642,936	558,569,912	50,456,027	609,025,939
Net	(333,427,970)	487,894,323	154,466,353	(328,638,826)	468,588,370	139,949,544

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

46. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)

	GROUP			BANK		
	Within 12 months KShs'000	After 12 months KShs'000	Total KShs'000	Within 12 months KShs'000	After 12 months KShs'000	Total KShs'000
As at 31 December 2024						
ASSETS						
Cash and balances with Central Banks	34,783,864	-	34,783,864	30,444,256	-	30,444,256
Deposits and balances due from banks	52,162,735	-	52,162,735	47,027,095	-	47,027,095
Investment in financial instruments	34,931,561	183,946,258	218,877,819	34,931,561	162,673,590	197,605,151
Loans and advances	77,108,409	296,624,518	373,732,927	73,660,914	282,597,078	356,257,992
Deferred tax asset	-	6,830,998	6,830,998	-	6,831,659	6,831,659
Other assets	15,089,517	-	15,089,517	14,872,169	-	14,872,169
Investment in subsidiaries	-	-	-	-	3,884,925	3,884,925
Investment in associates	-	3,656,036	3,656,036	-	706,444	706,444
Leasehold land	-	31,473	31,473	-	31,473	31,473
Property and equipment	-	8,540,562	8,540,562	-	7,071,192	7,071,192
Right-of-use assets	-	3,992,799	3,992,799	-	3,464,902	3,464,902
Intangible assets	-	2,218,489	2,218,489	-	2,016,187	2,016,187
Goodwill	-	3,294,000	3,294,000	-	-	-
Total assets	214,076,086	509,135,133	723,211,219	200,935,995	469,277,450	670,213,445
LIABILITIES						
Customer Deposits	504,941,328	1,170,819	506,112,147	477,074,246	1,109,336	478,183,582
Deposits and balances due to banks	2,801,077	-	2,801,077	4,476,324	-	4,476,324
Tax payable	230,128	-	230,128	563,960	-	563,960
Provisions	3,314	227,262	230,576	-	222,146	222,146
Other Liabilities	12,955,520	19,484,582	32,440,102	29,437,111	-	29,437,111
Government grants	-	351,037	351,037	-	351,037	351,037
Loans and borrowings	3,822,636	51,583,464	55,406,100	836,654	38,748,100	39,584,754
Derivative financial instruments	367,277	-	367,277	367,277	-	367,277
Total liabilities	525,121,280	72,817,164	597,938,444	512,755,572	40,430,619	553,186,191
Net	(311,045,194)	436,317,969	125,272,775	(311,819,577)	428,846,831	117,027,254

*The presentation of the above table has been updated for consistency.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

47. OPERATING LEASE COMMITMENTS

As lessor:

The total future minimum lease receivables due from tenants are as follows:

	Group and Bank	
	2025	2024
	KShs'000	KShs'000
*Within 1 year	138,760	137,316
2 years	134,760	134,862
3 years	139,053	134,862
4 years	139,150	134,570
5 years	139,150	134,570
Over 5 years	134,863	120,252
	825,736	796,432

Leases are negotiated for an average term of six (6) years and rentals are reviewed every two (2) years.

*The time bands used in the maturity analysis of undiscounted lease receivables have been updated to provide a separate disclosure for each of the first five years.

As lessee:

The total future minimum lease payments due to third parties under non-cancellable operating leases are as follows:

	Group and Bank	
	2025	2024
	KShs'000	KShs'000
Within 1 year	1,390,458	1,568,406
2 years	1,113,423	866,575
3 years	995,940	759,968
4 years	769,067	554,098
5 years	521,818	329,738
Over 5 years	209,026	458,098
	4,999,732	4,536,883

Lease commitments relate to lease rentals payable by the group for its leasehold properties and are negotiated for an average term of six (6) years.

48. COMMITMENTS

	Group and Bank	
	2025	2024
	KShs'000	KShs'000
i. Capital: Authorised and contracted for	243,520	383,143
ii. Capital: Authorised and not contracted for	3,605,929	4,183,879
iii. Loans committed but not disbursed at year end	5,340,000	322,715

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

49. RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

During the year ended 31 December 2025, the Bank identified and corrected an accounting treatment relating to the classification of cash and cash equivalents. These adjustments have been applied retrospectively in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, and the comparative figures for the prior periods have been restated accordingly.

The Bank reviewed its definition of Cash and Cash Equivalents to include mandatory cash reserve ratio (CRR) amounts held at the Central Bank in line with the Institute of Certified Public Accountants of Kenya (ICPAK) advisory on the treatment of CRR by Kenyan Banks under IAS 7 – statement of cash flows.

CRR forms part of cash and balances with Central Bank as per the definition of IAS 7 and were previously excluded from cash and cash equivalent balances. The cash reserve (CRR) is accessible for utilization throughout the day to support clearing and settlement of transactions.

Although Banks are required to maintain a minimum end-of -day balance to comply with CRR requirements, this represents a restriction on use only, not a restriction on access and as such it should form part of cash and cash equivalents.

This reclassification resulted in an increase in the reported cash and cash equivalents balances for the prior period to more accurately reflect the Bank's liquidity position.

The Bank also restated the statement of cashflows for interest paid (for correct presentation) and made other adjustments. The other adjustments mainly represent foreign exchange differences made to align prior year presentation of Statement of Cash Flows with requirements of IAS 7.

The impact of the restatements to the financial statements is as summarized below

Statement of cashflows (extract)

Analysis of the balances related to Cashflows - & Group	Note	As previously reported	* * CRR Adjustment	Interest Reclass	Other Adjustment	As Restated
At 31 December 2024						
Cash and cash equivalents	SOCF 44	64,986,512	21,420,402	-	-	86,406,914
Bank						
At 31 December 2024						
Cash and cash equivalents	SOCF 44	57,926,149	20,164,177	-	-	78,090,326
Group						
At 31 December 2024						
Cash and cash equivalents at the beginning of the year	SOCF 44	40,059,215	19,129,438	-	-	59,188,653
Bank						
At 31 December 2024						
Cash and cash equivalents at the beginning of the year	SOCF 44	32,200,291	18,196,999	-	-	50,397,290

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

49. RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS (CONTINUED)

Statement of cashflows (extract) (continued)

Analysis of the balances related to Cashflows - & Group	Note	As previously reported	* * CRR Adjustment	Interest Reclass	Other Adjustment	As Restated
Group						
At 31 December 2024						
Cash flows generated from operating activities	SOCF 44	79,407,832	2,290,964	(49,383,392)	-	32,315,404
Bank						
At 31 December 2024						
Cash flows generated from operating activities	SOCF 44	70,804,384	1,967,178	(56,905,040)	(1,817,327)	14,049,195
Group						
At 31 December 2024						
Net cash generated from operating activities	SOCF 44	69,306,382	2,290,964	-	-	71,597,346
Bank						
At 31 December 2024						
Net cash generated from operating activities	SOCF 44	62,050,940	1,967,178	-	(1,817,327)	62,200,791
Group						
At 31 December 2024						
Net movement in cash and cash equivalents	SOCF 44	25,021,251	2,290,964	-	-	27,312,215
Bank						
At 31 December 2024						
Net movement in cash and cash equivalents	SOCF 44	25,725,858	1,967,178	-	(1,730,262)	25,962,774

** The adjustment reflect the cash reserve ratio (CRR) for the prior periods previously restricted representing 3.25% (2024:3.25%) of customer deposits.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Bank	
	2025	2024	2025	2024
a. Financial guarantees, Letters of credit and other undrawn commitments	KShs'000	KShs'000	KShs'000	KShs'000
Letters of credit	11,400,716	15,647,282	11,400,716	15,647,282
Guarantees	41,078,720	33,054,588	39,992,218	32,419,851
	52,479,436	48,701,870	51,392,934	48,067,133
Unutilised overdraft	5,310,235	6,910,155	5,310,235	6,910,155
Unutilised Credit Card	830,976	561,709	830,976	561,709
	6,141,211	7,471,864	6,141,211	7,471,864
Gross Carrying Amount	58,620,647	56,173,734	57,534,145	55,538,997
Allowance for credit losses	(787,204)	(1,137,483)	(740,901)	(1,092,186)
Net Carrying Amount	57,833,443	55,036,251	56,793,244	54,446,811

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other commitments to lend. Even though these obligations may not be recognised on the statement of financial position, they contain credit risk and, therefore, form part of the overall risk of the Bank.

Guarantees are documents written by the Bank to support performance by a customer to third parties. The bank will only be required to meet these obligations in case of the customer's default.

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

An **acceptance** is an undertaking by the Bank to pay a bill of exchange on a customer. Most acceptances are presented and reimbursement by the customer is almost immediate.

a. Impairment losses on financial guarantees, letters of credit and other undrawn commitments

An analysis of changes in the outstanding exposures and the corresponding ECLs are, as follows

Letters of credit

Group and Bank

	Gross carrying amount	ECL allowance	Carrying amount
	KShs'000	KShs'000	KShs'000
*At 1 January 2025	15,647,282	233,652	15,413,630
Disbursement	11,218,784	129,907	11,088,877
Repayment (excluding write-off)	(15,465,350)	(232,005)	(15,233,344)
At 31 December 2025	11,400,716	131,554	11,269,163

Letters of credit

Group and Bank

	Gross carrying amount	ECL allowance	Carrying amount
	KShs'000	KShs'000	KShs'000
*At 1 January 2024	11,741,114	70,543	11,670,571
Disbursement	66,098,321	673,708	65,424,613
Repayment (excluding write-off)	(62,192,153)	(510,599)	(61,681,554)
At 31 December 2024	15,647,282	233,652	15,413,630

*The disclosure relating to changes in ECL has been updated to provide a separate breakdown of movements for each stage.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

50. CONTINGENT LIABILITIES (CONTINUED)

a. Impairment losses on financial guarantees, letters of credit and other undrawn commitments (Continued)

Guarantees

Group	Gross carrying amount	ECL allowance	Carrying amount
	KShs'000	KShs'000	KShs'000
At 1 January 2025	32,419,851	467,850	31,952,001
Disbursements	28,403,298	299,992	28,103,306
Repayment (excluding write-off)	(19,744,429)	(340,539)	(19,403,890)
At 31 December 2025	41,078,720	427,303	40,651,417

Bank

At 1 January 2025	32,419,851	467,850	31,952,001
Disbursements	26,795,564	283,012	26,512,552
Repayment (excluding write-off)	(19,223,197)	(323,559)	(18,899,638)
At 31 December 2025	39,992,218	427,303	39,564,915

Group	Gross carrying amount	ECL allowance	Carrying amount
	KShs'000	KShs'000	KShs'000
*At 1 January 2024	9,329,240	141,266	9,187,974
Disbursements	121,831,680	73,050,839	48,780,841
Repayment (excluding write-off)	(98,106,332)	(72,678,958)	(25,427,374)
At 31 December 2024	33,054,588	513,147	32,541,441

Bank

*At 1 January 2024	8,763,526	113,456	8,650,070
Disbursements	121,739,048	73,043,429	48,695,619
Repayment (excluding write-off)	(98,082,723)	(72,689,035)	(25,393,688)
At 31 December 2024	32,419,851	467,850	31,952,001

Undrawn commitment

Group and Bank

At 1 January 2025	7,947,210	638,457	7,308,753
Disbursements	603,158	57,110	546,048
Repayment (excluding write-off)	(2,409,157)	(513,523)	(1,895,634)
At 31 December 2025	6,141,211	182,044	5,959,167

*At 1 January 2024	4,629,789	215,822	4,413,967
Disbursement	15,099,699	1,021,531	14,078,168
Repayment (excluding write-off)	(11,782,278)	(598,896)	(11,183,382)
At 31 December 2024	7,947,210	638,457	7,308,753

*The disclosure relating to changes in ECL has been updated to provide a separate breakdown of movements for each stage.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

50. CONTINGENT LIABILITIES (CONTINUED)

b. Pending legal suits

The Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings, arising in the ordinary course of the Bank's business. When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case. Where the probability of outflow is considered to be possible or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case-specific disclosures in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates. Some of the key pending legal suits include:-

i. *Boaz Mathews Ouma Awiti & three others*

This is a claim for KShs 31,864,120 against the Bank relating to the sale and purchase of shares in Bob Mathews Stockbrokers Ltd (now Kingdom Securities Limited). The Bank has successfully applied for and obtained a stay of proceedings and referral of the matter to arbitration as per the terms of the Share purchase agreement. On 1st December 2022, the Arbitrator ordered the parties to each appoint a firm of auditors to prepare a report on the claim. The Plaintiff chose Sierro and Associates while the Bank chose PKF East Africa. Parties are to file their respective audit reports with the Arbitrator by 5th April 2024 and the matter will then be mentioned on 24th April 2024 for further directions.

Parties filed their respective audit reports, wherein the Arbitrator proceeded to appoint the firm of Nyenge Auditors to review the respective audit reports and file a report with the Arbitrator by 14th February 2025. Mention for directions on 30th May 2025. The matter was scheduled for mention before the Arbitrator on 3rd October 2025. Unfortunately, the sole Arbitrator Advocate Kyalo Mbobu was killed on 12th September 2025. The Plaintiffs have not taken any further steps to have the matter placed before another tribunal and therefore the matter is in abeyance. A.K Mululu was appointed the administrator of the advocates firm Kyalo & Associates Advocates and is attending to completion of outstanding matters.

ii. *Alice Anyona Mumo & Others vs. RBA & Co-operative Bank of Kenya Limited Retirement Benefit Scheme, 2007 RBA Tribunal appeal no. 8 of 2013 (NBI)*

This is an appeal against the RBA ruling dated 26 May 2011 confirming that member benefits were duly paid in accordance with the applicable Trust Deed and Rules. The ruling is in regard to the initial claim filed with the Retirement Benefits Authority (RBA) under section 46 of the RBA Act alleging that the scheme had not computed and paid the ex-staff the correct amounts. They claimed that the estimated amount allegedly due to them is approximately KShs 2 billion. The ex-staff being dissatisfied with the ruling appealed against the same citing various grounds of appeal. Judgment was entered in the Scheme's favor by the Retirement Benefits Tribunal on 12 October 2021. The Claimant's appeal was dismissed. The Claimants sought leave to institute Judicial Review proceedings against the Tribunal's decision with the High Court. Ruling on the application for leave to institute Judicial Review was delivered on 9 February 2023.

The Court declined to grant leave for the Applicants to challenge the decision of the RBA Tribunal. The Applicants have indicated an intention to challenge the decision of the High Court in the Court of Appeal and they lodged an appeal in July 2023. The Court of Appeal is yet to give a date for the hearing of the appeal. Based on advice received from the Scheme Administrators and the Actuaries and also noting that the appellants lost the case at the RBA, the RBA Tribunal and at the High Court, no liability is expected to arise in future in respect of this claim.

No provision has been made in these financial statements for the above pending suits as based on professional legal advice, the directors are of the opinion that no liabilities are expected to arise in future in respect of these claims. The Court of Appeal is yet to give a date for the hearing of the appeal.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

50. CONTINGENT LIABILITIES (CONTINUED)

c. Excise duty on financial transactions

In 2016, the Kenya Revenue Authority (KRA) demanded from the Bank, tax amounting to KShs 621,537,611, relating to alleged non-payment of excise duty for the period 2013 to 2015. This amount is made up of principal excise duty of KShs 495,403,544 and interest of KShs 126,134,067 as shown below:

Period	Principal KShs	Interest KShs	Total KShs
2013	134,213,458	51,167,844	185,381,302
2014	263,528,443	63,246,826	326,775,269
2015	97,661,643	11,719,397	109,381,040
	495,403,544	126,134,067	621,537,611

The management, through the tax agent, disputed the demand on factual and technical grounds and the matter was referred to the Tax Appeals Tribunal. The subject of the dispute is industry wide. In July 2020, the case was determined by the Tax Appeals Tribunal and ruled in favour of the Bank. KRA challenged the ruling at the High Court of Kenya and a ruling was made in favour of KRA in November 2022, therefore setting aside the ruling by the Tax Appeals Tribunal. Following this unfavourable ruling to the bank, the bank challenged the High Court Ruling at the Court of Appeal. As at 31 December 2025, the Court of Appeal is yet to hear and render its ruling on the case.

No provision has been made in these financial statements for the principal tax and interest shown above as the directors based on the TAT ruling and facts of the matter are of the opinion that no liability will arise

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

51. FIDUCIARY ACTIVITIES

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties, which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. These financial instruments comprise deposits with financial institutions, government securities and quoted and unquoted securities, among others. Those assets that are held in a fiduciary capacity are not included in these financial statements. Some of these arrangements involve the Group accepting targets for benchmark levels of returns for the assets under the Group's care. These services give rise to the risk that the Group will be accused of maladministration or under-performance.

The Group at Custodial & Investor Services department holds assets on behalf of customers with a value of KShs 543.5 billion (2024 – KShs 411.1 billion). The income for the period for custodial services was KShs 492.9 million (2024– KShs 380.9 million) while the expenses amounted to KShs 78.4 million (2024– KShs 79.9 million).

The Group, through Co-optrust Investment Services Limited manages securities with a value of KShs 507.06 billion (2024– KShs 324.97 billion) on behalf of customers. The total income for the period from fund management was KShs 1.12 billion (2024– KShs 565 million), with total expenses amounting to KShs 285.95 Million (2024– KShs 256.82 million).

52. ASSETS PLEDGED AS SECURITY

As at 31 December 2025, there were no assets pledged by the Group to secure liabilities.

53. HOLDING ENTITY

The holding entity of The Co-operative Bank of Kenya Limited is Co-op Holdings Co-operative Society Limited incorporated in Kenya under the Co-operative Societies Act.

54. INCORPORATION

The Bank is incorporated in Kenya under the Companies Act, 2015

55. CURRENCY

These financial statements are presented in Kenya Shillings (KShs) and are rounded to the nearest KShs 1,000.

56. EVENTS AFTER REPORTING PERIOD

The Directors are not aware of any other events after the reporting date that require disclosure in or adjustments to the financial statements as at the date of this report.