Absa Bank Kenya PLC

Annual Integrated Report 2025

Your story matters

Navigational icons and six capitals model

Our report uses navigational icons to represent the six capitals that drive our business model:

The six capitals model

Financial capital
Our shareholders' equity and funding from investors and customers, which are used to support our business and operational activities, including credit extension.

Manufactured capital
Our business structure and operational processes, including our physical and digital infrastructure, that provide the framework and mechanics of how we do business and create value.

Human capital
Our culture and our people, investing in their development and our collective knowledge, skills and experience to enable delivery of innovative and competitive solutions for our customers.

Social and relationship capital
Our citizenship and strong stakeholder relationships, including rapport with the communities in which we operate, recognising the role that the banking sector plays in building a strong and thriving ecosystem.

Intellectual capital
Our brand and franchise value, research and development, innovation capacity, reputation and strategic partnerships, as well as the products that we offer to our customers.

Natural capital
Our responsible use of natural resources and ecosystems, minimising our energy, water, biodiversity and emissions impacts across the value chain.

Stakeholders engagement

We create, protect, and preserve value through resources and relationships. Our stakeholders including customers, employees and unions, society and communities, partners, regulators and government, and investors are integral to our strategy.

- Customers
- Employees and unions
- Society and communities
- Partners
- Regulators and government
- Investors

By engaging in a structured and transparent manner, we foster meaningful relationships that act as valuable capital in both stable and challenging times. Our approach is tailored to stakeholder needs while ensuring shared value creation.

Commitment to Sustainable Development Goals (SDGs)

We align our operations with global sustainability priorities.

Sustainable Development Goals (SDGs)

Contents

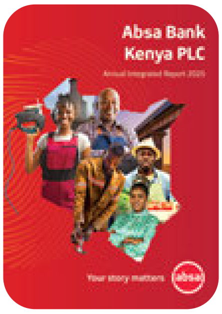
About this report

Welcome to our 2025 Integrated Report

This report presents our journey through 2025, a year defined by resilience, repositioning, and renewal.

As Absa Bank Kenya PLC continues to embed integrated thinking into its strategy and operations, this report details how we strengthened our base to drive sustainable growth, build resilience amid evolving market dynamics, and re-position the bank for long term success.

Guided by our purpose, "Empowering Africa's tomorrow together … one story at a time", we continue to evolve our business model to meet the changing needs of our stakeholders within the operating environment in which we find ourselves remaining a "Force for Good".



Integrated thinking

Integrated thinking is fundamental to our approach in both business management and reporting, as it requires us to consider the various capitals we utilise or impact, as well as the trade-offs involved in achieving our strategic objectives. This method recognises the interconnectedness and interdependence of factors influencing our long-term value creation. By adopting an integrated approach, we can prioritise the maximisation and preservation of value while minimising potential erosion, effectively managing our environmental, social, and governance (ESG) impacts. This approach also allows us to address the legitimate needs and interests of stakeholders and to respond proactively to significant external factors, risks and opportunities.

Sustainability-related financial disclosures

Absa Bank Kenya is among the early adopters of the International Sustainability Standards Board (ISSB) disclosure standards, including International Financial Reporting Standards (IFRS) S1, General Requirements for Disclosure of Sustainability-related Financial Information, and IFRS S2, Climate-related Financial Disclosures. The entity plans to reach full compliance with IFRS Sustainability Disclosure Standards by the reporting year 2027, following the implementation roadmap provided by the Institute of Certified Public Accountants of Kenya (ICPAK).

Phase	Timelines (Accounting period beginning on or after)	Organisations involved
Phase 1 - Voluntary Adopters	1 January 2024	All organisations
Phase 2 - Mandatory Adoption	1 January 2027 1 January 2028 1 January 2029	Public Interest Entities (PIEs) Non-PIEs (Large Enterprises) Non-PIEs (SMEs)
Phase 3 – Public Sector Entities	1 July 2028	Public Sector Entities

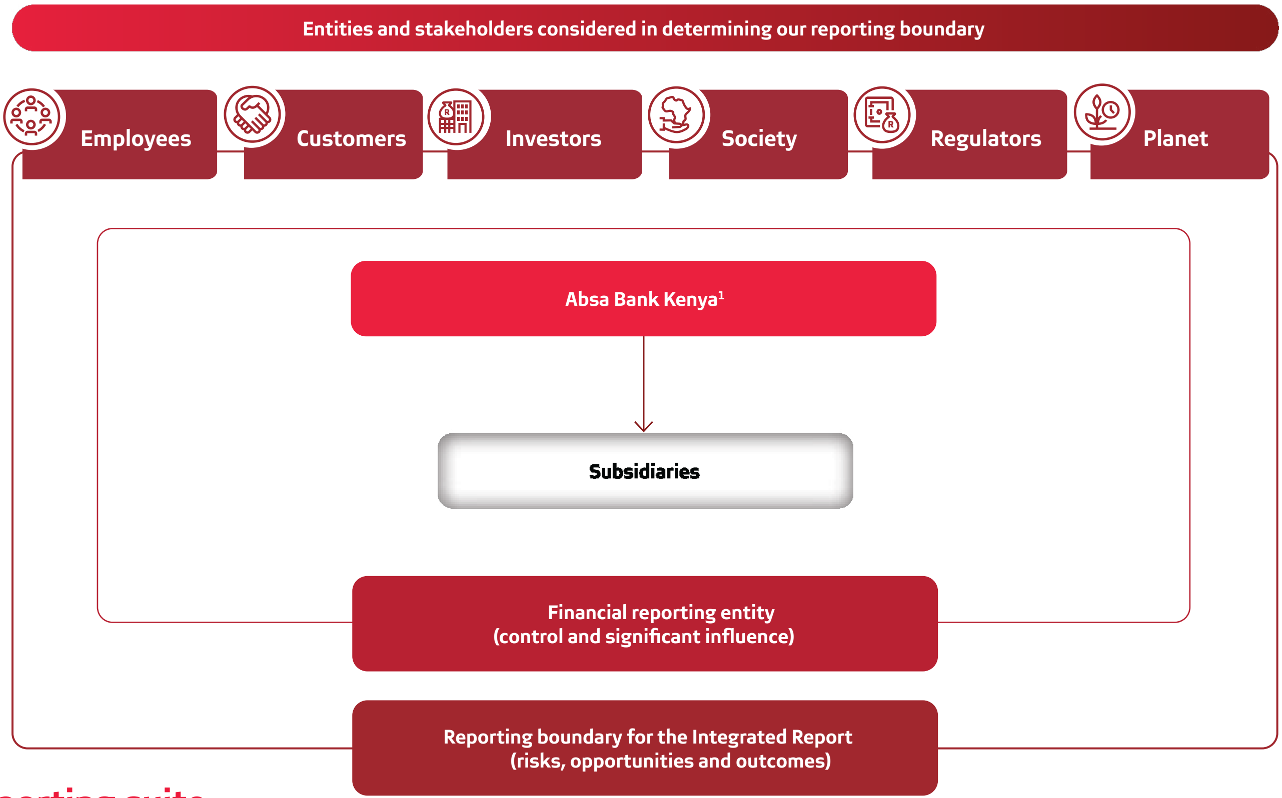
This Annual Integrated Report addresses the sustainability issues that are material to enterprise value creation. Furthermore, additional disclosures pertaining to IFRS S1 and IFRS S2 have been incorporated into our 2025 Sustainability and Climate Report.

About this report continued

Scope and boundary

The Annual Integrated Report covers the operations of Absa Bank Kenya PLC and its subsidiaries for the financial year ending 31 December 2025.

Our objective is to offer shareholders a clear and comprehensive overview of Absa's strategy, governance, performance, and outlook within our operating environment. We report on the creation, preservation, or erosion of value over time. The scope of financial information is determined by our level of control and significant influence over entities, as illustrated in the diagram below.



Reporting suite

The Annual Integrated Report is intended to provide information to investors on how the Bank creates and protects value while minimising value erosion over the short, medium and long term. This report covers a specific mandate and is supplemented by other diverse publications which provide additional or complementary disclosures relevant to broader stakeholder groups.

Absa Bank Kenya annual reporting suite 2025

Environmental, social and governance disclosures

2025 Sustainability and Climate Report
2025 Principles of Resposible Banking Report

Annual Integrated Report

Financial and risk disclosures

2025 Q1 Financial Statement
2025 Quarterly Investor Briefings
2025 Half Year Investor Briefing
30 June 2025 Unaudited Group Results
2025 Q3 Financial Results

[1] A list of subsidiaries and consolidated structured entities are outlined on page 15 of this report

About this report continued

Assurance and governance of reporting process

Absa Bank Kenya PLC is committed to maintaining the highest standards of accuracy, integrity and transparency in its reporting process. The governance and assurance structures surrounding this 2025 Annual Integrated Report are designed to ensure that the information presented is balanced, relevant and aligned to international best practices.

Board oversight

The Board of Directors bears the ultimate responsibility for the integrity of this report, through its delegated committees, Audit and Risk Committee, Corporate Governance Nominations and Remuneration Committee. The Board provides oversight over the reporting process to ensure that disclosures fairly represent the Bank's performance, strategy, governance and outlook.

The Board reviewed and approved the financial statements on 4 March 2026, confirming that they present a true and balanced account of the Bank's performance and position, and reflect how the Bank strengthened its capital base, enhanced resilience, and created sustainable value for stakeholders in 2025.

Management responsibility

The management team, headed by the Managing Director are responsible for compiling this report; they are responsible for the accuracy and verifiability of both financial and non-financial information.

Internal reviews and verification

At Absa Bank Kenya PLC, we employ a risk-based combined assurance model, whereby internal controls, management oversight, compliance checks and internal audit, together with independent external assurance providers, work collectively to support the accuracy, completeness and reliability of all information disclosed in our published reports. The assurance framework is overseen by the Board Audit Committee.

External assurance and continuous improvement

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 over the financial information presented.

Non-financial and sustainability-related disclosures were prepared through internal review and validation processes involving relevant business functions and senior management, with reference to IFRS S1 and S2, GRI Standards, the Nairobi Securities Exchange (NSE) ESG Disclosures Guidance Manual and the Central Bank of Kenya's Guidance on Climate-Related Risk Management, to support accuracy, consistency and completeness.

A limited assurance engagement over selected non-financial disclosures is currently in progress and the assurance report will be issued subsequent to the release of this integrated report, in alignment with ICPAK guidelines and applicable assurance standards. Absa Bank Kenya PLC continues to strengthen data governance, control ownership and reporting methodologies, with targeted readiness assessments underway to support phased external assurance from FY2026, subject to data maturity and control readiness.

Value creation statement

Absa Bank Kenya continues to create sustainable value by delivering innovative financial solutions that empower individuals, businesses, and communities. Guided by our purpose, "Empowering Africa's tomorrow, together... one story at a time", we combine financial strength with a customer-centric approach to drive inclusive growth. By integrating environmental, social, and governance principles into our operations, we create shared value for stakeholders, delivering strong returns for shareholders, enabling economic progress, and supporting Kenya's transition to a low-carbon, resilient economy.

Material matters

This integrated report highlights our key material issues affecting value creation across all timeframes. These issues shape our strategy, risk management, and opportunity decisions. We determine materiality through a four-step process: identify, assess, validate, and apply, as detailed on page 45.

Identify

A material issue is a matter that can or could have a significant effect on value creation in the short, medium or long term.

Assess

Assessing the material issues and their solutions on a continuous basis allows us to ensure that our strategy remains relevant.

Validate and prioritise

We determine the validity of these matters according to their relevance to our current operating context. This includes validating the matters with the highest potential to significantly impact the viability of our business.

Apply

Once material matters have been validated, we apply our strategy in order to respond expeditiously.

How we create value

Our value creation story

Our purpose:"Empowering Africa's tomorrow, together ... one story at a time"

At the heart of Absa Bank Kenya's operations lies a clear purpose: Empowering Africa's tomorrow, together... one story at a time. This purpose inspires every action we take, guiding how we create sustainable value for our stakeholders and contributes to Kenya' economic transformation. In 2025, our purpose continued to shape our response to an evolving market, guiding us to strengthen our base and enhance resilience to drive long-term growth.

We believe that every customer, business, and community has a unique story worth supporting. By combining financial expertise with a deep understanding of local needs, we enable progress that extends beyond banking; this is through empowering individuals, accelerating enterprises, and building a more inclusive and sustainable society.

We are deliberate in living our values. They shape our culture and guide our behaviour, influencing how we interact with our stakeholders and how they perceive us.

Trust
We believe in ourselves and each other

Resourceful
We innovate for our colleagues, clients and communities

Stewardship
We take actions today that sustain our tomorrow

Inclusion
We are stronger together

Courage
We show up as our authentic selves to own our story

Repositioning for success: Strengthening the base

In 2025, we entered a crucial stage of our repositioning efforts. Building on prior achievements, we concentrated on enhancing the Bank's operations, which led to greater efficiency, stronger customer relationships, and a healthier capital and liquidity position.

We improved processes, used technology to boost agility and service, and enhanced risk management. This disciplined strategy kept the Bank resilient in changing conditions. Integrated thinking strengthened our adaptability and readiness for new opportunities.

Our focus on resilience extended beyond financial stability to involve organisational culture, governance, and sustainability. We continued to invest in our people, digital platforms, and stakeholder relationships, ensuring that our base remains strong.

Driving growth through purpose and innovation

While repositioning for sustainable success, growth stayed at the forefront. In 2025, Absa Bank Kenya achieved this growth by building on a solid foundation, despite macroeconomic challenges like low interest rates, high liquidity, and intense competition.

Through disciplined execution, digital transformation, and a people's first culture, the Bank continues to demonstrate resilience and adaptability in an evolving operating and regulatory environment.

In a complex and challenging environment....

Our macro-economic environment is complex and challenging resulting in volatility and uncertainty. In this context, which includes geopolitical events, regulatory changes, climate and societal shifts, we are presented with both risks and opportunities.

To thrive in complexity, we have to adapt our business model to external trends ensuring we remain relevant and competitive. We generate competitive advantage through innovation, our unique insights and perspectives and our ability to deliver our products and services. Our business model also creates positive societal returns which can be articulated through our contribution to 6 of the 17 Sustainable Development Goals (SDGs).

This enables us to create value across our diverse stakeholder groups:

Stakeholders' needs and expectations

While observing robust risk management and controls...

We have classified the risks we face and are cognisant of what is required to manage risks and deliver on our strategic ambition of outperformance. The specific risks and opportunities that affect our ability to create value over the short, medium and long term, as determined through our materiality determination process are:

- Economic volatility
- Country and sovereign risk
- Capital flows and liquidity management
- Social context
- Digital intelligence
- Evolving workplace
- Regulatory environment
- Climate change and just transition

How we create value continued

Resulting in sustainable performance...

Our performance remains robust despite headwinds that affected our operating environment, notably high interest rates in the earlier part of the year, social unrest, grey listing of the country and regulatory and fiscal changes. However, we have a resilient strategy and financial position which continues to support our strategic ambitions.

Chairman's address | *Reflections from the Managing Director and Chief Executive Officer* | *Reflections from the Chief Financial Officer*

Leading indicators supporting our confidence in sustainable long-term value creation are reflected in these positive trends in business fundamentals:

- **Cross-segment interaction:** The benefits of an increased cross-segment maturity between our CIB and Business Banking segments through ecosystem banking and digital enhancements
- **Earnings growth:** With consistent improvement in our financial performance including consistent earnings growth
- **Client focus:** Positive trends in client primacy and customer experience
- **Digital adoption:** Higher rates of digital usage supported by superior digital service availability and maturity in data insights
- **Employee proposition:** Enhanced employee experience outcomes and continued recognition as a Top Employer in Kenya
- **Leadership in sustainable finance:** Through enhanced access to finance for underserved segments and increased growth in green and climate financing
- **Overall organisational health indicators**, which reflect future performance, are trending upwards. This is coupled with strong brand recognition and increasing brand relevance

This value creation process is not static. Therefore, as part of a future-oriented mindset, we continue to assess our Bank's outlook.

Underpinned by strong governance...

Our governance structures and practices aim to protect and preserve the value created. They lend oversight over an appropriate value creation process and inspire integrated thinking and decision-making.


top EMPLOYER
Kenya
2025
FOR A BETTER WORLD OF WORK
top EMPLOYER
Africa
2025
FOR A BETTER WORLD OF WORK
Absa Bank Kenya Plc

Our bank

Absa Group at a glance

Absa is a pan-African financial group with more than 100 years of experience operating in Africa. The group provides financial services designed to address local needs, create value for stakeholders and participates in supporting individuals, businesses, and national economies.

By investing in employees, uplifting communities, and helping customers achieve their goals, we foster innovation and unlock opportunities. Our services are available through branches, self-service terminals, digital platforms, advisors, bankers, dealerships, alliances and joint ventures.

As one of the continent's most established banking institutions, Absa offers a wide array of products including savings and investment accounts, business financing, insurance solutions, and wealth management services. We actively support entrepreneurship by providing small businesses and start-ups with access to capital, financial literacy programmes, and mentorship. In addition to commercial banking, we work with governments and large enterprises to facilitate infrastructural development, trade finance, and sustainable growth projects.

Our commitment to staff development includes leadership training, talent management, and employee wellness initiatives. Within the communities we serve, Absa sponsors education and healthcare projects, disaster relief efforts, and environmental sustainability campaigns. Customers benefit from secure mobile and online banking options, expert financial advice, and convenient access to our nationwide network of service points.

Through strategic partnerships with international institutions and local organisations, Absa drives economic inclusion, fosters cross-border collaboration, and helps build resilient economies across Africa. We continue to innovate with digital transformation initiatives, ensuring that our stakeholders gain from seamless, efficient, and future-focused financial services.

16 countries

1 021 outlets

6 362 ATMs

36 804 employees

145 813 point-of-sale (PoS) devices

13.7 million customers

Country[1]	Employees	PoS	ATMs	Outlets	Founded
Botswana	918	8 876	131	31	1950
Ghana	1 299	3 384	164	62	1917
Kenya[2]	2 217	6 297	204	91	1916
Mauritius	1 079	3 740	42	14	1919
Mozambique	723	2 031	92	45	2002
Seychelles	267	2 817	24	6	1959
South Africa	26 565	90 650	5 138	616	1888
Tanzania[3]	1 734	2 767	267	83	1945
Uganda	965	4 406	117	39	1927
Zambia	808	3 923	123	35	1918

Representative office

Namibia[4] – 3 employees

Nigeria[4] – 15 employees

Technology support operations

Czech Republic[5] – 147 employees

General advisory support

People's Republic of China[6] – 9 employees

Securities entities

UK[7] – 40 employees

USA[7] – 14 employees

1 Banks are wholly owned apart from the following where we hold majority stakes: Botswana 67.8%, Kenya 68.5%, Mozambique 98.7%, NBC, Tanzania 55% and Seychelles 99.8%.
2 Including 1 Branch on the Move and 1 Sales pod
3 Absa Bank Tanzania (ABT) and National Bank of Commerce (NBC) combined.
4 Representative office.
5 Technical (IT support resources to the Group).
6 Advisory office..
7 Securities entity.

Absa Bank Kenya PLC at a glance

Absa Bank Kenya PLC is a leading tier-one financial institution with a legacy of over 100 years in the Kenyan market. Through its subsidiaries, the Bank delivers a comprehensive suite of products and services spanning retail, business, and corporate banking, alongside bancassurance, investment, asset management, and wealth management solutions.

Absa Bank Kenya has a presence in 38 counties. It has 91 branches and service centres, 204 ATMs, +8000 agency outlets and a robust Internet and mobile banking platforms, ensuring seamless access for customers.

As a digitally enabled and customer-centric institution, Absa leverages cutting-edge technology to deliver best-in-class solutions that empower businesses, safeguard wealth, and support customers' aspirations. Its strong track record in both corporate and retail banking underscores its role as a key driver of economic growth and financial inclusion.

Guided by its purpose, Absa strives to shape society positively by aligning its core business with Kenya's developmental objectives, creating meaningful social impact, and acting as a force for good.

Key highlights for 2025:

Shs 22.9bn
Headline earnings
2023: Shs 16.4bn | 2024: Shs 20.9bn

372.4bn
Customer deposits
2023: Shs 362.7bn | 2024: Shs 367.1bn

22.8%
Return on Equity (RoE) (%)
2023: 23.7% | 2024: 24.5%

37%
Cost-to-income ratio
2023: 40% | 2024: 39%

2 217
Employees
2023: 2 130 | 2024: 2 167

52:48
Gender parity (Femal:Male)
2023: 51:49 | 2024: 51:49

Our brand promise

Absa's brand promise: Your Story Matters

In 2024, Absa Group introduced its refreshed brand promise: ***'Your Story Matters'.*** This commitment reflects our intent to treat customers as more than account numbers, recognising the unique stories behind every individual. It marked a significant shift toward a human-centred, empathetic approach to banking, supported by intuitive and seamless experiences.

In 2025, this promise continued to shape Absa Kenya's transformation. The decision to adopt this brand promise was driven by detailed customer insights, feedback, and research. Customers consistently expressed that they felt banks did not understand their life situations or individual needs, leaving them feeling helpless and disconnected from opportunities to improve their prospects. By infusing more humanity into the Absa ecosystem, which already boasts top-tier digital offerings and an extensive physical network, the Bank aims to serve customers in a more meaningful manner.

Customer experience and recognition

Our efforts earned Absa Bank Kenya's recognition as the Most Improved Bank in Customer Experience by the Kenya Bankers Association and occupying a spot among the Top 20 Brands Redefining Customer Experience in Kenya in 2025. These accolades affirm our commitment to delivering personalised solutions and empathetic engagement.

Digital transformation

We have invested in technology to accelerate digitisation, with 94% of transactions now processed through digital channels. Innovations include:

- Rebuilding the core through **Digital Revive** to modernise the Bank's digital platforms.
- Implementing **embedded finance** to seamlessly integrate financial services into customer journeys and drive growth.
- Building a **challenger bank** through Absa Next, a digital only bank for the Next generation of customers.

New initiatives

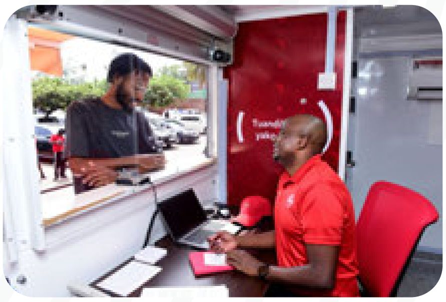
During the year, the Bank was involved in rolling out and reintroducing several new segments and products:

Segments:

- **Affluent:** Launched Prestige and Wealth banking and revamped Premier Banking to deliver a tailored, high-touch experience for high-net-worth clients.
- **Personal:** Expanded distribution through physical and digital channels
- **Next Gen:** Completed the development of the Absa Next – a digital only bank for the next generation of customers

Products:

- Launched new card offerings – LaRiba Credit cards and revamped virtual prepaid cards
- Expanded our FX remittances business through digital offering – Personalised FX
- Rolled out **Absa Eco-Home Loans** to promote sustainable home ownership and embed environmental responsibility into our lending portfolio.



The bigger picture

The repositioning of Absa Bank Kenya is not just a marketing exercise; it is a company-wide transformation designed to navigate macro-economic challenges, geopolitics and evolving customer needs through rapid innovation. Ultimately, ***'Your Story Matters'*** positions Absa as a Bank that values personalisation and strives to be an active partner in every customer's personal and financial journey.

Absa ownership and reporting structure

Absa Group Limited structure

Absa Group Limited

Absa Bank Limited*	100%
Absa Financial Services Limited*	100%
Absa Bank Botswana Limited	67.8%
Absa Bank Ghana Limited	100%
Absa Bank Kenya PLC	68.5%
Absa Bank (Mauritius) Limited	100%
Absa Bank Mozambique, SA	98.7%
Absa Bank (Seychelles) Limited	99.8%
Absa Bank Uganda Limited	100%
Absa Bank Zambia PLC	100%
National Bank of Commerce Limited**	55%
Absa Bank Tanzania Limited	100%

Absa Bank Kenya PLC structure

Absa Group Limited	68.5%
Other public shareholders	31.5%

Absa Bank Kenya PLC

Absa Securities Limited	100%
Absa Kenya Nominees Limited	100%
Absa Asset Management Limited	100%
Absa Bancassurance Intermediary Limited	100%
Absa Pension Services Limited	100%
Absa Kenya Foundation	100%

* In South Africa
** In Tanzania

Absa Bank Kenya PLC at a glance continued

Particulars of shareholding

Absa Bank Kenya PLC			
Top 40 shareholders as at 31 December 2025			
Name	**Domicile**	**Total ordinary sxhares**	**%**
Absa Group Limited	FC	3,720,816,000	68.50%
Patel, Baloobhai; Patel, Amarjeet Baloobhai	LI	100,087,420	1.84%
Standard Chartered Kenya Nominees Ltd A/C KE004667	FC	88,417,130	1.63%
Sub-total (Top 3)		**3,909,320,550**	**71.97%**
Kenya Commercial Bank Nominees Limited A/C 915B	LC	41,863,390	0.77%
Standard Chartered Nominees Resd A/C KE11450	LC	37,857,590	0.70%
Standard Chartered Nominees Resd A/C KE11401	LC	24,935,156	0.46%
Standard Chartered Nominees Resd A/C KE11443	LC	21,952,300	0.40%
KEnya Commercial Bank Nominees Ltd A/C 1094B	LC	15,979,600	0.29%
Stanbic Nominees Limited R6631578	LC	14,594,900	0.27%
KEnya Commercial Bank Nominees Ltd A/C 1094B	LC	14,454,821	0.27%
Sub-total (Top 10)		**4,080,958,307**	**75.13%**
NCBA Custodial Service ACC 325	LC	13,960,200	0.26%
Equity Life Assurance (Kenya) Limited	LC	13,709,212	0.25%
Kenya Commercial Bank Nominees Limited A/C 1065D	LC	12,916,520	0.24%
Kestrel Capital Nominee Services Limited A/C 12	LC	12,830,220	0.24%
Standard Chartered Nominees Resd A/C KE11436	LC	12,672,656	0.23%
Kenya Commercial Bank Nominees Limited A/C 1019D	LC	12,313,400	0.23%
Standard Chartered Nominees A/C 9187	LC	12,246,088	0.23%
Orang'o, Barney Daniel	LI	12,041,720	0.22%
Jubilee Life Insurance Limited	LC	10,659,009	0.20%
Standard Chartered Kenya Nominees Ltd, A/C KE19012	LC	10,294,142	0.19%
Equity Nominees Limited AC 00623	LC	9,323,925	0.17%
Standard Chartered Nominees A/C KE10881	LC	8,195,140	0.15%
Simon Mbilu, Eliud	LI	8,068,000	0.15%
Co-op Custody AC 62000	LC	7,084,440	0.13%
Co-op Bank Custody AC 58000	LC	6,979,600	0.13%
Stanbic Nominees Limited A/C R4731853	LC	6,920,500	0.13%
NCBA Custodial Services A/C 395	LC	6,750,046	0.12%
Standard Chartered Kenya Nominees Ltd A/C KE004431	LI	6,466,400	0.12%
Prime Nominees A/C PBC028	LC	6,346,560	0.12%
NIC Custodial Services A/C 077	LC	6,309,700	0.12%

Key: LC- Local Company, LI – Local Individual, FC – Foreign Company

Shares selected	4,277,045,785	78.74%
Shares not selected: 66,742 shareholders	1,154,490,215	21.26%
Shares issued	5,431,536,000	100.00%
Total holders	66,772	

Absa Bank Kenya PLC at a glance continued

Analysis by volume			
VOLUME RANGE	**NO. OF ORDINARY SHARES**	**% HOLDING**	**SHAREHOLDERS**
1 - 500	4,127,282	0.08%	18,809
501 - 5,000	49,658,324	0.91%	23,592
5,001- 10,000	49,398,064	0.91%	6,763
10,001 - 100,000	475,671,817	8.76%	16,501
100,001 - 1,000,000	261,237,670	4.81%	950
> 1,000,000	4,591,442,843	84.53%	157
TOTALS	**5,431,536,000**	**100.00%**	**66,772**

Our structure

We deliver a comprehensive range of financial products and services through two primary customer-facing segments: Corporate and Investment Banking (CIB) and Retail and Business Banking (RBB). Each segment is designed to meet the diverse needs of our clients by providing tailored solutions and exceptional service.

	Corporate and Investment Bank (CIB)	Retail and Business Banking (RBB)
Serving	• Global, regional and mid-to-large corporates, including global development organisations, financial institutions and public sector institutions.	• **Consumer Banking:** Affluent (Wealth, Premier, Prestige) Personal Banking and Next Gen Banking. • **Business Banking:** SME and Commercial segments
Products and services	• Specialist solutions across corporate and transactional banking, investment banking, financing, risk management, advisory products and services. • Assist with the sourcing of foreign currency, ensuring the choice of the correct product or solution to suit a customer's international transacting needs.	• Comprehensive suite of banking and insurance offerings, including transactional banking, card solutions, lending solutions, deposit-taking, risk management, investment products and card-acquiring services as well as capacity building for SMEs.
Focus areas	• **Digital platforms:** Integrated, end-to-end digital and technology enablement to support client experience, new products and efficiencies. • **Data and analytics:** Transforming data into client value, proactively engaging clients via predictive analytics. • **Thriving CIB organisation and people:** Innovation culture, inclusivity, diversity, high performance and productivity, as well as colleague value proposition and experience. • **Shaping role in society:** Strategic partnerships with clients, thought leadership, education delivery and reform, and embedding sustainable development goals in core business operations. **Markets:** • **Product expansion:** Collaborating with other Absa Group entities to maximise customers' service delivery. • **Digital platforms:** Maximise solution provision in the market through digital platforms and collaborative relations across the Absa Group. • **Data and analytics:** Leveraging the capabilities of the recently established data office, we look to build on data and scientific insights to expand Customer Value Proposition (CVP). • **Thriving markets business and people:** Developing a competitive Employee Value Proposition (EVP) and attracting the best human capital to meet the evolving market needs. • **Shaping role in society:** Providing thought leadership and driving policy development through tools such as the Africa Financial Market Index (AFMI), a barometer of how Africa's financial markets have performed and participating in key market associations.	**Consumer Banking focus areas** **Segments:** • Win in Affluent – targeting clear market leadership • Simplify Personal Banking through digital for competitiveness • Sustainably penetrate the Next Generation of customers through digital-only **Products** • Re-platform the insurance business by automating operations to deliver a seamless, end-to-end customer experience. • Launch and commercialise the **Next Gen Bank** to gain a competitive edge and drive market share growth. • Leverage **card offerings** to drive growth and deepen engagement within the affluent customer segment

Our products, services and channels

Our products and propositions

Bank accounts: Experience fast, easy and affordable banking tailored to suit your specific needs with a range of services and rewards through a variety of current, savings and fixed-deposit accounts suitable for personal, business, corporate, Islamic, prestige and premier banking.

Credit products: Benefit from a broad range of lending products which include personal and business loans, overdrafts, credit cards, mortgages, asset finance, and insurance premium financing. In 2025, we introduced the Eco Home Loan, a green product designed to promote environmentally sustainable housing.

Bancassurance: offers both long- and short-term insurance options for your personal or business needs through our dedicated unit and licensed insurers. For life and family protection, you can choose from personal accident cover, family funeral protection cover, an education policy, and credit life insurance. To safeguard your travel and belongings, we provide car insurance, house insurance, travel insurance, medical insurance, and payment card insurance. These are all designed to offer comprehensive security and peace of mind.

Investment, asset, and fund management: Managing client funds with consideration of economic cycles to seek optimal returns. Wealth solutions are provided through the subsidiary entity, Absa Asset Management Limited.

Custody: In 2025, Absa Bank Kenya expanded its suite of offerings by launching a dedicated custody business. This service was introduced to cater to clients seeking secure and professional stewardship of trust assets, underpinned by robust governance and compliance standards.

Wezesha Biashara: Supporting SMEs with accessible funding, up to 95% asset and LPO financing, plus card acceptance solutions including Mobi Tap by Absa, PoS machine, e-Commerce solutions, Merchant Portal.

Women in Business: An initiative to support women entrepreneurs and enterprises with financing, advice, training, networking, and market access.

Services

Absa Kenya App: Access all your basic banking needs easily from your mobile device. With this user-friendly app, you can check your account balances, transfer funds, pay bills, and manage your finances anytime, anywhere.

Timiza: It can be accessed by dialling *848# or by downloading the Timiza app on your phone. The service allows users to apply for loans, transfer money, pay bills, purchase airtime, and access insurance through mobile banking.

Absa Pay: A payment platform that helps you check out items and make payments faster and more secure in your favourite online shops.

Credit card: Whatever your needs, there's an Absa credit card designed to empower your financial journey, reward your loyalty, and help you make the most of every opportunity. There is a card to suit everyone, each offering a variety of features, rewards, and exclusive benefits designed to complement your lifestyle and spending habits.

Internet banking: You do not have to visit our branches or agents to access our services. Internet banking could be the perfect solution for you. Open an Absa account online easily and start transacting.

Hello Money: Hello Money customers dial *224# to access Hello Money without the need for data. Customers can send money to anyone via CashSend, even if the receiving party does not have an Absa account.

Absa Next: This is a next-generation digital banking platform designed for the youth. Absa recognises that most of the population is youthful and no longer visit brick and mortal banks to access financial services.

Channels

Physical channels: ATMs, branches and PoS: Physical footprint of 91 branches and service centres, 204 ATMs, 60 cash deposit machines, 6 297 PoS devises and +8000 agency outlets..

Call centre: Call to speak to an agent on sales, service and general enquiries.

Agency banking: Enjoy a world of convenience with agency banking. Deposit and withdraw money from your Absa account countrywide.

Bank on the move: A pioneer branch on wheels to provide services to clients where the bank does not have physical coverage.


JOHN C. MAXWELL
COLLECTION

Strategic approach

Chairman's address

"Building on a strong foundation to deliver long-term value through strategic innovation, sustainability, and customer-centered progress."

Mohammed Nyaoga, Chairman, Board of Directors

Dear shareholders,

In my first address to you as Chairman of the Board of Directors of Absa Bank Kenya PLC, I wish to express my deep commitment to this role and my strong sense of responsibility in serving the Bank and its stakeholders. I undertake this responsibility with respect for the institution's legacy and a clear appreciation of the trust placed on the Board.

Chairman's address continued

I am honoured to assume this role at an important moment for both the Bank and the wider financial sector. As the Bank enters its next phase, I am committed to building on the strong foundations established by my predecessors. Working closely with the Board and the executive team, my focus will be on ensuring that Absa Bank Kenya remains resilient, relevant, and well positioned for sustainable growth.

Kenya's banking sector continues to evolve, shaped by digital advancement, regulatory developments, and rising customer expectations. Absa Bank Kenya has responded with consistency, investing in technology, innovation, and partnerships that strengthen access to financial services and improve the quality of service. These investments have enhanced our ability to serve customers securely and efficiently, while supporting broader economic activity.

Our purpose of Empowering Africa's tomorrow, together, one story at a time, reflects a responsibility to create lasting value. This is underpinned by strong relationships with our shareholders, customers, employees, regulators, and the communities we serve. Through disciplined governance and active engagement, the Board remains focused on maintaining the right balance between growth, resilience, and returns.

The Bank remains well capitalised, with capital and liquidity levels comfortably above regulatory thresholds. This strong financial position enabled the Board to propose a final dividend of Shs 1.85 per share, bringing the total dividend for the year to Shs 2.05, representing a 17 percent increase on the prior year. Over the same period, share price performance reflected continued confidence in the Bank's strategy, financial strength and long-term prospects.

Sustainable value creation

During the year, the Bank continued to advance its sustainability agenda with focus and discipline. We have set a clear ambition to grow green assets to more than 30 percent of our portfolio by 2035, with emphasis on renewable energy, energy efficiency, climate-smart agriculture, and green buildings.

We also continue to strengthen inclusion across the organisation. Women now represent 50 percent of our management team. Our youth empowerment initiatives trained 37,930 young people in 2025, bringing the cumulative total to close to 300,000.

Environmental stewardship remains a priority. In 2025, we planted close to 300,000 trees, bringing the cumulative total to more than 1.5 million. Over the same period, we reduced our energy footprint by 41 percent compared to the base year 2019 and achieved EDGE certification across five premises. The Bank's broader economic contribution remains significant.

Using UNCTAD benchmarks, Absa Bank Kenya contributed approximately 4 percent to Kenya's economy. We also continued to support enterprise growth and climate resilience, including Shs 48.8 billion disbursed to SMEs and Shs 6.5 billion in climate-related financing. These outcomes reflect a disciplined approach to sustainable and responsible value creation.

Board leadership and continuity

I extend my sincere appreciation to our former Chairman, Mr Charles Muchene, for his leadership over the past nine years. His tenure was marked by sound judgement and steadiness through periods of significant change, leaving the Bank well positioned for the future. Since assuming the role on 1 October 2025, my focus has been on strengthening governance, upholding the highest standards of integrity, and ensuring consistent execution of our strategy. In September 2025, Ms. Caroline Armstrong joined the Board, bringing in over 28 years of experience in the financial services sector. Her insight will be valuable as we navigate an increasingly complex operating environment.

Looking ahead

As we look to the year ahead, we remain mindful of the economic, geopolitical, and environmental dynamics shaping the operating landscape. The Board is confident in the Bank's ability to respond thoughtfully, invest prudently, and sustain performance through change. I thank our employees for their professionalism and commitment, our customers for their continued trust, and our shareholders for their confidence. I also extend my appreciation to my fellow Board members and the executive team for their stewardship.

We will continue to strengthen the Bank and contribute to the future of Kenya and Africa.

Mohamed Nyaoga
Chairman, Board of Directors, Absa Bank Kenya PLC

Our strategy

The strategy for 2023 and beyond is founded on three priorities and three enablers

Primary partner of our customers

Our three priorities...

1. A modern-day consumer business - Shift the business focus from being product-led to customer segment-led

2. A market leader in business banking - Expanding into priority sectors by offering relevant services to our clients, boosting product holding and revenue per customer

3. A powerhouse in corporate and investment banking- Refocus our Ecosystem Model to capture the entire value chain of opportunities within Absa

Our three enablers...

1. A digitally powered business – Modernise our core technology infrastructure, digitise customer journeys and ensure seamless customer experiences across all interaction points

2. A Trusted Brand - Build our brand affinity with our clients and employees while being a Force for Good in the society

3. A Home of Talent and Diversity - Cultivating a conducive culture that fosters innovation, motivation and engagement among the workforce

Empowering Africa's tomorrow, together ...one story at a time

Our strategy continued

Strategic Priorities Execution Progress: We have made notable progress and early successes across our key strategic priorities

A Modern-Day Consumer Financial Services Business

Core commitments
- Evolve from a product led to a customer segment led business supported by product excellence
- Build and commercialise an adjacent challenger bank building on the Timiza business.

Key outcomes: We accelerated our segment-led strategy and strengthened product excellence.

Segments:
- **Affluent:** Launched Prestige (+34% YoY revenue), launched Wealth (AUMs doubled to USD 0.38M), and Premier (double-digit revenue growth)
- **Personal Banking:** Expanded physical and digital distribution, improved efficiency, grew customers by 1.1x, and increased profits by 50%+
- **Next Gen**: Expanded Timiza (disbursements up 5% to 26.3bn) and accelerated development of the Next Gen bank.

Products:
- Maintained #1 profitability in Insurance; improved Investments business ranking to #3 (from #26 in two years)
- Financial performance: Achieved double-digit revenue growth, ROE >25%, CTI <40%, driven by 21% YoY NFI growth.

A Market Leader in Business Banking

Core commitments
- Transform into a customer and sector-led business
- Drive focus on SME and commercial relationship
- Drive growth in our challenger Timiza business.

Key outcomes:
- **Expanded suite of Shariah-compliant banking solutions** under the revamped La Riba offering and celebrated 20 years of Islamic Banking in Kenya and hosted the first Annual Islamic Conference
- **Scaling of our ecosystem model** through onboarding of new anchor ecosystem clients expanding consumer and SME opportunities
- **Accelerated customer growth and deposits** through SME merchant solution
- **Launch of the Business Credit Card** to support business cashflow and working capital management with up to 50 days interest-free
- **Capacity building for SME clients** through international trips, forums such as Women's World Banking and trainings in partnership with leading partner institutions.

A Powerhouse Corporate and Investment Bank in Connecting Ecosystems

Core commitments

Corporate Bank
- Transactional Banking Capabilities enhancement and diversification
- Investment Banking and Debt
- Primary Partner for Clients through Ecosystems.

Global Markets
- Preferred Risk Management trusted advisor
- Transform to an Investment Banking security powerhouse
- Build an FX hub.

Key outcomes:

Corporate Banking
- **Leading transactions advisors across the region closing several large, landmark deals** such as the EABL (subsidiary of Diageo) Medium Term Note (MTN) which raised over USD 120 million (Shs 16.7 billion) through a corporate bond that was 152% oversubscribed against target of USD 80 million (Shs 11 billion) with Absa Bank Kenya and Absa Securities serving as arrangers and placing agent. Also closed a landmark USD 156 million (Shs 20.1 billion) solar securitisation deal- the largest of its kind in Sub-Saharan Africa outside South Africa
- **Investment in digital payment solutions** such as +7% market share in growth in government payments in year-one and over USD 450 million (Shs 60 billion) in assets under custody since launch in Q1 2025
- **Leading commercial property financier across the region** and sponsored the inaugural International Housing Solutions (HIS) affordable housing conference and East African Property Investment (EAPI) summit.

Global Markets
- **Accelerated growth in FX market share to become a leading bank in FX market position** driven by diversified growth in FX income lines
- **Development of innovative risk management solutions** such as the dual listing of the Satrix MSCI World ETF on the NSE, enabling local investors to access global markets through our cross-border expertise
- **Executed several large transactions** such as closing the leading insurance company rights issuance and largest cement industry acquisition transaction in the region.

Our strategy continued

Strategic Enablers Execution Progress: We have made notable progress and early successes across our key strategic enablers

A Digitally Powered Business

Core commitments

- Digitise the core
- Build a challenger digital only Bank
- Embedded Finance to enhance digital distribution of financial services through partnerships

Key outcomes

- **Challenger Bank** - Completed the development of Absa Next, our next-generation digital banking platform designed for the youthful and digitally native market.
- **Embedded finance** - Launched our embedded finance journey with leading ecosystem partners supported by a dedicated platform.
- **Core infrastructure modernisation** - Upgraded key systems, including the Branch Operations Client and e-statement platform.
- **Product digitisation** - Digitised core products across wealth management, bancassurance, and supply chain financing, and established a Robotics Centre of Excellence to drive automation at scale.
- **Digital payments** - Built a new digital payments platform through implementation of a terminal management system, development of open APIs for payment acceptance, and creation of a unique ecosystem (personalised FX and M-Pesa proxy services).
- **Customer journey digitisation** - Digitised key customer journeys, including enhanced digital onboarding, rollout of digital lending, and the SME onboarding solution currently in pilot.

A Trusted Brand Driving a Sustainable Future

Core commitments

- Entrench the brand - driving re-appraisal by appealing and connecting to local audiences through relevant differentiated brand campaigns, assets and sponsorships
- Drive Primacy - increasing consideration and relevance
- Enhance stakeholder relationships through proactively growing our reputation by nurturing affinity and trust as we diligently cultivate a lasting, sustainable brand for the future
- A Force For Good

Key outcomes

- Total consideration score up 5.2% driven by brand assets activations and business/segment marketing campaigns.
- Launch of the 2024 Sustainability and Climate Report.
- Most Improved Bank in Customer Experience, Bankers Association Customer Satisfaction Survey.
- No. 1 most reputable brand in the market by Globe scan.
- 55.3 billion Sustainable finance, including climate finance.
- 97% brand awareness and 40% brand consideration.
- 37 930 Youths trained in 2025 so far through ready2work programme. 300k since programme launch.
- 283 969 trees planted in the year 2025 YTD and 1.5m trees planted since programme launch.

A Home of Talent and Diversity

Core commitments

- Build future skills - People management capability, reskilling and upskilling
- Embed progressive Talent Management
- Drive employee wholeness and wellness
- Institutionalise workforce ecosystems

Key outcomes

- **Colleague reskilling and up skilling** - academies, skills pathway, accelerated leadership programmes.
- Diversified workforce.
- Talent acquisition and retention.
- Partnership with Next Step foundation.
- High employee engagements.
- High performance culture.
- Empathetic leadership ethos.
- Employee well being.

Our strategy continued

Connecting with our stakeholders: We continued to strengthen our connection with our stakeholders through various interactions and engagements, and the market validated our efforts.

Key business events

- Launch of Sultanah and Lariba Credit Card and other new Sharia'h compliant propositions
- Dual listing of the Satrix MSCI World ETF on the NSE
- Prestige and Wealth propositions launch
- Wezesha Biashara caravans
- SME Business Forums
- 12th Annual EAPI Summit
- Sponsors of the inaugural IHS Affordable Housing Conference in Nairobi
- Launch of the Custody Business.

Key brand events

- Magical Kenya Open 2025
- Absa Kipkeino Classic 2025
- International Women`s Day Event
- KOMA SME Growth Preparedness Programme
- 2024 Sustainability and Climate Report launch
- #BeTheDifference, initiative seeking to reach over 150 schools nationally.
- Coastal restoration journey by planting mangrooves at the Sabaki Estuary in Malindi.

Key Awards in the Market

- Champion and Winner – Financial Report Award (Bank Category)
- Champion and Winner – Financial Report Award (Listed Companies Category)
- 1st Runners-Up – Early Adopters (IFRS S1 and S2) Category
- 2nd Runners-Up – Governance Category
- Overall FiRe Award Winner – Kenya
- Overall Winner – FiRe Awards 2025 (Private Sector Category)

Additional awards and recognitions

Segment approach and new offerings

Affluent – Our Goal is to Win in Affluent: With the revamp of the Affluent banking structure and the launch of Prestige and Wealth offerings, the affluent segment buildout is now complete. The segment offering includes the structured wealth protection and lending products, financial planning and advisory, and fiduciary services among others. Furthermore, we continue to enhance our customer experience capabilities with the establishment of a VVIP call center and concerted efforts to build a CRM tool to offer value driven customer relationship managment. We have also been upskilling our RMs and wealth advisors with key certifications to better serve our affluent clients.

Personal Banking – Our Goal is to Simplify Personal Banking for Competitiveness: Personal Banking reach and efficiency have increased through the opening of three new branches (Mtwapa, Kawangware, and Wajir) and the expansion of our agency network from 3,000 to 8,000 agents, coupled with the launch of Branch-on-the-Move and Sales and Service Pods, further enhancing our reach. Centralisation has delivered a 100% improvement in TAT for account opening, maintenance, and payments, supported by aligned systems and integrated premier instructions.

NextGen Customers – Our Goal is to Sustainably Penetrate the Next Generation of Customers: Phase one buildout of Absa Next is now complete (in pilot), with market go-live planned for 2026. Our strategic ambition is to establish Absa Next as a holistic, digital-only bank for the next generation of customers.

Absa Bank Kenya's Affluent Banking Director, Seema D'souza, Consumer Banking Director, Moses Muthui and Head of Prestige Banking, Magdalene Kaguri, during the launch of the Prestige banking proposition.

Trade-offs

To achieve our strategy, we make deliberate choices on where to allocate resources, focus efforts, and differentiate our business. By recognising and managing trade-offs, we are able to concentrate on areas that offer the greatest potential for competitive advantage and value creation. This strategic focus helps in aligning our activities with long-term goals, enabling us to optimise performance, drive innovation, and sustain growth.

Trade-off between going for scale to being a niche player.

We have opted to pursue scale as a strategic approach as opposed to serving a niche customer base. Over the years, we have built a strong franchise that was focused on niche customers with specialised products and services that were tailored to their needs but our new focus will cascade our capabilities to pursue a wider breadth of customers than usual. This new approach will result in greater focus on mass markets and building the capabilities to solution broader segments.

Capitals impacted

Trade-off between replacing platforms vs digital innovation, modernisation and simplification.

We are continually digitising the core by optimising processes, boosting efficiency, and ensuring seamless customer experiences across all interaction points. We have to decide between allocating our finite resources to urgent, operational matters including digital innovation and the need to deliver at pace with the requirement to maintain business continuity in our core banking technology.

Capitals impacted

Trade-off between being a country and a regional corporate and investment bank.

We optimise our operating model towards customer centricity and opportunities, as we choose to be a regional corporate and investment bank to better serve our clients' ecosystems and capture wider trade flows in the regional economy.

Capitals impacted

Trade-off between external talent acquisition and building workforce of the future.

We have opted to significantly equip colleagues with skills of the future versus attracting external talent in light of significant up-front investments. We choose to develop Absa-grown talent for increasingly scarce skills in areas such as data science and design thinking.

Capitals impacted

Trade-off between socio-economic versus environmental support.

Our ESG priorities and their underlying trade-offs have been determined based on their impact on our stakeholders, potential risks and opportunities, and our ability to make a difference. We drive socio-economic development in the markets in which we operate in whilst assessing the impact our actions, and those of our stakeholders, have on the environment. The complex relationship between environmental and social priorities will continue to be managed to best support a just transition.

Capitals impacted

Trade-offs continued

In terms of human capital, key trade-offs made to deliver on the Bank's strategy reflect a focus on building a future-ready, adaptable, and engaged workforce that supports the Bank's long-term strategy, while balancing short-term operational efficiencies and budget constraints.

Investment in digital transformation vs. immediate cost savings:

- To support the digitally powered business and future skills pillars, the Bank prioritised investment in digital tools and upskilling, even though it meant reduced immediate cost savings. This focus aimed to build long-term capabilities despite budgetary constraints.

Enhanced employee wellness support vs. higher operational costs:

- To address mental, financial, and physical wellness, the Bank increased its wellness initiatives, despite rising employee costs. This choice helped meet the Wholeness and Wellness goals set under the HC strategy and enhanced employee engagement, although this meant stretching operational budgets.

Agility and hybrid work models vs. operational consistency:

- Implementing agile structures and hybrid work models supported the workforce ecosystem pillar but introduced challenges to maintaining consistency in operations. This trade-off prioritised flexibility and adaptability to attract and retain talent while acknowledging a shift in managing remote and in-office dynamics.

Higher payroll and benefits costs vs. talent attraction and retention:

- Despite rising payroll costs, the Bank maintained competitive benefits to attract and retain a talented workforce. This decision aligned with the EVP and trusted brand enabler, however there were limited funds for the implementation of any other operational improvements during the year.

Resource allocation

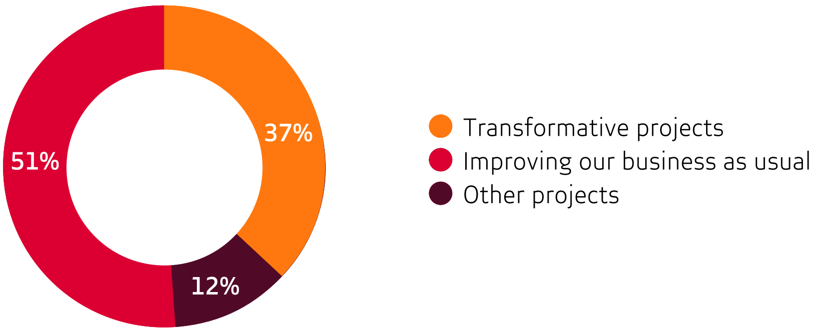
To achieve our strategy, we have allocated resources predominantly for transformative projects that will enhance our enablers around technology, people and brand. We have a dynamic approach to investments and evaluate every prospective deployment of capital in terms of our strategy, taking into consideration the best market opportunities in line with our risk appetite and potential for stakeholder value creation.

Technology: In line with our intent, we will modernise our technology to deliver cutting-edge capabilities and enhance the maturity of our consumer financial services business to deliver digital banking propositions while evolving the technology operating model and managing the day-to-day technology obligations, including ensuring cyber security.

People: Further, we will allocate resources to enhance our employee value proposition through strategic hires and enhancements in the employee experience to sustain our employer of choice credentials. We aim to foster a culture that inspires innovation and risk-taking to enable colleagues to do things differently in a way that meets ever-changing customer needs, while also encouraging diversity and inclusion.

Brand: Enhancing local relevance is a key aspect of our brand strategy, as we seek to increase consideration while always improving consumer experience and affinity. Our commitment to be a force for good in society will be amplified through enhanced investments in our sustainability initiatives.

In 2026, our capital allocation to transformative projects and investments in supporting the business, in line with our strategic intent, will be as follows:



Our business model

We deliver on our purpose:

Empowering Africa's tomorrow, together
... one story at a time

In line with our strategy

- A modern-day consumer financial services business
- A market leader in Business Banking
- A leading Corporate and Investment Bank in connecting ecosystems
- A digitally powered business
- A trusted brand driving a sustainable future
- A home of talent and diversity

Through our core banking activities, products and services

Underpinned by our strategy and market presence, our fully integrated business offering is delivered through our customer-first digital solutions, financial services ecosystem, and lifestyle and value chain offerings.

1 **Providing payment services and a safe place to save and invest**	Accepting customers' deposits, issuing debt, facilitating payments and cash management, providing transactional banking, savings and investment management products and international trade services.
2 **Providing funds for purchases and growth**	Extending secured and unsecured credit based on customers' credit standing, affordability and risk appetite. Trade and supplier finance, working capital solutions, access to international capital markets and inter-bank lending.
3 **Managing business and financial risks**	Providing solutions, including fixed rate loans, pricing and research, as well as hedging, which includes interest rate and foreign exchange.
4 **Providing financial and business support**	Providing individual and business advice, advisory on large corporate deals and investment research.
5 **Protecting against risks (insurance)**	Providing savings and investment policies and insurance against a specified loss, such as damage, illness or death, in return for premium payments.

How it works

We generate revenue through interest, fees, premiums and commission

Potential for revenue differentiation

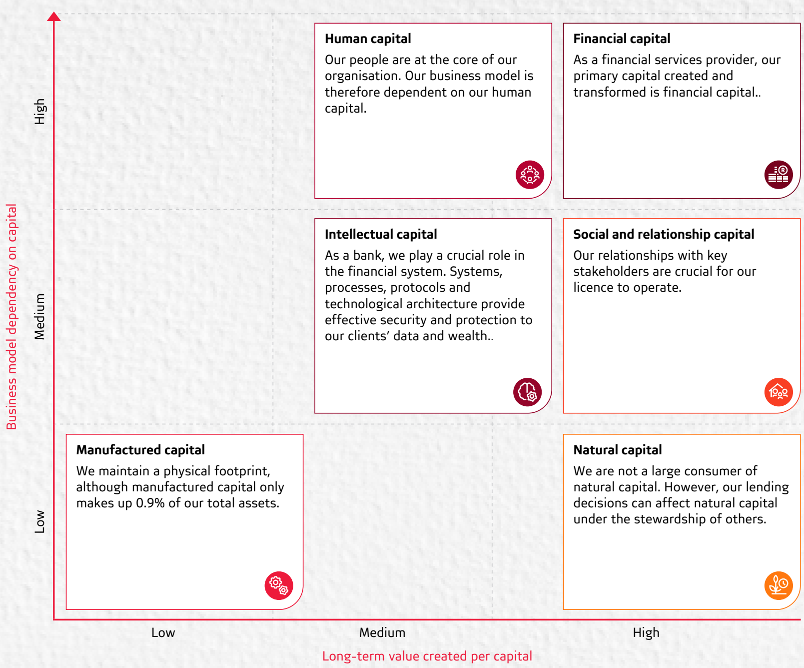
- Diverse revenue streams across our portfolio
- Strong customer base in retail, business and corporate banking
- Regaining market share and leadership
- Emphasis on transactional customer relationships as opposed to debt-led relationships
- Potential for reaching the unbanked
- Opportunities to support a just transition to a low-carbon economy
- Leveraging strategic partnerships.

Potential for cost differentiation

- Leveraging our Group scale in multiple geographies
- Ability to deliver cost reduction through digitisation
- Enhanced operational efficiencies using automation that contributes to enhanced service levels
- AI in fraud analytics, people processes and safe customer service.

Inputs

Value is created over time as stocks of capitals increase



Manufactured capital
- 91 branches and service centres
- 204 ATMs
- 60 cash deposit machines

Human capital
- 2 217 service-oriented employees
- Colleague experience index – 72.2%
- Job satisfaction - 8.1

Intellectual capital
- Brand - Absa emerged as Kenya's most trusted banking brand, GlobeScan
- NPS

Financial capital
- Deposits Shs 372.4 billion
- Market capitalisation Shs 100 billion

Social and relationship capital
- 289 944 youth empowered through ReadytoWork (cumulatively)
- 187 600 women entrepreneurs (cumulatively) benefited from women in business

Natural capital
- 5 premises EDGE certified
- 283 969 trees planted

Our business model continued

Outcomes

Financial capital

- 1% - growth in total assets
- 1% - growth in customer deposits
- 2% - decrease in revenue
- 37% - cost-to-income ratio
- 22.9bn - normalised profit after tax
- Employee wages and benefits Shs 13.8bn
- Payments to providers of capital Shs 11.1bn
- Payments to government Shs 16bn
- Community investments Shs 145m
- Total capital financing Shs 312.2bn
- Green investment (climate finance) Shs 6.5bn
- Local procurement spend Shs 7.8bn

Actions to enhance outcomes

- Diversify revenue streams
- Cost reduction through digitisation
- Enhanced operational efficiency

Stakeholders

Intellectual capital

- Recorded improved Net Promoter Scores (NPS) at branch level
- Improved availability of Timiza platform for customers with 26.39bn loans advanced in 2025

Actions to enhance outcomes

- Improved customer engagement
- AI in fraud analytics

Stakeholders

Human capital

- 2 217 service-oriented employees
- Awards – Top Employer Award 2025
- Colleague experience index – 72.2%
- Improvement of Employer Advocacy Score from 28% to 36.6%

Actions to enhance outcomes

- Enhanced operational efficiency through technology
- Employee training and development
- Enhanced organisational culture to drive innovation

Stakeholders

Manufactured capital

- 91 branches and service centres
- 204 ATMs
- 60 cash deposit machines
- +8000 agents
- Core Banking and Digital Channels availability - 99%
- ATM uptime - 99%.
- Majority of transactions taking place outside of our branches
- 71% of back-office processes fully digitised.

Actions to enhance outcomes

- Deployment and improvement of digital propositions
- Increased platform stability

Stakeholders

Social and relationship capital

- Full regulatory compliance
- 37 930 youth empowered through ReadytoWork in 2025
- 15 939 women entrepreneurs benefited from women in business in 2025
- 9 People With Disabilities (PWD) interns M:F 5:4 in 2025
- Consumers participating in financial education
- Treating customers fairly score 87%

Actions to enhance outcomes

- Leveraging strategic partnerships
- Shifting from debt-led customer relationships to transactional relationships,
- Winning customer primacy

Stakeholders

Our business model continued

Natural capital

- Branch energy improvement programme
- 3% reduction in energy footprint compared to 2025
- Green building certification – Five premises EDGE certified
- 283 969 trees planted in 2025.

Actions to enhance outcomes

- Providing financing for decabonisation and a just carbon transition

Stakeholders

Impacts

Economic impact SDG 8 SDG 10
- Payments to government entities Shs 16bn
- Spend on local vendors Shs 7.8bn

Benefits to our people SDG 8 SDG 10
- 40% of our Board is made up of women
- 50% of our management constitutes women
- 52% of our employees are women

Contribution to our communities SDG 4 SDG 12 SDG 15 SDG 17
- 37 930 youth trained through ReadytoWork totaling to 283 969 (cumulatively)
- Shs 48.8B disbursed towards supporting financial inclusion (SMEs, women, youth and low income household)
- 67 schools supported with computer labs to date
- More than Shs 145 million used on community impact and investment
- 22% of our active suppliers are women, youth and PWDs

Impact on the environment SDG 7 SDG 8 SDG 12 SDG 15 SDG 17
- Total trees planted to date is 1.5 million
- Over Shs 6.5 billion disbursed to support climate and sustainability linked activities
- 6 006 tCO_2e carbon emissions recorded
- Waste recycling
  - Total waste collected 16995kg
  - Waste recycled H1 94.01% and H2 98.14%; 96.4 for the full year
  - CO_2 emissions mitigated 34,961 kg CO_2e

We are committed to being a "Force for Good" in society and have selected SDGs 4, 7, 8, 9, 10,11,12 and 13 as those we can make the most significant impact with the rest of SDGs having an indirect impact on them.

Awards

IFC Sourcing2Equal Kenya

- Appreciation to Absa Bank Kenya PLC for championing gender inclusive procurement.

2025 FiRe Awards

- Overall Winner – FiRe Awards 2025 (Private Sector)
- Overall FiRe Award Winner – Kenya
- Champion and Winner – Financial Report Award (Bank Category)
- Champion and Winner – Financial Report Award (Listed Companies)
- 1st Runners-Up – IFRS S1 and S2 Early Adopters
- 2nd Runners-Up – Governance Category

East Africa CFO Awards

- Bank of the Year – Kenya (2025 Banker Awards)
- Compliance and Governance Award for our CFO (2025 CFO Awards)

2025 Visa Awards

A reflection of our commitment to delivering innovative, future-fit payment solutions for our customers.

- **Top Card Issuer Performance Award:** A recognition of our industry-leading performance across innovation, growth, and the strength of our customer value propositions.
- **Future Ready Payments Award:** Celebrating our progress in tokenisation, virtual payments, and building the next generation of secure, seamless payment experiences.
- **Runner-Up**: SME Enablement Award: Honouring our efforts to deepen payments value, adoption, and utility for SMEs through our Business Cards proposition.

Public Relations Society of Kenya (PRSK) Awards

- **Internal Relations Campaign of the Year – hashtag#LetsMoveChallenge.** We encouraged our colleagues to move, compete, and support one another, turning wellness into a shared journey. Every step and every challenge was about celebrating health, teamwork, and the incredible spirit that makes our organisation thrive.

Awards continued

- **Partnerships Event of the Year – hashtag#AbsaKipKeinoClassic** Our athletics sponsorship is about more than sports, it's about communities coming together, uplifting local talent, and inspiring excellence. Every race tells a story of determination, courage, and possibility.

Kenya Bankers Association Customer Satisfaction Survey

- Most improved Bank in Customer Experience

World Economic Magazine Awards

- Best loan bank in Kenya - 2025

Directorate of Occupational Safety and Health

- Best workplaces in Health and Safety Preparedness in the country - Occupational Safety and Health Award 2025. Absa Nairobi West Branch, Service Sector award
- Absa first Aiders 2nd Runners Up 2025 – Service Sector award

Kenya Green Building Society (KGBS)

- Recognised as Best Bank in Green Buildings Financing, an award that celebrates the launch of the hashtag#AbsaEcoHomeLoan. With this solution, we're making it easier for you to own energy-efficient, environmentally friendly homes, helping you save on costs while contributing to a more sustainable future.
- Best Bank in Green Financing- Annual Conference and Green Expo 2025.

Top Employer Institute

- Top Employer 2025

Awards continued

MSK Awards 2025

- Best PR Campaign of the year – Your Story Matters

The Muslim Media Award 2025 –

- La Riba Banking Solution recognised to be amongst the Top 20 Muslim Social Impact Institutions in Kenya (2025).
- Tego Wolasa, Head of Islamic Banking, listed among the 100 Most Influential and Inspirational Muslims in Kenya (2025)

Think Business Awards 2025

- Best Bank in Islamic Banking - Winner;
- Best Bank in Agency Banking - 2nd Runners up

Global Banking and Finance Awards

- Best Low-Carbon Transition Strategy Kenya 2025

International E-Waste circularity awards

- Innovation for Social Impact – Recognition for computer for schools project recognition

Environmental stewardship

Absa Bank Kenya continues to embed environmental responsibility into its core business strategy. In 2025, we advanced our commitment to climate action, resource efficiency, and sustainable financing, supporting Kenya's transition to a low-carbon economy. Our approach is guided by global best practices and national priorities, ensuring that environmental sustainability remains integral to our operations and stakeholder engagement.

Climate action and emissions management

We reaffirm our pledge to achieve Net Zero emissions across Scope 1, 2, and 3 by 2050. For 2025, emissions performance data is detailed in the Sustainability and Climate Report 2025, including Scope 1, Scope 2, and Scope 3 metrics. Key initiatives during the year included:

- Expanding energy-efficient systems across branches and offices
- Increasing the number of EDGE-certified premises to reduce operational emissions
- Integrating climate risk into lending and investment decisions to align with sustainable development goals

Sustainable finance for climate solutions

Our financing strategy prioritises projects that deliver measurable environmental impact. In 2025, Absa continued to channel resources into:

- Renewable energy and energy efficiency projects
- Green building initiatives and ESG-linked financing solutions
- Development of innovative products to accelerate Kenya's green economy

Further details on disbursement volumes and product performance are available in the Sustainability and Climate Report 2025.

Resource efficiency and waste management

We implemented programmes to minimise resource consumption and manage waste responsibly. This includes:

- Waste segregation and recycling initiatives across all operations
- Sustainable procurement practices, ensuring suppliers meet ESG criteria, with a focus on women, youth and People with Disabilities (PWD) owned businesses.

Nature-based solutions

Our tree planting programme remains a cornerstone of our environmental strategy. In 2025, we continued efforts toward our long-term target of 10 million trees by 2032, contributing to carbon sequestration and biodiversity restoration. We have also signed up with Taskforce on Nature-related Financial Disclosures (TNFD) in 2025 with a commitment to accelerate nature based solutions and financing as well as reporting using TNFD framework.

Governance and reporting

Transparency and accountability underpin our environmental approach. We align our reporting with ISSB (IFRS S1 and S2), GRI Standards, and the CBK Climate Risk Disclosure Framework and Nairobi Securities Exchange (NSE) ESG Disclosure Manual. This ensures stakeholders have clear visibility of our progress and commitments.

Looking ahead

For 2026–2030, our environmental strategy will focus on:

- Scaling climate finance beyond the Shs 10 billion target
- Accelerating our operational emission reduction target of 51% by 2030
- Strengthening Scope 3 emissions management through supplier engagement and value chain decarbonisation.

Our operating environment

The global economy in 2025 continued to exhibit resilience, supported by accommodative monetary policies and steady recovery across advanced and emerging markets. According to the OECD Economic Outlook, global GDP growth is projected at 3.3%, with inflation easing to 3.8%, down from 5.4% in 2024. Advanced economies maintained a trend of monetary policy easing, creating a supportive environment for trade and investment. Emerging markets, including Kenya, are following suit, reinforcing global economic stability.

Despite this positive outlook, geopolitical tensions in Europe and the escalation of conflict in the Middle East in early 2026 continued to weigh on global trade flows and commodity markets. While these developments introduced renewed volatility particularly across energy and shipping corridors their overall impact has been more contained than in prior years. As a result, global supply chains have continued a gradual recovery. Commodity prices remain elevated but broadly stable, contributing to a moderation in inflationary pressures worldwide.

Economic drivers

In 2025, the Central Bank of Kenya (CBK) implemented a cumulative reduction of 700 basis points, bringing the Central Bank Rate (CBR) down to 10.75%. This marked a significant shift from the tight monetary stance of previous years to an accommodative policy aimed at stimulating economic growth.

Impact on Absa

1. **Compression of net interest margins (nim)**
   a. Lower lending rates reduced interest in income on loans, directly impacting profitability
   b. Increased competition among banks for quality lending opportunities intensified margin pressure.
2. **Liquidity management challenges**
   a. Lower rates reduced returns on short-term investments and government securities
   b. Need created for efficient asset-liability management to maintain profitability.
3. **Customer behaviour shift**
   a. Preference was for longer-tenure loans and refinancing existing facilities
   b. Increased demand noted for digital lending platforms like Timiza.

How Absa responded

1. **Diversification of revenue streams**
   - Accelerated growth in non-interest income through bancassurance, custody services, and asset management
   - Expanded fee-based products such as trade finance and wealth management solutions.
2. **Digital lending optimisation**
   - Enhanced Timiza platform with improved credit pre-screening and risk analytics
   - Completed the development of Absa Next, our next-generation digital banking platform designed for the youthful and digitally native market.
3. **Strategic asset allocation**
   - Optimised treasury operations to balance liquidity and returns.
4. **Customer-centric pricing**
   - Developed competitive loan packages for mortgages by rolling out the Eco home loan and SME financing
   - Built a new digital payments platform through implementation of a terminal management system, development of open APIs for payment acceptance, and creation of a unique ecosystem e.g. personalised foreign exchange rate
   - Leveraged data analytics to personalise offers and improve customer retention.
5. **Operational efficiency**
   - Increased automation and robotics in back-office processes to reduce costs and drive efficiency
   - Upgraded key systems, including the Branch Operations Client and e-statement platform
   - Integrated AI-driven tools for credit scoring and fraud detection.

Shift towards sustainable finance

In 2025, sustainability moved from being a compliance requirement to a core strategic priority for financial institutions globally. Kenya's regulatory environment and international commitments under COP29 accelerated this transition, creating both obligations and opportunities for banks.

Impact on Absa

1. **Regulatory pressure and disclosure requirements**
   - Introduction of climate-related financial disclosure standards and the introduction of the Kenya Shilling Overnight Interbank Average (KESONIA) by the Central Bank of Kenya and alignment with global frameworks, International Financial Reporting Standard (IFRS) S1 and S2.
   - Increased scrutiny on lending portfolios to assess exposure to climate risks with CBK releasing a Climate Risk Disclosure Framework for the banking sector.
2. **Customer demand for green products**
   - Growing preference for financing solutions that support renewable energy, energy efficiency, and climate-smart agriculture.
   - Corporate clients seeking sustainability-linked loans and ESG-compliant investment options.
3. **Capital allocation challenges**
   - The need to redirect funding towards green projects while maintaining profitability.
   - Pressure to integrate climate risk into credit assessment and pricing models.
4. **Reputational risk**
   - Stakeholders expect banks to demonstrate tangible progress on sustainability commitments
   - Failure to act could erode trust and investor confidence.

Our operating environment continued

How Absa responded

1. **Climate finance proposition**
   - Rolled out financing solutions for renewable energy projects, green buildings, and climate-smart agriculture
   - Developed sustainability-linked loan products for corporate clients.
   - Launched the Eco Home loan.
2. **Integration of ESG in risk management**
   - Embedded climate risk assessment into credit underwriting processes
   - Implemented Early Warning Indicators (EWI) for sectors vulnerable to climate shocks
   - Conducted climate risk assessments for our top 50 clients.
3. **Strategic partnerships**
   - Collaborated with international organisations and development finance institutions to mobilise climate finance
   - Leveraged global expertise to structure innovative green products.
4. **Net zero commitment**
   - Advanced roadmap to achieve Net zero emissions by 2050
   - Initiated decarbonisation efforts across operations and lending portfolios.
5. **Investor and Stakeholder Engagement**
   - Enhanced transparency through sustainability reporting aligned with global standards
   - Positioned Absa as a leader in climate finance within the Kenyan market.

Climate related impacts

In 2025, climate change remained a defining challenge for Kenya's economy and financial sector. Extreme weather events such as floods and droughts continued to disrupt livelihoods, infrastructure, and food security, underscoring the country's vulnerability despite contributing less than 4% of global carbon emissions. Regulatory frameworks, international commitments under COP30, and evolving stakeholder expectations accelerated the integration of climate risk into core business and regulatory priorities.

The financial sector faced mounting pressure to align with global sustainability standards, including the adoption of IFRS S1 and S2, and to mobilise capital for green projects. For Absa Bank Kenya, this transition presented both obligations and opportunities to lead in climate finance, support a just transition, and reinforce resilience against climate-related risks.

Impact on Absa

1. **Regulatory pressure and disclosure requirements**
   - Introduction of climate related financial disclosure standards and the introduction of the Kenya Shilling Overnight Interbank Average (KESONIA) by the Central Bank of Kenya and alignment with global frameworks International Financial Reporting Standard (IFRS) S1 and S2
   - Increased scrutiny on lending portfolios to assess exposure to climate risks, with the Central Bank of Kenya releasing a climate-related disclosure framework
   - Mandatory taxonomy-aligned classification of loans and investments under the Kenya Green Finance Taxonomy (KGFT) and detailed Climate risk disclosures under the Climate Risk Disclosure Framework (CRDF) for the banking sector.
2. **Customer and market demand**
   - Growing preference for financing solutions supporting renewable energy, energy efficiency, and climate-smart agriculture
   - Corporate clients seeking sustainability-linked loans and ESG-compliant investment options.
3. **Capital allocation and risk management**
   - Need to redirect funding toward green projects while maintaining profitability
   - Pressure to integrate climate risk into credit assessment and pricing models
   - Increased impairment risk from climate-related shocks; new revenue streams from green financing.
4. **Reputational and stakeholder expectations**
   - Stakeholders expect tangible progress on sustainability commitments
   - Failure to act could erode trust and investor confidence.

How Absa responded

1. **Climate finance proposition**
   - Rolled out financing solutions for renewable energy projects, green buildings, and climate-smart agriculture
   - Developed sustainability-linked loan products for corporate clients
   - Launched the Eco Home Loan, offering up to 110% financing for energy-efficient and climate-resilient housing.
2. **Integration of ESG in risk management**
   - Embedded climate risk assessment into credit underwriting processes
   - Implemented Early Warning Indicators (EWI) for sectors vulnerable to climate shocks
   - Conducted climate risk assessments and stress-testing for the top 50 clients
3. **Strategic partnerships and net zero commitment**
   - Collaborated with international organisations and development finance institutions to mobilise climate finance
   - Advanced the roadmap to achieve Net zero emissions by 2050, initiating decarbonisation efforts across operations and lending portfolios.
4. **Investor and stakeholder engagement**
   - Enhanced transparency through sustainability reporting aligned with global standards
   - Positioned Absa as a leader in climate finance within the Kenyan market.

Our operating environment continued

5. **Operational Initiatives**
   - Investment in systems for ESG reporting and climate risk assessment
   - Upskilling staff in sustainability and climate finance skills
   - Supporting clients' transition to low-carbon operations through advisory and funding

Driving financial inclusion

In 2025, financial inclusion remained a national priority, driven by regulatory frameworks, technological innovation, and customer demand for accessible banking solutions.

The drive for financial inclusion has also intensified competition among banks, with many institutions aggressively expanding their digital offerings and outreach programmes. Rival banks have launched targeted products aimed at previously underserved segments, making the landscape increasingly competitive. As a result, Absa has had to continuously innovate and differentiate its services to retain and grow its customer base, ensuring that its financial inclusion initiatives remain relevant and effective.

The focus shifted toward leveraging digital platforms and partnerships to reach underserved segments, including rural communities, SMEs, and youth.

Impact on Absa

1. **Increased Demand for Digital Access**
   - Customers in remote areas sought mobile-first solutions for convenience and affordability
   - Surge in the usage of self-service channels like mobile apps and USSD platforms
2. **Pressure to Innovate Low-Cost Products**
   - Increased need to design affordable savings and micro-loan products for low-income customers
   - Rising competition from fintech's offering instant credit and wallet-based services
3. **Regulatory Expectations**
   - CBK and government initiatives emphasised inclusive finance, requiring banks to demonstrate measurable progress
   - Push for gender-sensitive and youth-focused financial products
4. **Operational Challenges**
   - Expanding agent networks and maintaining service quality in rural areas
   - Balancing cost efficiency with outreach goals

How Absa responded

1. **Digital Lending Platforms**
   - Enhanced Timiza mobile lending platform with improved credit pre-screening and flexible repayment options
   - Integrated AI-driven analytics to assess creditworthiness for unbanked and underbanked customers
2. **Agent Banking Expansion**
   - Increased agent footprint in rural and semi-urban areas to provide cash-in/cash-out services
3. **Product Innovation**
   - Developed a youth-focused digital platform; Absa Next
4. **Strategic Partnerships**
   - Collaborated with telcos and fintech's to embed financial services into everyday platforms (e.g., Safaricom App, Chumz)
   - Partnered with NGOs for financial literacy programmes targeting women and smallholder farmers
5. **Customer Education**
   - Conducted financial literacy campaigns through digital channels and community outreach
   - Promoted awareness on fraud prevention and responsible borrowing
6. **Absa on the move**
   - Launched Absa on the Move to extend client access in areas without a physical branch, enabling branch services on demand

Forex stabilisation

For the year 2025, the Kenyan Shilling maintained stability against major currencies, trading within a predictable band throughout the year. This marked a significant improvement from the volatility experienced in 2022–2024, when the currency depreciated sharply due to global shocks and domestic fiscal pressures. The Central Bank of Kenya played a key role in this turnaround by implementing prudent monetary policies, reinforcing foreign exchange reserves, and enhancing transparency in the forex market. Additionally, a rebound in export earnings driven by strong performance in sectors such as agriculture and tourism contributed to a healthier balance of payments. The resulting currency stability helped restore business confidence, reduce the cost of hedging for importers and exporters, and encouraged foreign direct investment, particularly in key sectors like infrastructure and financial services.

Impact on Absa

1. **Improved Predictability for Trade Finance**
   - Stable FX rates reduced uncertainty for importers and exporters, boosting demand for trade finance solutions
   - Lower hedging costs improved margins for clients engaged in cross-border transactions
2. **Enhanced Investor Confidence**
   - Stability in currency markets attracted foreign investment flows, particularly in government securities and corporate bonds
   - Increased appetite for structured investment products among diaspora clients
3. **Reduced Pressure on Forex Liquidity**
   - Predictable exchange rates eased strain on forex reserves and improved transaction turnaround times
   - Lower volatility minimised the need for aggressive forex interventions
4. **Impact on Pricing and Margins**
   - Narrower spreads on FX transactions with reduced income from currency trading
   - The need to optimise treasury operations to maintain profitability

Our operating environment continued

How Absa responded

1. **Strengthened Trade Finance Proposition**
   - Expanded offerings for import/export financing and supply chain solutions
   - Introduced competitive pricing for letters of credit and guarantees to capture growing demand
2. **Diaspora Banking Enhancements**
   - Rolled out dedicated call lines and improved turnaround times for remittance services
   - Enhanced the remittances services to increase the money being remitted from diaspora through platforms like World Remit
   - Launched offshore structured notes to attract diaspora investments
3. **Treasury Optimisation**
   - Enhanced liquidity management to capitalise on predictable market movements
4. **Customer Education and Advisory**
   - Provided market insights and advisory services to help clients navigate global trade opportunities
   - Promoted hedging strategies for corporates to manage residual currency risk

Rise of AI

In 2025, artificial intelligence (AI) and automation became central to banking operations globally, transforming service delivery, risk management, and operational efficiency. For Absa Bank Kenya, this technological shift was not just an enhancement, it was a strategic imperative assisting the bank in remaining competitive and delivering a superior customer experience.

The adoption of AI enabled Absa Bank Kenya to streamline manual back-office processes, reducing operational costs and turnaround times. Automated systems were deployed across various functions, including fraud detection, credit risk assessment, and compliance monitoring, allowing the bank to respond swiftly to growing transaction volumes and increasingly complex regulatory requirements.

Predictive analytics, another key component of Absa's AI strategy, equipped the bank with the ability to anticipate market trends, optimise treasury operations, and offer tailored financial products. This not only enhanced the Bank's operational agility but also strengthened its position as a trusted advisor for clients navigating global trade and currency risks.

Impact on Absa

1. **Operational Efficiency**
   - Manual processes in back-office operations were costly and time-consuming
   - Rising transaction volumes required scalable solutions to maintain service quality
2. **Customer Expectations**
   - Increased demand for instant, personalised services through digital channels
   - Preference for self-service platforms and AI-driven support tools
3. **Risk and Compliance**
   - Growing complexity in fraud detection and cybersecurity threats
   - Need for predictive analytics to manage credit risk and regulatory compliance
4. **Talent Requirements**
   - Shift toward tech-driven roles, requiring upskilling and strategic hires in AI engineering and data science

How Absa responded

1. **Automation and improvement of Operations**
   - Implemented robotic process automation (RPA) across high-volume, repetitive tasks such as reconciliations, loan processing, and compliance reporting
   - Reduced turnaround times and operational costs significantly
   - Improved the transactional platforms for both consumer and retail banking
2. **AI-Driven Risk Management**
   - Deployed Glass Box fraud monitoring tool for real-time detection and prevention
   - Integrated predictive models for credit scoring and early warning indicators (EWI) to mitigate default risks
3. **Enhanced Customer Experience**
   - Personalised product recommendations using machine learning algorithms
4. **Productivity Boost**
   - Established an AI Lab to drive innovation and integrate tools like Microsoft Copilot for staff productivity
   - Leveraged AI for document automation, data analysis, and workflow optimisation
5. **Cybersecurity Reinforcement**
   - Adopted advanced AI-based threat detection systems to counter evolving cyber risks
   - Continuous monitoring and anomaly detection to safeguard customer data

Our regulatory environment

Kenya's regulatory environment is undergoing a period of dynamic transformation, shaped by both technological advancement and evolving legislative frameworks. Recent years have witnessed the Central Bank and government authorities implementing a range of reforms to enhance transparency, stability, and innovation across the financial sector.

From the extension of Real Time Gross Settlement (RTGS) operating hours and the pursuit of international payment certifications to the introduction of new rules governing virtual assets and credit pricing, these efforts are laying the groundwork for a more resilient and inclusive financial landscape. As further feedback and regulatory measures are anticipated, the sector is poised to benefit from increased efficiency and broader access to financial services.

Modernising payments infrastructure, ISO certification and regional integration

The Central Bank of Kenya (CBK) has made meaningful adjustments to the Kenya Electronic Payment and Settlement System (KEPSS), notably the Real Time Gross Settlement (RTGS) system. In 2025, the RTGS operating hours were extended from the longstanding window of 8:30 am–4:30 pm to a new schedule of 7:00 am–7:00 pm. This move allows financial institutions to process high-value payments over a longer period each day. As a result, customers enjoy greater flexibility, and banks can better manage liquidity and payment flows, especially sizable domestic transactions that previously faced time constraints.

Kenya's commitment to international best practices is evident in the completion of the ISO 20022 certification for its payment systems. Work is ongoing toward achieving similar certification at a regional level, particularly for RTGS operations across East Africa. These certifications are designed to enhance traceability, reliability, and trust in electronic payments, ensuring transactions are processed efficiently and securely both within Kenya and throughout the region.

Resilient banking industry

In 2025, the Central Bank of Kenya focused on promoting a resilient banking industry by enhancing the liquidity profile of Kenyan banks in accordance with international best practice. This is coming soon after the enactment of the Business Laws (Amendment) Act in December 2024 which introduced a phased approach to increasing the core capital of banks from Shs 1 billion to Shs 10 billion within 5 years (2024-2029).

The Central Bank of Kenya (CBK) issued a circular announcing a reduction in the CBK Discount (Overnight) Window facility from 300 to 75 basis points. Additionally, new guidelines regarding the Liquidity Coverage Ratio, Net Stable Funding Ratio, and Leverage Ratio were introduced. These reforms aim to enhance the short-term resilience of banks' liquidity risk profiles in line with Basel Committee requirements, lower funding risks over longer periods by mandating stable funding sources for bank activities, mitigate the risk of future funding stress, and limit excessive leverage within the banking sector.

Kenya Green Finance Taxonomy (KGFT) and Climate Risk Disclosure Framework (CRDF) for the banking sector.

The launch of the Kenya Green Finance Taxonomy (KGFT) and Climate Risk Disclosure Framework (CRDF) by the Central Bank of Kenya marks a significant step toward aligning the financial sector with national climate goals and global sustainability standards. KGFT provides a standardised classification system for identifying environmentally sustainable economic activities, while CRDF establishes a consistent framework for disclosing climate-related financial risks. These regulations aim to enhance transparency, curb greenwashing, and mobilise capital toward climate-resilient investments, with mandatory compliance expected after an initial voluntary adoption period.

For Absa Bank Kenya, these frameworks present both opportunities and responsibilities. The Bank has already integrated global sustainability standards, including IFRS S1 and S2, and is putting initiatives in place for the greening of its portfolio. Compliance with KGFT will require taxonomy-aligned classification of loans and investments, while CRDF will mandate detailed climate risk disclosures, influencing governance and reporting processes. These measures position Absa to access green finance markets and strengthen its ESG leadership, while driving innovation in sustainable products and reinforcing resilience against climate-related risks.

Virtual assets and digital innovation

A transformative aspect of Kenya's regulatory landscape is its embrace of digital assets and payment innovation. The 2022–2025 CBK Payment Strategy explicitly addresses the integration of virtual payments, stablecoins, distributed ledger technology (DLT), and blockchain. We saw the enactment of the Virtual Asset Service Providers Bill 2025 into an Act of Parliament which aims to establish a comprehensive regulatory framework for virtual assets and their service providers in Kenya, promoting innovation while ensuring consumer protection and compliance with international standards. Recognising the importance of crypto trading in Kenya as one of Africa's largest markets, the regulatory authorities have introduced new legislation to provide oversight, facilitate effective taxation, and close gaps that previously left the sector unregulated. This framework is bringing Kenya in line with global standards and reducing risks associated with unregulated trading.

Real-time and cross-border payments

Kenya is at the forefront of the adoption of the use of Distribution Ledger Technology and blockchain is set to revolutionise cross-border payments, reducing settlement times from several days to near-instantaneous transfers. Although legacy African payment systems have faced adoption hurdles, new regulations and technological advancements are expected to facilitate seamless, real-time cross-border transactions, positioning Kenya as a pioneer in regional financial integration. We expect regulations on DLT to be enacted as part of the regulations required to effect the Virtual Assets Service Providers Act 2025.

Our regulatory environment continued

Standardisation of credit pricing

A landmark reform during the year was the Central Bank of Kenya's introduction of the Kenya Shilling Overnight Interbank Average (KESONIA) as the new benchmark for pricing variable-rate loans. Modelled on global risk-free reference rates such as Sterling Overnight Index Average (SONIA) and Secured Overnight Financing Rate (SOFR), KESONIA is a transaction-based, volume-weighted rate that reflects real-time liquidity in the overnight interbank market. It represents the average rate at which banks lend and borrow unsecured overnight funds in Kenyan Shillings and serves as the foundation for Kenya's Risk-Free Rate (RFR).

This initiative aims to enhance transparency, reliability, and market confidence, strengthen monetary policy transmission, and align Kenya's financial markets with international best practices. By eliminating arbitrary base rates, KESONIA ensures fair and competitive lending rates for customers, fostering greater resilience and inclusivity in the credit market.

Under the updated risk-based credit pricing model (RBCPM), the total cost of credit includes KESONIA, a customer-specific premium ("K"), and fees and charges related to credit. If using KESONIA is not feasible, the Central Bank of Kenya (CBK) permits banks to use the Central Bank Rate (CBR) as an alternative reference rate.

Commercial banks were given a transition window between 1 September 2025 and 30 November 2025 to review and update their loan pricing models and policies and seek approvals from their respective Boards of Directors. Effective 1 December 2025, all commercial banks were expected to transition all new Kenya Shilling variable-rate loans to the revised risk-based credit pricing model with existing variable -rate facilities transitioning by 28 February 2026.

Absa Bank Kenya, transitioned all new local currency variable loans to RBCPM on 1 December 2025 and is using CBR as the reference rate as system enhancements are ongoing to enable the use of KESONIA.

Privatisation and capital market development

Kenya's regulatory focus in 2025 extends to deepening capital markets and fostering privatisation. The government is increasingly leveraging alternative financing mechanisms, such as securitisation, to fund infrastructure projects particularly through the Kenya Road Board without expanding the national debt burden. Securitisation enables off-balance sheet financing, supporting public sector obligations while stimulating investment banking and capital market activity. The Central Bank Kenya (CBK) and Kenya Bank Association (KBA) play active roles in enabling these innovations, setting the stage for capital markets to become a substantial alternative source of funding for both government and private sector projects. The government's interest in privatising state owned corporations creates opportunities for Absa's investment banking business.

Fighting financial crime

Kenya continues to be on the FATF Grey List. CBK, FRC and all financial services regulators have been working towards legislative enhancements and capacity building of MLROs to remove Kenya from this list. Notably, in 2025, CBK issued Guidance Notes on Customer Due Diligence, Beneficial Ownership and Politically Exposed Persons. Absa Kenya has since updated its AML/CFT frameworks and policies to align to the regulatory requirements.

In addition, the enactment of the Virtual Assets Service Providers Act 2025 closed the gap on the of a regulatory framework for virtual assets. Kenya is one of the countries in Africa where the use of virtual assets was prevalent. However, the lack of a regulatory framework exposed the country to heighted AML/CFT risks. CBK and CMA issued a statement confirming that they are working with the National Treasury to develop enabling regulations.

Industry advocacy and regulatory collaboration

With Kenya being on the grey list, we have undertaken several key initiatives advocacy to be a thought leader in the financial industry, that directly support Kenya's evolving regulatory environment. In partnership with the Compliance Society of Kenya and Strathmore University, we are addressing issues on financial crimes, to ensure a sound financial system. Numerous regulators, including the Financial Reporting Centre (FRC) and other bodies such as the Central Bank Kenya (CBK) and Insurance Regulatory Authority (IRA), have conducted training sessions to upskill money laundering reporting officers, reinforcing the sector's commitment to financial crime prevention. These advocacy efforts not only enhance industry leadership but also strengthen the overall robustness and soundness of Kenya's financial system, directly supporting regulatory objectives for greater transparency and market integrity.

Embracing technological innovation in the regulatory context

The regulatory focus on innovation is mirrored in our attention to developments such as cryptocurrency and artificial intelligence (AI). AI is being utilised to design products, identify customer needs, and, crucially, to combat financial crime, aligning with the CBK's drive to foster innovation while maintaining financial stability. Recent meetings with banking industry representatives have highlighted the importance of adapting to these technological shifts within the regulatory framework, ensuring that new solutions are implemented responsibly and in accordance with emerging guidelines.

Innovation is a key driver of financial inclusion as articulated in the National Financial Inclusion Strategy (NFIS) 2025-2028, the Fourth Medium Term Plan (MTP IV) for Financial Services Sector; and the Women Entrepreneurs (WE) Finance Code launched by CBK on 4 December 2025. These three policy frameworks seek to deepen access to financial services by underserved groups such as youth, women, persons with disabilities and micro and small enterprises. Innovation is a key enabler of an inclusive, stable and sustainable financial sector. Absa Kenya is committed to increasing financial access to women through the "SHE Trades" program and digital innovation through products such as Timiza.

Our regulatory environment continued

Enhanced penalties

The Central Bank of Kenya gazetted the Banking (Penalties) Regulations, 2025 (the 2025 Penalties Regulations) on 9 July 2025 revoking the penalties regulations issued in 1999. The 2025 Penalties Regulations introduce material changes including increasing the penalties payable by entities and individuals. Penalties for institutions have increased from one million to twenty million or 3 times the gross amount of the monetary gain made or loss avoided by the institution. Similarly, penalties for individuals have increased from one hundred thousand to one million shillings. In addition to increasing the value of the penalties, the 2025 Penalties Regulations have increased the number of specific violations from 8 to 65, the increase can be attributed to the violations CBK has identified while undertaking inspections. Lastly, the 2025 Penalties Regulations have extended their application beyond institutions and bank officials as was the case with the 1999 penalties regulations. The 2025 Penalties Regulations apply to institutions, officers, shareholders of institutions, non-operating holding companies, banks, financial institutions, representative offices, auditors, groups, vehicles of ownership of groups, agencies and any other persons. All these categories can be penalised by CBK for any of the specific violations provided for in the regulations. Considering the expanded scope of the 2025 Penalties Regulations, we need to remain vigilant and maintain a sound control environment.

Shifting business models and regulatory influence

This year, changes in business conduct have become a priority, reflecting regulatory pressures on traditional banking models. As the sector adapts to market shifts and new regulatory benchmarks such as the adoption of KESONIA for credit pricing, there is a need to explore alternative revenue streams and product offerings. While foreign exchange income has remained stable, the resulting decreased volatility has impacted profitability, underscoring the importance of regulatory influences on interest income and lending costs. These changes are prompting banks to seek innovative, compliant ways to generate revenue, in line with the CBK's push for greater efficiency and resilience in the financial sector.

Strategic expansion and skills development within regulatory parameters

There is growing policy interest in remittances as a significant income source, alongside expansion into asset management and subsidiary businesses all under the watchful eye of regulatory authorities. The compliance and people departments are therefore focusing on developing skills tailored to future business needs, particularly in payments, partnerships, and distributed ledger technology. Legal and compliance teams are also adapting to new technologies, ensuring that business growth and innovation continue to align with regulatory expectations for risk management, transparency, and market confidence.

By integrating advocacy, technological advancement, business model innovation, and strategic skills development, our initiatives are fully aligned with and supportive of the broader regulatory reforms shaping Kenya's financial sector in 2025. This comprehensive approach positions us to navigate the evolving landscape with confidence, balancing innovation and growth with the requirements of sound governance and regulatory compliance.

Ongoing industry engagement and future outlook

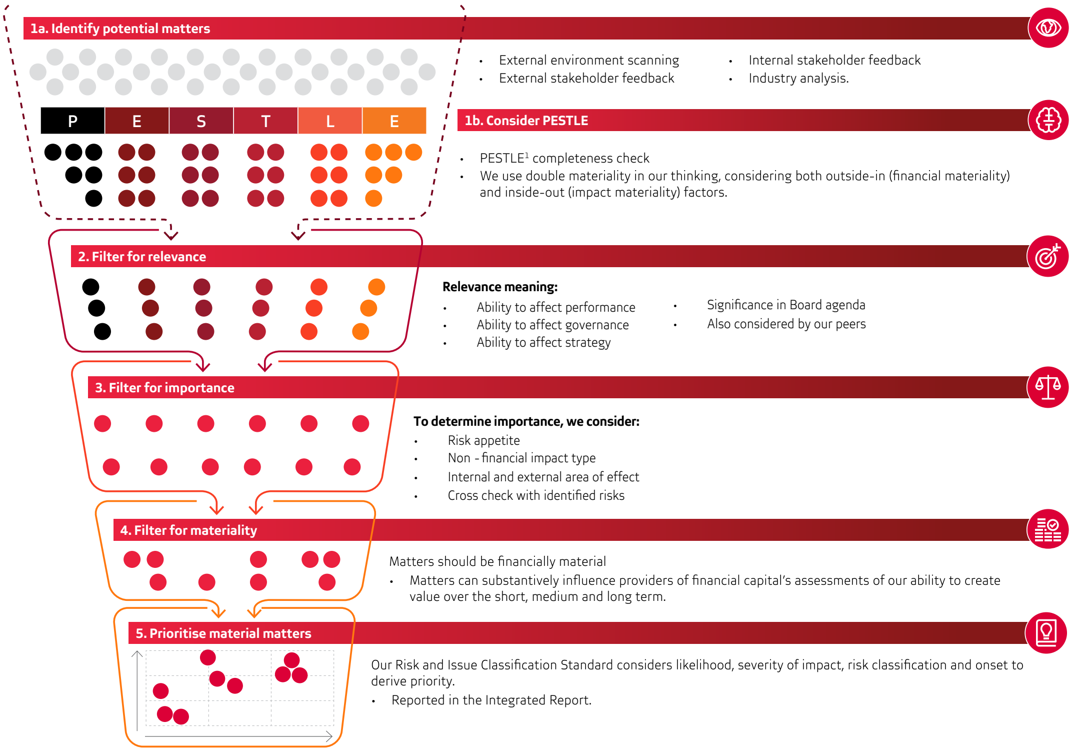
The CBK, in consultation with industry stakeholders, continues to update and refine regulatory intervention to address emerging risks and opportunities, including those in payments, credit, virtual assets, financial inclusion and capital markets. Regulatory authorities provide ongoing guidance and policy updates on their official websites. With these comprehensive reforms, Kenya's banking sector in 2025 stands poised for greater efficiency, resilience, and regional leadership, balancing innovation with financial stability and customer protection.

Our material matters

Material matters are issues that can significantly influence the Bank's ability to create or preserve value over the short, medium, and long term. These matters arise from our operating environment, stakeholder expectations, regulatory changes, and strategic priorities. They include factors that impact financial performance, reputation, compliance, and sustainability.

For Absa Bank Kenya, material matters are not static, they evolve with market dynamics, technological advancements, and socio-economic trends. Identifying and managing these matters ensures that we remain resilient, competitive, and aligned with stakeholder needs.

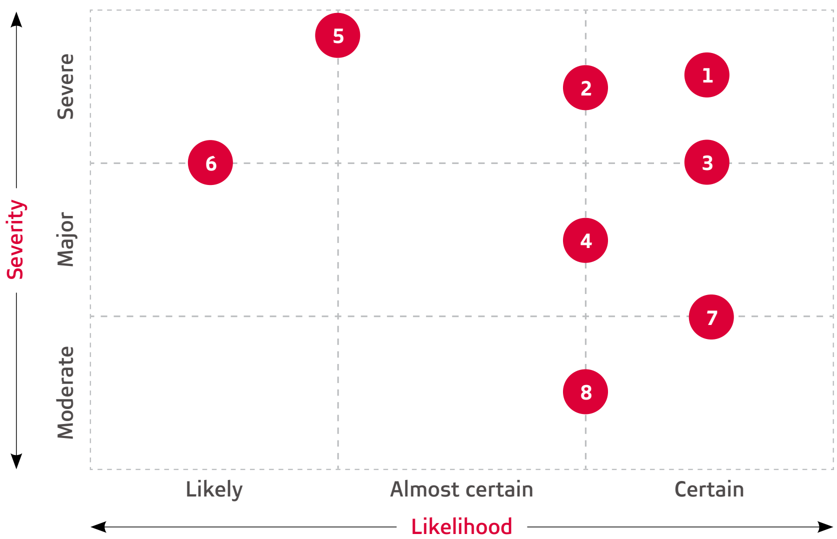
Steps taken to identify material matters



PESTLE – An analytical approach to identify and assess actual as well as potential factors that could impact the strategy and performance comprising Political, Economic, Socio-cultural (demographic), Technological, Legal (regulatory) and Ecological factors

Prioritising material matters enables us to respond quickly to risks and opportunities specific to Absa and our strategic intent, magnifying our ability to create value. Prioritising the risks and opportunities arising from the operating context is based on our Risk and Issue Classification Matrix (RICM).

As a formula, RICM is expressed as: likelihood x severity of impact = risk classification. When assessing the severity of potential impact, we consider financial and non-financial impacts. We consider non-financial impact types as they relate to regulators, clients, reputation, our service, and employees.



1. Economic volatility
2. Country and sovereign risk
3. Capital flows and liquidity management
4. Social context
5. Digital intelligence
6. Evolving workplace
7. Regulatory environment
8. Climate change and just transition

Our material matters continued

Material matters for 2025

Economic volatility

In 2025, Kenya's economy demonstrated marked stability compared to prior years. The Kenyan Shilling traded within a steady, predictable range against major global currencies, lending greater certainty to both importers and exporters.

Interest rates softened to 10.75%, while inflation remained comfortably within the Central Bank of Kenya's target band. These positive developments fostered a more conducive environment for borrowing and investment activity. Nonetheless, ongoing global geopolitical tensions and volatility in commodity prices continue to present risks that require careful monitoring and strategic response.

Absa responded to the stabilising economic environment in Kenya by proactively adjusting its lending and investment strategies to take advantage of improved market conditions. The Bank introduced tailored financial products with competitive pricing to meet evolving client needs, while simultaneously strengthening its risk management frameworks to monitor ongoing global and local uncertainties. Additionally, Absa expanded its digital banking capabilities and enhanced customer engagement initiatives, ensuring it remained agile and responsive to both emerging opportunities and potential risks in the market.

What it means for Absa

Opportunities

- Innovate products and pricing structures to attract borrowers
- Expand non-traditional acquisition channels, including digital platforms
- Deepen client relationships through holistic financial solutions
- Promote financial inclusion with targeted products for SMEs and retail customers

Principal risks affected

Sovereign and country risk | Consumer credit and Asset quality | Market Risk | Liquidity and funding risk | Strategic and operational risk

Possible business model impacts and effects on capitals

Financial capital

- ↑ Margin compression due to lower interest rates; increased credit uptake; higher provisioning risk if defaults rise
- ↑ Greater reliance on fee-based income streams, such as advisory services and transaction fees, to offset reduced net interest margins
- ↑ Investment in advanced credit risk assessment tools to better manage provisioning and anticipate potential defaults
- ↑ Implementation of dynamic pricing strategies for loans and deposits to respond to changing market conditions
- ↑ Partnerships with fintech firms to broaden product offerings and diversify revenue streams
- ↑ Potential volatility in headline earnings and RoE due to shifts in income sources and provisioning requirements
- ↑ Improved cost-to-income ratio (CTI) through operational efficiencies and automation
- = Changes in credit loss ratio (CLR) because of improved risk management or increased credit uptake.

Manufactured capital

- ↑ Investment in cloud-based banking platforms to streamline operations and reduce reliance on legacy systems
- ↑ Deployment of self-service kiosks and ATMs in strategic locations, reducing the need for large branch networks
- ↑ Implementation of mobile banking apps and online customer service tools to enhance accessibility and reduce physical infrastructure requirements
- ↓ Potential for increased cyber risk and technology-related disruptions as reliance on digital infrastructure grows
- ↑ Improved client experience and satisfaction due to technology-driven convenience and accessibility.

Human capital

- ↑ Need for upskilling in credit analytics and digital service delivery
- ↑ Greater employee engagement and retention through opportunities for professional development and exposure to innovative technologies
- ↓ Automation and digitalisation reduce demand for traditional roles
- ↑ Enhanced ability to attract digital talent and specialists in fintech, data science, and cyber security.
- ↑ Emerging new roles and redefinition of jobs as a result of automation.

Social and relationship capital

- ↑ Enhanced financial inclusion and client primacy through tailored solutions
- ↑ Stronger trust and loyalty from clients because of improved service delivery and personalised offerings
- ↓ Potential reputational risks if digital transformation leads to service outages or data breaches
- ↑ Broader community impact through initiatives that promote access to affordable financial products and services.

Intellectual capital

- ↑ Development of innovative products and pricing models
- ↑ Enhanced data analytics and insights capabilities, supporting more informed decision-making and competitive advantage
- ↑ Creation and protection of proprietary technologies and digital platforms, strengthening market differentiation
- ↓ Potential for increased regulatory scrutiny around data usage and intellectual property management.

Our material matters continued

Scorecard metrics affected

- Headline earnings
- Return on equity (RoE)
- Cost-to-income ratio (CTI)
- Client experience index.

Other metrics affected
(value over time)

- Credit loss ratio (CLR)
- Total deposits
- Gross loans and advances.

Value to others

- **Investors:** Improved resilience and diversified revenue streams
- **Clients:** Affordable credit and tailored financial solutions
- **Employees:** Opportunities for skill development and engagement
- **Regulators:** Compliance with monetary policy and risk management standards
- **Society:** Increased financial inclusion and economic empowerment.

Stakeholders impacted

Investors | Clients | Employees | Regulators | Society

SDGs impacted

SDG 8 | SDG 9 | SDG 10

Links to strategic pillars

- A modern-day consumer financial services business
- A market leader in Business Banking
- A leading Corporate and Investment Bank in connecting ecosystems
- A trusted brand driving a sustainable future.

Our material matters continued

Country and sovereign risk

In 2025, Kenya's economy continued to navigate a challenging environment shaped by fiscal constraints, regulatory pressures, and global economic uncertainty.

While macroeconomic indicators showed moderate improvement supported by stable foreign exchange rates and easing inflation, the country faced persistent structural vulnerabilities.

Kenya remained under heightened scrutiny from international bodies following its placement on the Financial Action Task Force (FATF) grey list in 2024. This status continued to impact investor confidence and increased compliance costs for financial institutions. Additionally, credit rating agencies maintained a cautious outlook, citing elevated debt levels and limited fiscal flexibility.

The government sustained efforts to broaden the revenue base through administrative reforms and policy measures, including adjustments to Value Added Tax (VAT) and excise duties. However, fiscal space remained constrained, limiting the ability to fund development priorities without increasing borrowing.

Public debt levels remained high, with external debt servicing obligations exerting pressure on foreign reserves. The government pursued concessional financing and debt restructuring initiatives to manage liquidity risks, while also seeking to deepen domestic capital markets.

The operating environment for banks was characterised by tighter regulatory compliance requirements, increased scrutiny on anti-money laundering (AML) and counter-terrorism financing (CTF) measures and evolving tax obligations. These factors contributed to higher operational costs and complexity in risk management.

Absa responded proactively to the material challenges posed by Kenya's economic and regulatory landscape in 2025. The organisation reinforced its compliance infrastructure to address the heightened scrutiny following Kenya's placement on the FATF grey list, investing in advanced AML and CTF monitoring systems and upskilling staff in regulatory best practices. These actions not only safeguarded the organisation's operational resilience but also positioned Absa as a trusted partner in supporting Kenya's sustainable economic growth.

What it means for Absa

Opportunities

- Deepen customer engagement through innovative financial solutions and partnerships
- Strengthen policy dialogue and thought leadership to shape regulatory frameworks
- Enhance risk management systems to mitigate sovereign and market risks
- Leverage digital platforms and data analytics to improve operational resilience

Principal risks affected

Sovereign and country risk | Market risk | Consumer credit and asset quality | Liquidity and funding risk | Strategic and operational risk

Possible business model impacts and effects on capitals

Financial capital

- ↑ Proactive capital and liquidity planning bolstered resilience, but higher compliance costs and fiscal pressures negatively affected profitability
- ↑ Greater reliance on digital platforms for regulatory reporting and risk monitoring maintained operational effectiveness, with a neutral impact on capital
- ↓ Increased operational costs and compliance requirements placed downward pressure on margins
- ↑ Enhanced engagement with regulators, policymakers, and investors helped maintain trust and confidence, supporting access to funding and stability
- ↑ Development of advanced risk assessment models and digital compliance solutions improved risk management capabilities
- ↑ Diversification of funding sources and successful debt restructuring initiatives supported liquidity and reduced refinancing risk
- ↑ Expansion of domestic capital market activities provided stable, if not significantly increased, funding options
- ↓ Persistent high public debt and external debt servicing obligations exerted pressure on foreign reserves, with a negative impact on financial flexibility
- ↑ Investment in staff upskilling and technology enhanced long-term sustainability of financial capital management.

Human capital

- ↓ Reduced discretionary spending
- ↑ Higher employee taxation
- ↑ Risk on financial management.

Social and relationship capital

- ↑ Strengthened stakeholder relationships through transparent communication and collaboration
- = Community engagement maintained at pre-existing levels via digital outreach
- ↑ Partnerships with other organisations and regulators enhanced collective problem-solving capacity
- ↓ Limited in-person networking opportunities had a slight negative effect on new relationship formation
- ↑ Corporate social responsibility initiatives improved brand reputation and trust.

Our material matters continued

Possible business model impacts and effects on capitals

Intellectual capital

- ↑ Accelerated adoption of digital tools and innovation in products and services
- ↑ Enhanced data analytics and knowledge management systems improved decision-making quality
- = Intellectual property portfolio remained stable, with consistent research output
- ↑ Increased knowledge sharing and internal best practice exchanges among employees
- ↓ Security and data privacy challenges occasionally posed minor setbacks.

Manufactured capital

- ↑ Investment in modernising infrastructure and technology platforms boosted operational efficiency
- = Maintenance and asset utilisation rates remained consistent, ensuring reliability
- ↓ Supply chain disruptions and equipment procurement delays had a temporary negative impact
- ↑ Upgrades to physical facilities supported safe and adaptable work environments
- = Overall production capacity and delivery capabilities were preserved.

Natural capital

- = Environmental impact remained stable due to regulatory compliance and sustainability initiatives
- ↑ Resource efficiency measures for waste and energy consumption
- ↓ Occasional resource scarcity and cost volatility negatively impacted operations and planning
- ↑ Active participation in environmental protection programmes improved ecological footprint
- = Biodiversity conservation efforts maintained previous levels, with no notable change observed.

Scorecard metrics affected

- Headline Earnings
- Return on Equity (RoE)
- Cost-to-Income Ratio (CTI).
- Client Experience Index
- Sustainability-linked financing.

Other metrics affected
(value over time)

- Credit loss ratio (CLR)
- Total deposits
- Gross loans and advances.

Value to others

- **Investors:** Confidence in robust risk and capital management
- **Clients:** Access to secure and compliant financial solutions
- **Regulators:** Assurance of adherence to AML/CTF and fiscal standards
- **Society:** Support for economic stability and sustainable growth
- **Employees:** Opportunities for skill development in compliance and risk management.

Stakeholders impacted

Investors | Clients | Employees | Regulators | Society

SDGs impacted

SDG 8 | SDG 9 | SDG 16

Links to strategic pillars

- A modern-day consumer financial services business
- A market leader in Business Banking
- A leading Corporate and Investment Bank in connecting ecosystems
- A trusted brand driving a sustainable future.

Our material matters continued

Capital flows and liquidity management

In 2025, Kenya's financial markets experienced improved liquidity conditions compared to prior years, supported by stable foreign exchange reserves, diaspora remittances, and accommodative monetary policy.

The easing of interest rates and stabilisation of the Kenyan Shilling reduced volatility in cross-border transactions and enhanced predictability for businesses. However, global uncertainties and fiscal pressures continue to influence capital flows, requiring banks to maintain robust liquidity buffers and proactive treasury strategies.

In response to the material matter of capital flows and liquidity management, Absa implemented targeted strategies to strengthen its financial position and ensure business resilience. Recognising the importance of diversified revenue streams, the business proactively advanced non-financial income initiatives to supplement its incomes. These efforts not only mitigated the impact of market volatility and funding cost fluctuations but also contributed to a more balanced and sustainable earnings profile for the organisation.

What it means for Absa

Opportunities

- Facilitate cross-border trade and payments through innovative solutions.
- Strengthen foreign investor confidence by offering secure and efficient transaction platforms.
- Expand risk management products such as hedging and structured notes.
- Optimise capital allocation for high-yield investments and sustainable projects.

Principal risks affected

Liquidity and funding risk | Market risk | Consumer credit and asset quality | Sovereign and country risk | Strategic and operational risk

Possible business model impacts and effects on capitals

Financial capital

- ↑ Volatile capital flows may impact funding costs and profitability
- ↑ Proactive liquidity management ensures resilience
- ↑ Increased reliance on digital treasury platforms for real-time liquidity monitoring
- ↑ Need for specialised treasury and risk management expertise
- ↑ Enhanced engagement with regulators and investors to maintain trust
- ↑ Development of advanced liquidity forecasting models and digital solutions
- = Core funding structure and capital adequacy remain unchanged.

Manufactured capital

- ↑ Investment in infrastructure and technology enhances operational efficiency
- ↓ Deterioration of assets may lead to increased maintenance costs and disruptions
- ↑ Automation and smart systems improve productivity and reduce errors
- = Major production capacities and asset footprints remain unchanged.

Intellectual capital

- ↑ Strong research and development efforts foster innovation and competitive advantage
- ↑ Robust data management enables better decision-making
- ↓ Knowledge loss due to turnover or insufficient training can hinder progress
- = Key intellectual property assets and innovation partnerships remain unchanged.

Human capital

- ↑ Academies to address core capabilities such as credit analysis, financial record analysis.
- ↑ Potential new emerging roles.

Social and relationship capital

- ↑ Strong stakeholder engagement builds trust and reputation
- ↓ Negative public perception or loss of key partnerships can affect growth
- ↑ Collaboration with communities and industry enhances shared value creation
- = Long-term strategic relationships with key partners remain unchanged.

Natural capital

- ↓ Resource depletion and environmental impacts pose long-term risks
- ↑ Sustainable sourcing and conservation initiatives support resilience
- ↑ Adoption of eco-friendly practices improves regulatory alignment and public perception
- = Core environmental stewardship initiatives and compliance status remain unchanged.

Our material matters continued

Scorecard metrics affected

- Headline earnings
- Return on equity (RoE)
- Cost-to-income ratio (CTI)
- Client experience index
- Sustainability-linked financing.

Other metrics affected
(value over time)

- Credit loss ratio (CLR)
- Total deposits
- Gross loans and advances.

Value to others

- **Investors:** Confidence in robust liquidity and capital management
- **Clients:** Access to reliable trade finance and treasury solutions
- **Regulators:** Compliance with liquidity standards and systemic stability
- **Society:** Support for economic activity through stable financial systems
- **Employees:** Enhanced employee development and advanced data analytics.

Stakeholders impacted

Investors | Clients | Employees | Regulators | Society

SDGs impacted

SDG 8 | SDG 10 | SDG 16

Links to strategic pillars

- A modern-day consumer financial services business
- A market leader in Business Banking
- A leading Corporate and Investment Bank in connecting ecosystems
- A trusted brand driving a sustainable future.

Our material matters continued

Social Context

Kenya's social landscape in 2025 remains dynamic, shaped by high youth unemployment, evolving consumer expectations, and increased digital adoption. While rural poverty has declined, economic vulnerability persists among SMEs and informal sectors.

Social unrest witnessed in 2024 which continued in the year 2025 underscores the need for inclusive growth and transparent governance. Additionally, rapid uptake of mobile money and digital banking has heightened exposure to social engineering fraud, requiring continuous vigilance and customer education.

Consumer behaviour is shifting toward personalised, purpose-driven financial services, with younger demographics demanding convenience, transparency, and ethical practices. This trend presents both opportunities and challenges for banks seeking to deepen engagement and maintain trust.

In response to the material matter, Absa implemented a multi-faceted strategy aimed at fostering inclusive growth and strengthening consumer trust. The Bank introduced targeted financial products tailored for youth, SMEs, and underserved communities, while expanding digital and agent networks to enhance accessibility. Recognising the heightened risks of social engineering fraud amid increased digital adoption, Absa prioritised customer education initiatives and invested in advanced fraud detection tools. Through these efforts, Absa reinforced its commitment to ethical practices, social impact, and transparent governance, aligning its response with strategic aspirations and the evolving needs of Kenya's dynamic social landscape.

What it means for Absa

Opportunities

- Promote financial inclusion through targeted products for underserved segments.
- Develop youth-focused solutions and SME financing packages.
- Enhance customer education on fraud prevention and financial literacy.
- Strengthen brand affinity through purpose-driven offerings aligned with social impact.

Principal risks affected

Consumer credit and asset quality | Sovereign and country | Strategic and operational risk | Market risk | Liquidity and funding risk

Possible business model impacts and effects on capitals

Financial capital

- ↓ Potential revenue loss due to increased fraud risks and social unrest may impact funding and profitability; proactive liquidity management ensures resilience
- ↑ Opportunities for deposit growth through financial inclusion initiatives
- ↑ Expansion of agent networks and digital channels increases outreach and access
- ↑ Investment in fraud detection tools and service models strengthens protection and client experience
- = Core funding structures and capital adequacy remain unchanged.

Manufactured capital

- ↑ Investment in infrastructure and technology enhances operational efficiency
- ↓ Asset deterioration may lead to higher maintenance costs and potential disruptions
- ↑ Automation and smart systems improve productivity and reduce errors
- = Major production capacities and asset footprints remain unchanged.

Intellectual capital

- ↑ Strong research and development efforts foster innovation and competitive advantage
- ↑ Robust data management enables improved decision-making
- ↓ Knowledge loss due to turnover or insufficient training may hinder progress
- = Key intellectual property assets and innovation partnerships remain unchanged.

Human capital

- ↑ Employee development and training to respond to emerging customer needs
- ↑ Inspirational leadership
- ↑ Workforce involvement in community activities
- ↑ Increase emerging skills.

Social and relationship capital

- ↑ Strong stakeholder engagement builds trust and enhances reputation
- ↓ Negative public perception or loss of key partnerships may affect growth
- ↑ Collaboration with communities and industry creates shared value
- = Long-term strategic relationships with key partners remain unchanged.

Natural capital

- ↓ Resource depletion and environmental impacts pose long-term risks
- ↑ Sustainable sourcing and conservation initiatives foster resilience
- ↑ Adoption of eco-friendly practices improves regulatory alignment and public perception
- = Core environmental stewardship initiatives and compliance status remain unchanged.

Our material matters continued

Scorecard metrics affected
- Sustainability-linked financing
- Client experience index
- Client Experience Index.

Other metrics affected *(value over time)*
- Consumer education participants
- ReadyToWork programme reach
- Economic value delivered to communities.

Value to others
- **Investors:** Enhanced reputation and ESG alignment
- **Clients:** Access to affordable, secure financial services
- **Employees**: Engagement in socially impactful initiatives
- **Regulators:** Compliance with inclusion and consumer protection mandates
- **Society:** Improved financial literacy and resilience.

Stakeholders impacted
Investors | Clients | Employees | Regulators | Society

SDGs impacted
SDG 1 SDG 5 SDG 8 SDG 10

Links to strategic pillars
- A modern-day consumer financial services business
- A trusted brand driving a sustainable future
- A home of talent and diversity.

Our material matters continued

Digital intelligence

In 2025, technology continued to redefine banking operations and customer engagement.

The rise of AI, automation, and advanced analytics has enabled banks to deliver personalised services, improve risk management, and enhance operational efficiency. However, this digital transformation also introduces challenges such as cybersecurity threats, increased fraud risk, data privacy concerns, and competition from fintechs and tech-driven platforms.

Customers increasingly demand "always-on" digital channels that are secure, reliable, and intuitive. At the same time, regulatory scrutiny around data governance and cyber resilience has intensified, requiring banks to invest heavily in technology infrastructure and compliance frameworks.

Absa has proactively responded to the material matter of digital intelligence by investing significantly in advanced technologies, enhancing its digital infrastructure, and prioritising cybersecurity. The Bank has implemented robust AI-driven solutions to personalise customer engagement and streamline operations, while also strengthening data privacy controls to address regulatory expectations. In addition, Absa has fostered partnerships with fintechs to accelerate innovation and ensure that its digital offerings remain competitive and accessible, demonstrating a clear commitment to both customer needs and regulatory compliance.

What it means for Absa

Opportunities

- Expand digital channels to increase accessibility and convenience
- Leverage AI and data analytics for personalised customer experiences and predictive risk management
- Develop cybersecurity capabilities to safeguard customer trust
- Collaborate with fintech's to accelerate innovation and broaden service offerings

Principal risks affected

Strategic and operational risk | Cybersecurity and data privacy risk | Market risk | Reputational risk

Possible business model impacts and effects on capitals

Financial capital

- ↓ Volatile capital flows may impact funding costs and profitability; proactive liquidity management ensures resilience
- ↑ Need for specialised treasury and risk management expertise
- ↑ Enhanced engagement with regulators and investors to maintain trust
- ↑ Development of advanced liquidity forecasting models and digital solutions
- = Core funding structure and capital adequacy remain unchanged.

Manufactured capital

- ↑ Investment in infrastructure and technology enhances operational efficiency
- ↓ Deterioration of assets may lead to increased maintenance costs and possible disruptions
- ↑ Automation and smart systems improve productivity and reduce errors
- = Major production capacities and asset footprints remain unchanged.

Intellectual capital

- ↑ Strong research and development efforts foster innovation and competitive advantage
- ↑ Robust data management enables better decision-making
- ↓ Knowledge loss due to turnover or insufficient training can hinder progress
- = Key intellectual property assets and innovation partnerships remain unchanged.

Human capital

- ↑ Convergence of human and machine withinthe workplace and morale
- ↑ Implementation of AI tools to drive productivity performance
- ↑ Continued upskilling of employees on data, digital and AI.

Social and relationship capital

- ↑ Strong stakeholder engagement builds trust and enhances reputation
- ↓ Negative public perception or loss of key partnerships may affect growth
- ↑ Collaboration with communities and industry creates shared value
- = Long-term strategic relationships with key partners remain unchanged.

Natural capital

- ↓ Resource depletion and environmental impacts pose long-term risks
- ↑ Sustainable sourcing and conservation initiatives foster resilience
- ↑ Adoption of eco-friendly practices improves regulatory alignment and public perception
- = Core environmental stewardship initiatives and compliance status remain unchanged.

Our material matters continued

Scorecard metrics affected

- Growth in digitally active clients
- Return on equity (RoE)
- Cost-to-income ratio (CTI).

Other metrics affected *(value over time)*

- Digital channel availability
- Service uptime
- Severity 1 and 2 incident frequency.

Value to others

- **Clients:** Secure, convenient, and personalised banking experiences
- **Investors:** Competitive advantage through digital leadership
- **Employees:** Opportunities for upskilling and career growth in tech roles
- **Regulators:** Compliance with cybersecurity and data governance standards
- **Society:** Broader financial inclusion through digital platforms.

Stakeholders impacted

Investors | Clients | Employees | Regulators | Society

SDGs impacted

SDG 8 SDG 9 SDG 10

Links to strategic pillars

- A digitally powered business
- A market leader in Business Banking
- A trusted brand driving a sustainable future.

Our material matters continued

Evolving workplace

The 2025 Human Capital Strategy had deliberate emphasis on productivity, leadership depth, workforce resilience, and future-ready capability. At the core of the year's delivery was Talent and Skills Development, where focused actions were taken to close critical capability gaps through the development of core, power, and future skills.

This positioned the workforce to support sustainable business performance into the future. Leadership bench strength was deliberately fortified through structured succession development and enhanced people manager capability, supported by continued rollout of leadership and manager curricula. These interventions materially reduced succession risk while improving readiness for elevated leadership accountability within the business.

Significant progress was also made in strengthening Inspirational Leadership and Inclusion. Leadership role-modelling initiatives including trust-based leadership interventions and executive mentoring engagements reinforced accountability, visibility, and cultural alignment. The Diversity and Inclusion agenda continued to gain momentum, with targeted focus on women, colleagues under 35, and persons with disabilities, ensuring leadership and talent pipelines increasingly reflect the markets and communities we serve.

Employee wellbeing and resilience remained a strategic priority throughout 2025. Through the integrated colleague wellness offering, encompassing financial, mental, physical, and social wellbeing, the organisation reinforced sustained performance while mitigating burnout and disengagement risks.

The year also saw continued refinement of the Employee Value Proposition and People Experience, with deliberate efforts to embed purpose and values across the employee lifecycle. Recognition culture was elevated through structured recognition platforms and country-wide events, while refreshed performance management practices reinforced values-based outcomes. Operationally, improvements to Workday adoption, service excellence, governance controls, and process automation contributed to improved employee experience and productivity efficiencies. The operationalisation of the Innovation Framework and an internally built platform, reinforced a culture of responsiveness and continuous improvement key enablers of productivity and efficiency in a dynamic operating environment.

Externally, this sustained focus on employee experience and culture was validated through the attainment of Top Employer Certification for the fourth consecutive year, reinforcing the organisation's position as an Employer of Choice in Kenya.

What it means for Absa

Opportunities

- Position Absa as an employer of choice through robust wellness programmes and inclusive culture
- Invest in upskilling and reskilling to build digital and leadership capabilities
- Enhance employee engagement through meaningful work and recognition programmes
- Leverage hybrid work models to attract diverse talent and optimise productivity.

Principal risks affected

Strategic and operational risk | Talent acquisition and retention risk | Reputational risk

Possible business model impacts and effects on capitals

Financial capital

- ↑ Increased investment in talent development and wellness programmes drives long-term productivity gains
- ↑ Deployment of digital tools supports remote and hybrid work, optimising operational costs
- ↓ Short-term rise in expenditure on modern technologies and employee initiatives may pressure margins
- ↑ Enhanced skills and engagement contribute to improved financial performance
- ↓ Risk of attrition if employee expectations are unmet may lead to increased recruitment costs
- = Core funding structures and financial reporting remain unchanged.

Manufactured capital

- ↑ Adoption of digital infrastructure and platforms enhances operational efficiency and flexibility
- ↑ Remote and hybrid work models reduce reliance on physical office space, optimising asset use
- ↓ Potential underutilisation of existing physical assets may require repurposing or rationalisation
- = Core IT and facilities management capacities remain consistent.

Intellectual capital

- ↑ Development of innovative HR practices and learning platforms fosters continuous improvement
- ↑ Enhanced knowledge management through digital tools and collaborative platforms
- ↓ Risk of knowledge loss if engagement declines or key talent departs
- = Core intellectual property and proprietary processes remain protected.

Human capital

- ↑ Stronger employer brand and stakeholder trust from diversity and inclusion initiatives
- ↑ Inspirational leadership to navigate the dynamic workplace
- ↓ Risk of attrition if evolving employee value preposition are not met
- ↑ Driving higher engagement grounded on purpose and values.

Our material matters continued

Social and relationship capital

- ↑ Stronger employer brand and stakeholder trust via inclusive culture and wellness focus
- ↑ Improved collaboration and engagement across diverse teams through digital connectivity
- ↓ Potential challenges in maintaining deep relationships due to reduction in-person interaction
- = Core external partnerships and regulatory engagements remain robust.

Natural capital

- ↑ Reduced carbon footprint through remote work and digital collaboration
- ↑ Greater emphasis on sustainability initiatives linked to workplace transformation
- ↓ Increased energy use from expanded digital infrastructure may offset some gains
- = Core environmental stewardship principles and compliance remain unchanged.

Scorecard metrics affected

- Colleague experience index
- Participation rate in learning programmes
- Job satisfaction.

Other metrics affected *(value over time)*

- Employer advocacy
- Colleague sentiment
- Retention rates.

Value to others

- **Investors:** Improved resilience and diversified revenue streams
- **Clients:** Affordable credit and tailored financial solutions
- **Employees:** A purpose led organisation
- **Regulators:** Compliance with monetary policy and risk management standards
- **Society:** Increased financial inclusion and economic empowerment.

Stakeholders impacted

Investors | Clients | Employees | Regulators | Society

SDGs impacted

SDG 3 | SDG 4 | SDG 8 | SDG 10 | SDG 16

Links to strategic pillars

- A home of talent and diversity
- A digitally powered business
- A trusted brand driving a sustainable future.

Our material matters continued

Regulatory environment

In 2025, the regulatory landscape remained dynamic and increasingly complex. Authorities heightened compliance requirements to address emerging risks such as cybersecurity, data privacy, climate-related disclosures, and anti-money laundering (AML) obligations.

The introduction of KESONIA , the CBK Climate Risk Disclosure Framework for the banking sector and the Data Protection Amendment Bill 2025 reinforced the need for robust governance, operational resilience, and transparent reporting. Banks are expected to adopt global standards such as IFRS S1 and S2 for sustainability disclosures, while also meeting local compliance mandates. These changes demand significant investment in compliance systems, training, and risk management frameworks.

Absa responded proactively to the evolving regulatory environment by implementing comprehensive compliance programmes and investing in advanced risk management systems. The Bank prioritised ongoing staff training to ensure heightened awareness of new regulations, such as the Data Protection Amendment Bill 2025 and global sustainability disclosure standards like IFRS S1 and S2. Additionally, Absa strengthened its governance frameworks, enhanced cybersecurity protocols, and engaged collaboratively with regulators to anticipate and address emerging risks, reinforcing its commitment to operational resilience and transparent reporting.

What it means for Absa

Opportunities

- Strengthen investor confidence through enhanced transparency and governance
- Position Absa as an industry leader in compliance and ethical banking
- Collaborate with regulators to shape policy and advocate for balanced frameworks
- Develop regulatory technology (RegTech) solutions to streamline compliance processes.

Principal risks affected

Strategic and operational risk | Compliance risk | Reputational risk | Market risk

Possible business model impacts and effects on capitals

Financial capital

- ↓ Increased compliance costs and potential penalties for non-compliance may pressure profitability; proactive cost management is essential to maintain competitive margins
- ↑ Investment in systems and infrastructure for regulatory reporting enhances operational resilience and transparency
- ↑ Need for specialised compliance and legal expertise drives long-term value through effective risk mitigation
- ↑ Stronger trust with regulators and stakeholders through proactive compliance supports stable capital flows and investor confidence
- ↑ Development of advanced compliance frameworks and RegTech solutions improves reporting efficiency and risk oversight
- ↑ Integration of climate-related compliance into lending and investment decisions positions the Bank for sustainable growth and regulatory alignment
- = Core funding structure and capital adequacy remain unchanged.

Manufactured capital

- ↑ Investment in compliance-related infrastructure and technology, such as secure data centres and reporting platforms, enhances operational efficiency and resilience
- ↓ Ageing legacy systems or delayed upgrades may increase maintenance costs and risk of disruptions
- ↑ Automation and RegTech solutions streamline compliance workflows, reducing manual errors and administrative burden
- = Major production capacities and physical asset footprints remain unchanged.

Intellectual capital

- ↑ Ongoing staff training and development of compliance expertise foster innovation in risk management and regulatory response
- ↑ Robust data governance and reporting capabilities enable better decision-making and real-time compliance monitoring
- ↓ Loss of experienced compliance professionals or insufficient training can impede effective regulatory adherence and knowledge transfer
- = Key intellectual property assets, such as proprietary compliance frameworks and collaboration with regulatory bodies, remain unchanged.

Human capital

- ↑ Continuous compliance training and regulatory awareness
- ↑ High retention of compliance and legal talent
- ↑ Emphasis on diversity, inclusion, and ethical culture strengthens team dynamics and organisational resilience in a complex regulatory environment
- ↑ Higher standards of service delivery
- ↑ Continued focus on Absa Way.

Social and relationship capital

- ↑ Active engagement with regulators, investors, and industry peers builds trust and enhances the Bank's reputation for integrity and transparency
- ↓ Negative public perception or regulatory censure arising from compliance lapses can affect stakeholder relationships and growth prospects
- ↑ Collaboration with communities and industry groups on compliance best practices drives shared value and sector-wide improvements
- = Long-term strategic relationships with key partners remain unchanged.

Our regulatory environment continued

Possible business model impacts and effects on capitals

Natural capital

- ↓ Increased regulatory focus on climate-related disclosures and sustainable finance heightens the risk of resource depletion and environmental impacts if not addressed
- ↑ Adoption of sustainable sourcing, conservation initiatives, and climate risk integration into business decisions supports resilience and regulatory compliance
- ↑ Implementation of eco-friendly practices and transparent reporting enhances public perception and alignment with evolving environmental regulations
- = Core environmental stewardship initiatives and compliance status remain unchanged.

Scorecard metrics affected

- Cost-to-Income Ratio (CTI)
- RoE
- Operational Risk Losses

Other metrics affected *(value over time)*

- Equity
- Compliance audit scores
- Total operational risk incidents.

Value to others

- **Investors:** Assurance of sound governance and risk management
- **Clients:** Protection through robust compliance standards
- **Employees:** Enhanced servcie delivery
- **Regulators**: Alignment with global and local regulatory frameworks
- **Society:** Contribution to financial system stability and ethical practices.

Stakeholders impacted

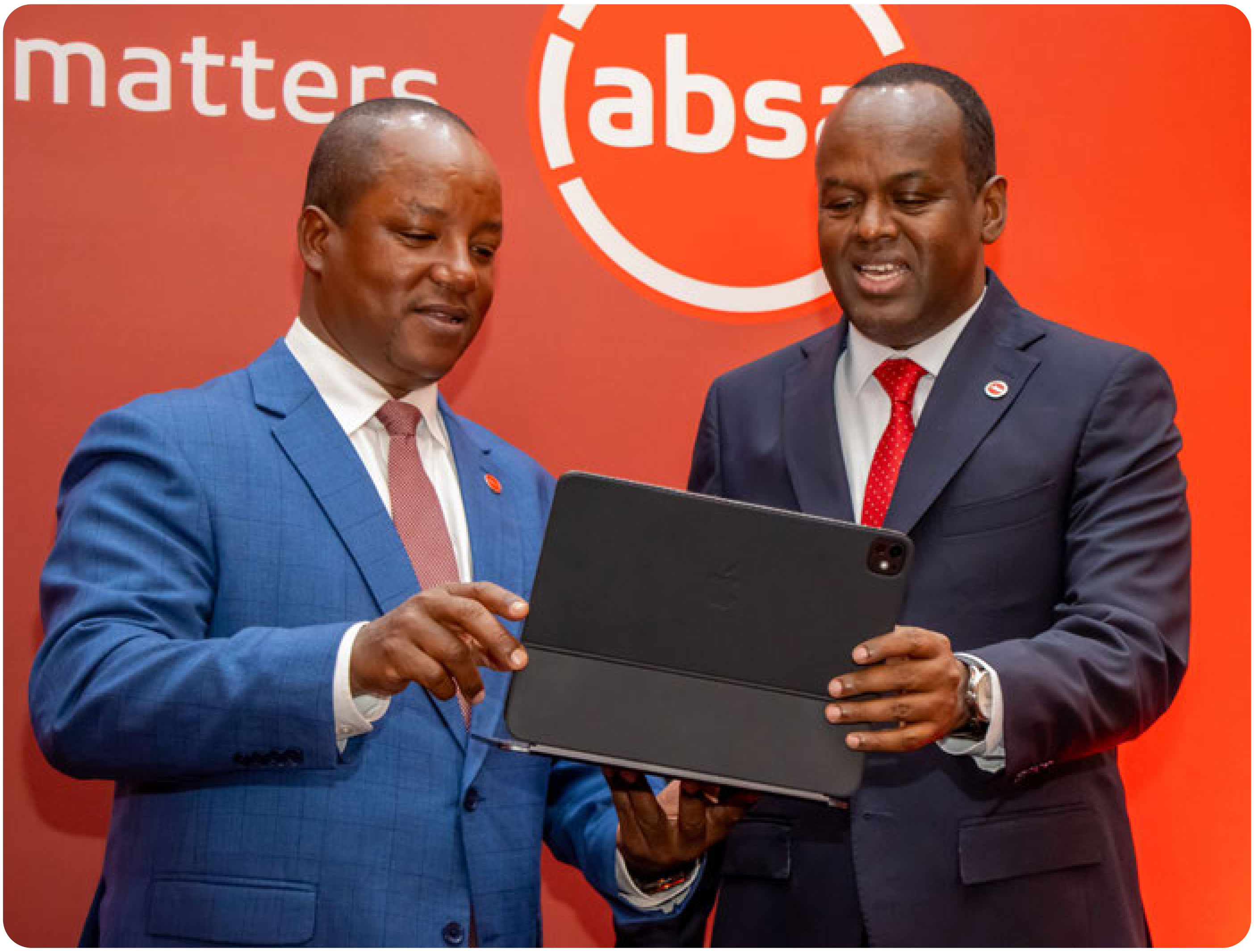
Investors | Clients | Employees | Regulators | Society

SDGs impacted

SDG 16

Links to strategic pillars

- A trusted brand driving a sustainable future
- A modern-day consumer financial services business
- A digitally powered business.



Our material matters continued

Climate change and just transition

Climate change remains one of the most pressing global challenges, and Kenya is highly vulnerable to its impacts despite contributing less than 4% of global carbon emissions.

Extreme weather events such as floods and droughts continue to disrupt livelihoods, infrastructure, and food security. At COP30, commitments to climate finance and carbon markets were reinforced, with a target of USD 1.3 trillion per year by 2035 for climate action for developing countries and operationalisation of carbon crediting mechanisms.

For financial institutions, climate risk is now a core regulatory and strategic priority. Banks are expected to integrate ESG principles, adopt IFRS S1 and S2 sustainability standards, and mobilise financing for green projects. Failure to act could result in reputational damage, regulatory penalties, and missed growth opportunities.

Absa responded proactively to the material matter of climate change and just transition by embedding climate risk management into its core governance and strategy. The organisation accelerated the adoption of international sustainability standards, including IFRS S1 and S2, and strengthened its ESG integration across decision-making processes. Absa also scaled up its sustainable finance offerings, supporting clients in their transition to low-carbon operations and investing in climate-smart solutions, such as green loans and renewable energy financing. These efforts not only align with global regulatory expectations but also reinforce Absa's commitment to supporting a resilient, inclusive economy while enhancing stakeholder trust and brand reputation.

What it means for Absa

Opportunities

- Lead in sustainability-linked financing and green loans
- Support clients' transition to low-carbon operations through advisory and funding
- Develop climate-smart agriculture and renewable energy financing propositions
- Enhance brand reputation as a responsible financial institution

Principal risks affected

Credit risk | Capital and liquidity risk | Strategic and sustainability risk | Operational and resilience risk | Compliance risk

Possible business model impacts and effects on capitals

Financial capital

- ↓ Volatile capital flows may impact funding costs and profitability; proactive liquidity management ensures resilience
- ↑ Increased reliance on digital treasury platforms for real-time liquidity monitoring
- ↑ Need for specialised treasury and risk management expertise
- ↑ Enhanced engagement with regulators and investors to maintain trust
- ↑ Development of advanced liquidity forecasting models and digital solutions
- = Core funding structure and capital adequacy remain unchanged

Manufactured capital

- ↑ Investment in infrastructure and technology enhances operational efficiency
- ↓ Deterioration of assets may lead to increased maintenance costs and possible disruptions
- ↑ Automation and smart systems improve productivity and reduce errors
- = Major production capacities and asset footprints remain unchanged.

Intellectual capital

- ↑ Strong research and development efforts foster innovation and competitive advantage
- ↑ Robust data management enables better decision-making.
- ↓ Knowledge loss due to turnover or insufficient training can hinder progress
- = Key intellectual property assets and innovation partnerships remain unchanged.

Human capital

- ↑ Up skilling all employees on sustainable finance
- ↑ Professional qualifications for select employees on the sustainability and climate agenda
- ↑ Onboarding of new and emerging talent in ESG

Social and relationship capital

- ↑ Strong stakeholder engagement builds trust and reputation
- ↓ Negative public perception or loss of key partnerships can affect growth
- ↑ Collaboration with communities and industry enhances shared value creation
- = Long-term strategic relationships with key partners remain unchanged.

Natural capital

- ↓ Resource depletion and environmental impacts pose long-term risks
- ↑ Sustainable sourcing and conservation initiatives support resilience
- ↑ Adoption of eco-friendly practices improves regulatory alignment and public perception
- = Core environmental stewardship initiatives and compliance status remain unchanged.

Our material matters continued

Scorecard metrics affected

- Sustainability-linked financing volumes
- Scope 1, 2, and 3 emissions
- RoE.

Other metrics affected *(value over time)*

- Climate finance mobilised
- Energy consumption reduction
- ESG disclosure compliance.

Value to others

- **Investors:** Access to ESG-compliant investment opportunities
- **Clients:** Support for transition pathways and resilience
- Regulators: Alignment with climate-related disclosure standards
- **Society:** Contribution to environmental sustainability and social equity
- **Planet:** Reduced carbon footprint and improved resource efficiency.

Stakeholders impacted

Investors | Clients | Employees | Regulators | Society

SDGs impacted

SDG 7 | SDG 12 | SDG 13

Links to strategic pillars

- A trusted brand driving a sustainable future.
- A digitally powered business.
- An active force for good in everything we do.

Stakeholders' needs and expectations

Absa Bank Kenya's journey toward value creation has been shaped by our commitment to building strong, meaningful relationships with stakeholders. By actively listening and responding to the needs and expectations of clients, employees, and partners, Absa Bank Kenya has fostered an environment built on trust, innovation, and shared values. Through a culture that encourages open communication and collaboration, the Bank not only drives value but continuously elevated stakeholder experiences, leading to deeper and more enduring engagement across every touchpoint.

Employees

Who they are

- 2 217 employees
- 52% women and 48% men

Needs and expectations

- A safe workplace with holistic wellness considerations
- Fair compensation and employment terms
- Equitable growth opportunities
- Development for current and future roles
- Ongoing skills development, including preparation for future competencies
- Seamless human capital systems
- Supportive hybrid work policies and practices
- Responsiveness to customer concerns related to digital channel features and capabilities
- Collaborative working relationships with peers and team leaders.

Strategic response / value proposition

We cultivate an environment that empowers all employees to realise their potential and deliver outstanding results for colleagues and customers by:

- Building a purpose-led culture
- Curating personalized learning experinces that lead to career growth
- Embedding a responsive remu neration framework
- Empathetic leadership
- Offering comprehensive wellness programmes.

Metrics to measure performance

- Participation rate: 92%
- Colleague experience index: 72.2%
- Job satisfaction: 8.1
- Employer advocacy: + 36.6%
- Training investment: Shs 120 million
- Diversity and inclusion initiatives.

Relevant material matters

- Evolving workplace.

Capital impacted

- Human,
- Intellectual,
- Social, and
- Relationship capital.

Quality of relationship

Employee experience score for 2025: 72.2%.

Stakeholders' needs and expectations continued

Customers

Who they are

- **Individuals:** Ranging from entry-level to high net-worth clients across all age groups
- **Businesses:** Including sole proprietors, SMEs, large corporations, and multinationals
- **Public sector:** Encompassing local, county and national government, as well as state-owned enterprises
- **Other legal entities:** Such as development finance and financial institutions, non-profits, trusts, other governmental bodies and associations.

Needs and expectations

- Prompt updates and responsive feedback mechanisms
- Convenient, secure, and easily accessible banking channels
- User-friendly technological interfaces
- Robust safeguards for the security of financial resources and data privacy
- A reputable brand that instils confidence and reliability
- Innovative, diverse, and relevant banking services and solutions
- High-quality customer service, including swift resolution of concerns
- Reliable systems with high uptime and multi-channel transaction capability
- Efficient and streamlined credit processes.

Strategic response / value proposition

We offer innovative propositions, channels, and technologies designed to empower customers in achieving their financial objectives and managing wealth effectively. This approach enables:

- Enhanced access to financial services and participation in local, regional, and global markets
- Stronger relationships with customers via a life-stage or ecosystem model
- An extensive network combining physical branches, call centres, digital platforms, and strategic partners
- Robust protection of data privacy and strengthened cybersecurity through advanced technology and stringent data governance
- Delivery of intuitive and accessible banking technology.

Metrics to measure performance

- Customer Experience Index – Consumer Banking: 110%
- Customer Experience Index – Business Banking: 107%
- Net Promoter Score – Consumer Banking: 50%
- Net Promoter Score – Business Banking: 43%
- Composite Score – Consumer Banking: 86%
- Composite Score – Business Banking: 79%.

Relevant material matters

- Economic volatility and country/sovereign risk
- Digital intelligence
- Social context.

Capital impacted

- Intellectual,
- Manufactured,
- Social/relationship, and
- Natural capital.

Quality of relationship

Treating Customers Fairly Score: Consumer Banking: 87% | Business Banking: 85%.

Stakeholders' needs and expectations continued

Regulators

Who they are

- Central Bank of Kenya (CBK)
- South Africa Reserve Bank
- Capital Markets Authority
- Insurance Regulatory Authority
- Financial Reporting Centre
- Nairobi Securities Exchange
- Unclaimed Financial Assets Authority
- Retirement Benefits Authority
- Central Depository and Settlement Corporation
- Competition Authority of Kenya
- Office of the Data Protection Commissioner.

Needs and expectations

- Compliance with all applicable laws and regulations to support financial system stability, including financial soundness and fair treatment of customers
- Responsiveness to regulatory changes
- Maintenance of ethical business conduct and work environment
- Alignment with governmental development plans, national priorities, and tax obligations
- Advancement of sustainable finance practices and climate change responsiveness
- Adherence to regulatory and legislative requirements.

Strategic response / value proposition

- Facilitate an environment that supports sustainable growth by engaging with regulators and contributing to policy formation and regulation development
- Implementation of a comprehensive regulatory change management program
- Support responsible banking through thorough due diligence procedures.

Metrics to measure performance

- Total capital adequacy ratio is 21% compared to a regulatory limit of 15%
- Liquidity reserve position is 46% versus a regulatory limit of 20%
- 2 217 employees trained on fraud prevention and ethical conduct
- Full compliance with legal and regulatory obligations
- Shs 0 penalties paid.

Relevant material matters

- Capital flows and liquidity management
- Regulatory environment
- Climate change and just transition.

Capital impacted

- Financial
- Intellectual
- Social and relationship.

Stakeholders' needs and expectations continued

Society

Who they are

- Individual citizens
- Communities
- Civil society and non-governmental organisations
- Media
- Suppliers.

Needs and expectations

- Active participation in socio-economic initiatives
- Support for national and local development plans (including UN SDGs and global ESG frameworks)
- Assistance with community projects where we operate
- Efforts to enhance local economic growth, employment, and financial literacy
- Focus on women, youth, and SMEs
- Timely provision of material information and responses to inquiries.

Strategic response / value proposition

- Commitment to inclusive, sustainable economic growth
- Offering socially impactful products and services
- Supporting national development priorities
- Advancing youth skills for future employment
- Promoting financial inclusion and responsible supply chains
- Generating economic value and providing timely feedback.

Metrics to measure performance

- Shs 145 million spend on community impact and investment
- Shs 7.8 billion spend on local procurement
- 37 930 youth trained under ReadytoWork in 2025
- 283 969 trees planted.

Relevant material matters

- Economic volatility, social context, climate change.

Capital impacted

- Financial,
- Intellectual,
- Social/relationship capital.

Stakeholders' needs and expectations continued

The planet

Who they are

- The natural resources on which we, our stakeholders and future generations depend.

Needs and expectations

Understanding the intersect between the business and the needs of the planet and society to ensure:

- Comprehensive climate change response
- Proactive management of the environmental and societal aspects that can influence the approach to our lending practices and management of our operational footprint
- Mobilising funds to support the just transition to a low-carbon economy and support for other environmental priorities such as a circular economy and responsible consumption.

Strategic response / value proposition

We seek to address climate change and play an active role in minimising pressure on nature's resources by:

- Committing to achieving a net zero state for scope 1, 2 and 3 emissions by 2050
- Supporting clients in responsible consumption and the transition to a low-carbon economy
- Advancing our environmental and social risk management practices and capabilities in climate risk management
- Minimising our direct environmental impacts.

Metrics to measure performance

- Reduction in energy consumption
- Carbon footprint reduction
- Carbon footprint in tCO_2
- Number of EDGE certified premises
- Amount issued in Sustainable finance.

Relevant material matters

- Social context
- Climate change and just transition.

Capital impacted

- Financial
- Social and relationship
- Natural.

Our stakeholders' needs and expectations continued

Value created for stakeholders

In 2025, Absa Bank Kenya continued to deliver significant value to its stakeholders across multiple dimensions.

Employee wages and benefits remained a major component of stakeholder value, covering total payroll, employee taxes to government, levies, unemployment fund, pensions, insurance, fleet, and private health, as well as other employee support such as housing, interest-free loans, public transport assistance, and educational grants (excluding training costs). In 2023, this amounted to Shs 11.9 billion, while in 2024 it stood at Shs 11.3 billion, and in 2025 it was Shs 13.8 billion.

Payments to providers of capital included dividends to all shareholders and interest payments made to providers of loans across all forms of debt and borrowings. These payments totalled Shs 8.4 billion in 2023 and Shs 9.5 billion in 2024, with Shs 11.1 billion disbursed in 2025.

Payments to government comprised all corporate taxes and related penalties paid at international, national, and local levels. The organisation paid Shs 16.2 billion in 2023 and Shs 11.5 billion in 2024, with Shs 16 billion paid in 2025.

Community impact and investment reflected voluntary donations and funds invested in broader community initiatives, including contributions to charities, NGOs, government and research institutes, scholarships, and CSR partnerships. This amounted to Shs 150 million in 2023 and Shs 107 million in 2024, with Shs 145 million being invested in 2025.

Total capital financing, representing loans disbursed to businesses, individuals, government parastatals, agencies, NGOs, and groups (via digital platforms), reached Shs 335.7 billion in 2023 and Shs 309 billion in 2024, with Shs 312.2 billion deployed in 2025.

Green investment, focused on climate finance initiatives such as renewable energy, energy efficiency, green buildings, and climate-smart agriculture, totalled Shs 26.9 billion in 2023, Shs 4 billion in 2024, and Shs 6.5 billion in 2025.

Local procurement, which covers the purchase of goods and services from domestic suppliers, amounted to Shs 4.5 billion in 2023, Shs 6.8 billion in 2024, and Shs 7.8 billion in 2025.

Risk management

Absa Bank Kenya encounters both internal and external risks as part of its ongoing operations aimed at generating value for stakeholders; managing these risks is an essential component of strategy execution. These risks are addressed by aligning risk appetite with operating conditions, fostering a culture that is mindful of risk throughout the Bank, and consistently improving risk management practices.

Risk management overview

Absa integrates its core purpose, strategy, business model, performance, and approach to sustainable development with its value creation efforts. Risk management and oversight play a significant role in meeting organisational objectives.

The Bank systematically identifies and evaluates risks and opportunities from both internal and external sources and monitors emerging risks. To facilitate effective risk management, Absa Bank Kenya utilises the following measures:

a. Recognition of the significance of maintaining a strong risk culture as part of the overall organisational culture
b. Comprehensive analysis of principal risks, establishing clear ownership and accountability for thorough risk coverage across the Bank
c. An integrated risk management operating model supported by relevant practices, tools, and techniques aligned with the Bank's strategy
d. A defined risk governance framework featuring clear escalation channels and Board-level supervision
e. A combined assurance model incorporating independent control functions and clearly assigned responsibility for managing and monitoring assurance activities
f. Structured processes for assessing, addressing, and tracking risks.

Current risk management priorities

The Bank expects continuing challenges and is focused on effective risk, liquidity, and capital management. Key actions include:

- Maintaining strong capital ratios above regulatory minimums to support growth and shareholder value
- Expanding and diversifying funding sources while managing costs
- Ensuring credit portfolio diversity aligned with strategic goals
- Proactively monitoring macroeconomic, political, and regulatory changes, using stress testing to assess potential impacts
- Enhancing controls, efficiency, and resilience through improved platforms and digital tools
- Collaborating with regulators and stakeholders on new and developing regulations
- Developing climate action standards to guide the Bank on how to address climate-related risks and opportunities

Risk management approach

The Bank's framework provides consistent, accountable oversight within Board-approved risk appetite. Risks are systematically identified, assessed, addressed, and monitored for effectiveness and impact.

Risk appetite

The Bank's strategy is set within the parameters of an agreed risk appetite. It is developed alongside the Group's strategy. The risk appetite defines the nature and amount of the risk that the Bank and Group is willing to take to achieve strategic objectives.

Risk management

The Bank's approach to managing risks is outlined in the Enterprise Risk Management Framework (ERMF). The following foundations underpin the ERMF:

1. A robust and consistent governance structure at Group, country and business level.
2. Well-defined material risk categories known as principal risks.
3. A 'three lines of defence' model with clear accountability for overseeing and managing risk.
4. A comprehensive process to evaluate , respond to and monitor risks.
5. A robust risk operating model that provides clear roles and responsibilities.

8 principal risks

Financial risks

Non-financial risks

Financial and non-financial risks

Risk operating model

The bank applies a 'three lines of defence ' model to govern risk across all businesses and functions.

1st line
Process and control owners in customer-facing segments and Bank functions who are responsible for managing end-to-end risks and controls in their businesses.

2nd line
Independent risk, compliance and control functions who formulate risk and control policies, and review the 1st line adherence to these.

3rd line
Internal audit function tests and reviews controls to determine that the 1st and 2nd lines execute their responsibilities effectively and consistently.

Evaluate, respond, monitor

Evaluate
Individuals, teams and departments, including those responsible for delivering the objective under review, identify and assess potential risks.

Respond
The appropriate risk responses ensure that the risks are managed within the risk appetite. These include: risk mitigation risk transfer and ceasing certain activities.

Monitor
Ensure that risk profiles remain within agreed appetite levels, verify that controls are working as intended, and challenge or promote re-evaluation of the risks.

Risk appetite

Our strategy is executed within the boundaries of an agreed risk appetite, developed in alignment with the Group's overall strategy. Risk appetite defines the nature and magnitude of risk the Bank and Group are willing to assume in pursuit of strategic objectives. It ensures that risk-taking is balanced with sustainable value creation.

Enterprise Risk Management Framework (ERMF)

The Bank's approach to managing risk is anchored in the Enterprise Risk Management Framework (ERMF), which provides a structured, consistent, and proactive methodology for identifying, assessing, and mitigating risks across all business units. Key foundations of the ERMF include:

1. Robust governance structure

Clear oversight at Group, country, and business levels ensures accountability and transparency.

2. Defined principal risk categories

Risks are classified into Financial (Credit, Market, Capital and Liquidity, Insurance, Model) and Non-Financial (Operational and Resilience, Compliance, Strategic and Sustainability).

3. Three lines of defence model

a. 1st line: Business units own and manage risks within their operations.

b. 2nd line: Independent risk, compliance, and control functions provide oversight and challenge.

c. 3rd line: Internal audit offers independent assurance on risk management effectiveness.

4. Comprehensive risk process

Evaluate, respond, and monitor risks through structured frameworks and tools.

a. Evaluate: Identify risks, assess potential impact, and determine exposure levels.

b. Respond: Implement appropriate mitigation strategies aligned with risk appetite.

c. Monitor: Continuously track risk indicators, review controls, and adapt strategies to emerging threats.

5. Clear roles and responsibilities

A robust operating model ensures accountability for risk governance across all levels.

Principal risks faced by the Bank in 2025

While macro conditions improved relative to prior stress periods, the Bank operated in a structurally complex environment characterised by sovereign transmission risk, margin pressure, competitive growth dynamics, evolving regulation and heightened digital threats.

Sovereign and macroeconomic risk

Kenya's macroeconomic environment improved during 2025, supported by easing monetary policy and exchange rate stability. However, sovereign risk remains the Bank's primary extreme downside exposure due to its potential to reprice rapidly and transmit non-linearly through government yields, liquidity conditions and investor sentiment. Fiscal slippage, refinancing pressure or deterioration in capital flows could result in mark-to-market volatility within Treasury portfolios, higher funding costs and crowding-out of private sector credit.

Margin compression and reinvestment risk

The Central Bank of Kenya entered a firm rate-cutting cycle, stimulating borrowing across retail and SME segments. While this supported credit demand, it introduced margin compression and reinvestment risk as maturing assets were replaced at lower yields. Competitive intensity among Tier 1 banks increased pricing pressure, particularly in secured lending segments, creating risk of earnings dilution if not carefully managed.

Sectoral vulnerability and competitive capital deployment risk

Lower interest rates stimulated credit demand in 2025; however, structural fragilities remained in SMEs, agriculture, and donor-linked value chains. The withdrawal of USAID funding highlighted the speed at which external shocks can transmit through supply chains and impair borrower liquidity. Heightened competition increased pressure to deploy capital, reinforcing the need for disciplined credit selection and pricing across the industry.

Operational, cyber and resilience risk

Accelerated digital adoption increased exposure to cyber threats and fraud. Sophisticated typologies, including account takeovers and social engineering, elevated financial and operational risk. Greater ecosystem integration and third-party dependencies added complexity to resilience management, while legacy infrastructure required continued strengthening to support system stability and service continuity.

Regulatory and compliance risk

The regulatory landscape evolved materially in 2025. Developments included the revised Risk-Based Credit Pricing Model, KESONIA implementation, the Data Protection Amendment Bill, enhanced AML/CTF requirements, and revised CBK penalty frameworks. These changes reflect heightened supervisory expectations across financial crime prevention, consumer protection, beneficial ownership transparency, and data governance, requiring continuous monitoring and adaptation.

Risk management continued

Climate and sustainability risk

Sustainability expectations intensified during the year, following the rollout of the Central Bank of Kenya's Climate Risk Disclosure Framework and the Kenya Green Finance Taxonomy. Global standards such as IFRS S1 and S2 continue to shape disclosure requirements. Physical climate risks remain relevant for agriculture-linked exposures, while transition risks influence portfolio strategy and long-term risk appetite calibration.

Geopolitical and external environment risk

Global geopolitical uncertainty and evolving capital flow dynamics remain external risks. Shifts in U.S. policy and rising protectionism may affect investor sentiment, FX stability and cross-border funding conditions in emerging markets, including Kenya, representing a latent but potentially amplifying risk.

Management response

Management maintained disciplined oversight through constant monitoring and an agile approach to balance sheet positioning. Strong liquidity and capital buffers were preserved, risk appetite frameworks were actively managed, and exposures were diversified across products and sectors. The Bank continued to support customers while maintaining prudent underwriting standards.

Management continued to prioritise cybersecurity, fraud analytics, and infrastructure modernisation in 2025. As digital volumes increased, the Bank scaled AI-powered fraud detection and embedded data-driven risk analytics to enhance early warning capability, while rolling out customer awareness campaigns and internal AML sensitisation training to counter rising social engineering and financial crime risks. Regulatory compliance oversight was deepened to align with evolving standards, and strategic change programmes were governed through senior oversight and independent quality assurance to ensure disciplined execution. These actions reinforce the Bank's operational stability, protect stakeholder value, and position the franchise to navigate an increasingly complex risk environment.

Strengthening the base and repositioning for success

Reflections from the Managing Director and Chief Executive Officer

> *"Resilient performance, digital acceleration, strategic diversification, and a clear path to long term value creation."*

Abdi Mohamed, Managing Director and CEO

I am pleased to share an overview of the Bank's performance and strategic positioning in 2025, set against Kenya's evolving operating environment.

Our presence in Kenya since 1916 continues to inform how we serve our customers, contribute to economic activity, and build a platform for sustainable growth.

At the outset, I would like to thank our shareholders for their continued support and reaffirm our commitment to our purpose of empowering Africa's tomorrow, together, one story at a time, through tangible outcomes for our customers, stakeholders and the communities we serve.

Operating environment

Kenya's economy demonstrated resilience during the year despite global volatility. According to data from the Kenya National Bureau of Statistics, GDP growth stood at 4.7 percent in 2024 and strengthened to 4.9 percent in the first quarter of 2025, supported mainly by the services sector, agriculture, real estate, transport and financial services.

Monetary conditions also became more supportive. The Central Bank of Kenya adopted an accommodative policy posture, reducing the Central Bank Rate from 12.5 percent earlier in the year to 9.0 percent by December 2025. Inflation remained contained and the shilling stabilised, creating a more predictable environment for business activity, lending and investment.

The banking sector continued to play a critical role in supporting economic activity, adapting to a rapidly changing landscape shaped by digitisation, regulatory reform and evolving customer expectations. Advancements during the year included adoption of the ISO 20022 messaging standard, strengthening of the Fast Payment System and the licensing of Digital Credit Providers, all of which point to increased efficiency and innovation within the sector.

The introduction of the Kenya Green Finance Taxonomy and the Climate Risk Disclosure Framework further strengthened the foundations for sustainable finance. As a long standing participant in Kenya's financial system, we view these developments as an opportunity to contribute meaningfully to responsible growth while supporting national development priorities.

Strategy execution and performance

Our strategy remains focused on building a resilient, diversified and customer centred bank, supported by disciplined execution. During the year, we continued to strengthen our presence and relevance across Kenya. We expanded our network to 89 branches, complemented by a branch on the move and a service pod, and supported by 204 ATMs and 60 cash deposit machines. Our agency banking footprint doubled to over 8,000 outlets, significantly extending our reach.

At the same time, we invested in strengthening our digital channels, through Absa Internet Banking and mobile platforms to ensure customers can interact with us seamlessly across physical and digital touchpoints. Across all our businesses, we remain focused on delivering solutions that meet customers at different stages of their financial lives.

Overall, the Bank delivered a strong financial performance in 2025, with profits after tax closing at Shs 22.9 billion, representing year on year growth of 10 percent. Return on equity stood at 23 percent, reflecting efficient deployment of capital. Customer deposits increased to Shs 372 billion, while net customer loans reached Shs 312 billion, underscoring the confidence our customers continue to place in the franchise.

Asset quality pressures experienced across the industry required increased vigilance. We responded by strengthening our credit risk management framework while continuing to support customers through responsible lending.

We have strong momentum and will continue raising the bar

Momentum across our businesses continued to build, underpinned by the execution of our strategy. New and emerging business lines contributed 9.4 percent of total revenue, while growth in payments and transactional services lifted non-funded income to 28 percent of total income.

Reflections from the Managing Director and Chief Executive Officer continued

In Consumer Banking, continued investment in modernising capabilities delivered double digit revenue growth, with non funded income increasing by more than 20 percent. Profit before tax grew by over 50 percent, strengthening the diversification of earnings. Our asset management business doubled in size, achieving a top three position in money market funds, while digital finance revenues grew by 19 percent. Bancassurance maintained its position as the most profitable in the industry.

In Business Banking, we accelerated our ecosystem approach, anchored by 82 key clients nationally. We introduced the Business Credit Card to support SME cash flow needs and expanded our payments proposition, with SME Absa Pay transaction volumes growing by 267 percent.

We continued to execute a sector led growth strategy in Corporate and Investment Banking, focused on priority sectors that are driving Kenya's economic growth, including the public sector, financial institutions, trade, energy, telecoms and technology. As a result, we captured 7 percent market share in government payments, settling transactions totalling Shs 221 billion. Assets under custody reached Shs 67 billion following the relaunch of our custody business. Our investment banking franchise led landmark transactions, including the largest securitisation in Kenya's history. In Global Markets, we successfully facilitated the dual listing of the Satrix MSCI World ETF and achieved the number one position in foreign exchange with a 14.7% market share. This milestone reinforces Absa's position as the preferred home of FX in Kenya and across the region.

The execution of our strategic enablers also progressed well. Ninety four percent of transactions were processed through alternative channels, with 71 percent of corporate customers and 61 percent of consumer customers digitally enabled. Seventy one percent of processes are now automated, driving efficiency and improving service quality.

Our focus on reputation and sustainability strengthened market trust, with Absa maintaining its position as the most reputable financial institution while significantly increasing our brand consideration, strengthening our competitive position in an increasingly discerning market. Investments in people and culture continued, with the introduction of the Young Leaders' Council, and our recognition as a Top Employer for the fourth consecutive year.

Strategic priorities and outlook

The past year marked an important point in Absa's strategic journey. As we look ahead, we see clear opportunities for growth and remain focused on a disciplined set of strategic priorities that guide execution and investment decisions.

We are prioritising customer led growth by deepening our understanding of customer needs and strengthening relationship management to deliver more relevant, integrated and differentiated solutions across segments.

Operational discipline and efficiency remain central to how we run the Bank. We are simplifying processes, automating workflows and managing costs prudently to improve productivity, strengthen controls and enhance customer and employee experience.

Finally, we are pursuing new growth opportunities that position the Bank for the future. This includes continued investment in next generation digital platforms, embedded finance capabilities and a strengthened Affluent and Private Banking proposition, alongside strategic partnerships that extend our reach and competitiveness.

We remain attentive to global and regional uncertainties, driven by geopolitical tensions and climate-related risks, even as Kenya's macroeconomic fundamentals continue to provide a stable base for growth. Our strategic focus, disciplined execution and strong balance sheet equip us to navigate change effectively while continuing to support our customers, partners and broader stakeholders through different phases of the economic cycle.

Appreciation

I thank our Board for its guidance and oversight, our colleagues for their commitment, our customers for their trust, and our shareholders for their continued confidence. We remain well positioned to deliver sustained value for our shareholders and continue to contribute to the growth of Kenya's economy.

Abdi Mohamed
Managing Director andCEO

Digital transformation and technology innovation

Our ambition to expand market leadership is anchored on a key enabler: building a digitally powered Bank. This commitment has driven our sustained investments in modernising our technology infrastructure. Under our 2023–2027 strategic cycle, we continue to execute a comprehensive digital transformation programme targeting to distribute financial services, maximise our value offering for existing customers and attract new customers via offering digitally native holistic banking propositions leveraging Technology Best Practice, including but not limited to the principles, Cloud First, API First, Always Secure and more.

Our transformation is structured around three pillars:

Embedded finance

We are embedding financial services into everyday ecosystems through strategic partnerships. In 2025, we collaborated with strategic partners to drive our strategic focus on value creation to our customers. Through these partnerships, we have managed to power their ecosystems with traditional financial services capabilities such as instant short-term credit, insurance, and wealth offerings. Looking ahead to 2026, the Bank is expected to capitalise on strategic partnerships, which will likely result in increased onboarding activities.

Digitising the core

Digitising the Core is a central component of the Bank's strategy, and we have achieved considerable progress toward this goal. This initiative targets to modernising legacy systems to enhance, exponentially, the value offering to existing customers. Focus areas include but are not limited to enhanced operational efficiency, strengthening controls, simplifying access and improving customer experience.

In 2025, we reinforced our position as a leading Tier 1 Bank by enhancing our Corporate Clients Channel, introducing a revamped Absa Access Online with single sign-on capability and open APIs for seamless integration. These improvements have streamlined transaction experiences and strengthened our ecosystem banking model. We expanded our investment banking capability to cover M&A and investment management advisory, supported by global linkages across New York London, Beijing, and Dubai.

We have successfully re-platformed our Wealth Management business, creating a more agile and scalable foundation for future growth. Additionally, we enhanced pre-screening for digitally issued short-term loans, improving accessibility and reducing turnaround times for customers. These initiatives ensure that our core systems are future-ready and capable of supporting changing customer needs.

Security remains central to our digital transformation. We seek to protect our customers as they interact with us digitally. We continue to adopt new state of the art technologies to protect our estate and weave secure technologies within our digital offerings to protect our customers. Key in the year were fraud detection technologies, leveraging data, machine learning to pick up abnormal trends, device binding and multi factor authentication technologies when accessing the channels.

As we seek to enhance convenience to customers, we integrated Real Time Gross Settlement (RTGS) services into self-service digital channels, enabling customers to execute high-value transactions online without visiting branches. This migration has resulted in 90% of RTGS transactions now being processed digitally, significantly improving convenience for our customers and operational efficiency for the Bank.

We also embarked on ambitious automation initiative, where we managed to automate over 100 process and realised 80,000 hours of recovered productivity. These transformation progress underscores our focus on creating seamless experiences that meet evolving customer expectations.

We rejuvenated our diaspora banking proposition to make it more customer-centric and efficient. Enhancements include dedicated call lines at the contact centre, a specialised email channel for transaction instructions, and customised data spooling capabilities for faster processing. These changes ensure seamless service delivery for our diaspora customers.

To enhance customer experience and operational efficiency, we have developed an in-house solution for automated account statement distribution. This innovation eliminates reliance on third-party vendors, ensures faster delivery, and has already generated cost savings for the Bank.

We maintained our position as a market leader in Islamic Banking by introducing three Sharia-compliant products:

- Sharia-compliant Credit Cards
- Sharia-compliant Timiza
- Sharia-compliant Sultana solutions

These offerings reinforce our commitment to serving diverse customer needs.

Our Prestige Banking proposition was revamped and relaunched, introducing enhanced features and personalised services tailored for our clients.

In August 2025, we unveiled Kenya's first Eco-Home Loan, offering up to 110% financing to help customers build or upgrade homes with energy-efficient and climate-resilient features. This product underscores our commitment to sustainability and innovation in home finance.

Digital transformation and technology innovation continued

Delivering the Challenger Bank

We built a digital native holistic Bank Proposition. The build has followed technology best practice and has been built ground up in AWS Cloud from day zero. It incorporates gamification elements and cloud-native features, creating an engaging and intuitive experience that aligns with the digital lifestyle of young consumers. The goal is to foster financial literacy, encourage responsible spending, and build long-term relationships with the youth segment. The proposition will go through staff pilot before launch to the public.

Looking ahead, we are keen to sweat the digital assets that we have landed and continue on our productivity initiative through accelerating automation. The execution of our strategy will positioning Absa as a leader in digital banking innovation. By embedding technology at the heart of our operations, we aim to create an always-on, secure, and inclusive banking ecosystem, redefining customer experience anddriving sustainable value for all stakeholders.

Strategic growth and market expansion

Our ambition to achieve market leadership in 2025 was driven by a multi-pronged approach anchored on customer-centricity, innovation, and operational excellence. We continued to execute this agenda through four guiding areas:

Rebuilding the core

We transitioned from a product-house strategy to a segment-led business model, enabling sharper focus on customer needs and lifecycle engagement.

Introducing the new

Innovation remained central to our growth strategy. Absa NextGen, a youth-focused proposition was designed to capture the next generation of customers through lifestyle-driven features and gamification. Additionally, we advanced our Challenger Bank proposition by embedding cloud-native capabilities and digital-first features to deliver frictionless experiences for both our customers and our people.

Increasing market penetration

Deposit mobilisation was a key priority, supported by "Bank on the Move" campaigns and the rollout of sales and service pods in high-traffic locations, such as the Junction Mall in Nairobi. These initiatives brought banking closer to customers, complementing our digital channels and reinforcing accessibility.

We also strengthened our ecosystem onboarding strategy, focusing on value chains of key dealers. By engaging anchor clients and their networks, we onboarded suppliers and distributors for tailored financing solutions, deepening penetration within strategic sectors and driving the growth of the MSMEs.

Expanding the universe

We expanded our physical footprint with four new branches opened in 2025 and a significant expansion of our agency banking network from 3,000 to 8,000 agents, ensuring nationwide coverage, service to underserved counties and growth in our deposit mobilisation. These expansions complement our digital-first strategy, creating a hybrid model that blends convenience with personal engagement. The Bank also enhanced its focus on other non-traditional revenue streams such as Bancassurance, Custody and Brokerage, Investments and wealth management and advisory services for landmark deals. These streams have continued to grow, contributing 5% of the total Bank's revenue in 2025 compared to 1% in 2024.

Our strategic focus will continue to deepen ecosystem banking, scale NextGen propositions, and leverage data-driven insights to personalise offerings. By combining digital innovation, physical presence, and segment-led strategies, we aim to unlock new revenue streams, strengthen customer primacy, and reinforce our position as a trusted financial partner.

Risk management and compliance

In 2025, we reinforced our commitment to proactive risk management, moving decisively from a reactive posture to a forward-looking approach. This transformation was anchored on technology-driven solutions, regulatory alignment and enhanced sustainability integration.

Enhanced risk management

We launched a new Early Warning Indicators (EWI) dashboard, enabling real-time monitoring of portfolio health and early identification of potential stress points. The migration to Credit Lens streamlined credit risk assessment and improved decision-making efficiency.

A major milestone was the geolocation mapping of 80% of the Bank's exposures, providing granular insights into physical climate risks such as floods and droughts. This capability strengthens our ability to assess vulnerability and plan mitigation strategies. In addition, we initiated development of a transition risk model for Kenya, positioning the Bank to manage risks associated with responding to climate change.

We strengthened our governance framework through a revised Data Management Risk Policy supported by seven standards. Global best practices such as BCBS 239 and the Enterprise Risk Management Framework (ERMF) are fully embedded, ensuring robust data integrity and compliance across all markets.

Digital transformation for risk control

Our IT teams advanced fraud prevention through the development of Glass Box, a real-time fraud monitoring tool, and introduced Security Questions and Answers (SQAs) on HelloMoney to strengthen authentication. These enhancements form part of our broader Digital Revive programme, which prioritises security across all digital channels.

Regulatory compliance and innovation

We proactively responded to regulatory shifts by preparing for the implementation of KESONIA. The KESONIA framework became fully effective on 1 December 2025, and commercial banks were required to transition existing variable- rates by February 2026. Our IT teams proactively innovated to ensure seamless integration of KESONIA requirements into our systems, guaranteeing compliance and operational continuity. Absa also acted swiftly by reviewing and updating its pricing models, ensuring early alignment with the new framework, and mitigating potential uncertainty for customers. Absa submitted its revised models for Board approval, demonstrating agility, preparedness, and continued leadership in market reforms.

In line with CBK's Climate Risk Disclosure Framework and the Kenya Green Finance Taxonomy, we enhanced our readiness for IFRS S1 and S2 sustainability disclosure standards by conducting a gap assessment, positioning the Bank for full compliance by 2027. These steps underscore our commitment to integrating climate risks into our enterprise risk management approach.

In addition, we are preparing for the enactment of the Data Protection Amendment Bill 2025, which seeks to align Kenya's data privacy laws with international standards such as Global Data Protection Regulations (GDPR), introduce expanded definitions of personal and sensitive information, and strengthen regulatory oversight by the Office of the Data Protection Commissioner (ODPC). While the Bill is not yet passed, we have initiated readiness planning to ensure smooth compliance should it become law.

Awareness and capacity building

Recognising the growing threat of social engineering, we rolled out customer awareness campaigns and conducted AML sensitisation training internally, strengthening our defences against fraud and financial crime.

Refreshed threat intelligence

In 2025, Absa Bank Kenya increased its investment in threat detection by incorporating Artificial Intelligence, which expanded the Bank's ability to assess third parties. A standard was developed for evaluating third-party relationships. These assessments are part of the Bank's approach to addressing potential risks associated with external partners. If third-party security protocols do not meet requirements, the Bank requests remediation measures. This process is based on the recognition that the overall security level is determined by the least secure component, and expanding third-party coverage aims to address vulnerabilities.

Our focus remains on embedding data-driven risk analytics, scaling AI-powered fraud detection, and deepening regulatory compliance. By combining proactive risk management, robust compliance, and technological innovation, we are building a resilient core that safeguards stakeholder value and supports sustainable growth.

Human capital and organisational capacity

Our People First Strategy continued to drive transformation in 2025, focusing on culture, capability building, diversity, and innovation.

Performance and talent development

Our approach to performance management is evolving to become a cornerstone of the Bank's strategy, building a strong foundation for excellence, agility, and leadership.Colleague development & growth remain central to our people strategy. Year-on-year promotions increased by 45%, rising from 78 in 2024 to 113 in 2025. Representation of women in promotions also improved, increasing from 54% in 2024 to 62% in 2025, reflecting progress in advancing career growth opportunities for women.

In the year, the Bank transitioned from a 6-point rating scale to a simplified 3-point model: Exceeded, Met, or Did Not Meet Expectations for clarity and fairness in the evaluation process.

We are committed to building strategies that attract, develop, and retain talent by equipping employees with the skills and capabilities needed to meet current priorities and future business goals. Through targeted training programmes and leadership development initiatives, we aim to create a strong foundation for growth and a workforce ready to deliver excellence in a rapidly evolving banking environment. We launched Talent Academies for Credit, Branch Operations, and SME segments to strengthen technical and leadership skills. People managers have received sufficient training to deliver high performance, service delivery and support employees lagging behind with their targets. This includes the following programmes to enhance their capabilities.

Programme	Start date	Topics covered	No. of attendees	Gender split	Total training hours
Branch Manager Academy	2025	1. Business growth andstrategy 2. Financial management 3. Internal controls andgovernance 4. Customer value creation 5. Digital banking andtechnology 6. Communication and story telling for businesses.	34	M59%;F41%	5 months
SME Academy	2025	1. Leveraging digital and ecosystem partnerships 2. SME credit and risk management 3. Relationship mangement 4. Sales and business development	15	M80%;F20%	Ongoing
People Manager Curriculum	2024	1. Talent acquisition and onboarding 2. Talent management 3. Talent engagement 4. Talent offboarding and culture.	270	M54%;F46%	Ongoing
Accelerated Leadership Development Programmes	2025	1. Strategic leadership and enterprise thinking 2. Business acumen measurable business impact 3. Change, transformation and adaptive leadership 4. Stakeholder influence and strategic communication.	8	M50%;F50%	Ongoing
Unconscious Bias	2025	1. Inclusive decision making and judgement 2. Fair talent management (recruitment, performance, succession) 3. Psychological safety and inclusive leadership behaviours 4. Managing bias in collaboration, feedback, and conflict.	69	M55%:F45%	18hrs
Elevate	2025	1. Self-leadership and emotional intelligence 2. People management and team leadership 3. Strategic thinking 4. Change and adaptability 5. Influence and stakeholder management	40	F48%:M52%	Ongoing

Human capital and organisational capacity continued

Programme	Start date	Topics covered	No. of attendees	Gender split	Total training hours
Young Leaders Council Group Coaching	2025	1. Engagement and mentorship by Board and Country Management 2. Board engagement and mentorship 3. Executive support by CMC for projects 4. Career coaching 5. Networking opportunities in the market	10	F50%:M50%	Ongoing
SHE Rises Women Empowerment Programme	2025	1. Communicating for Impact 2. Influence and Persuasion 3. Personal Branding and Authentic Leadership 4. Coaching and Developmental Leadership Skills.	47	F100%	24hrs
Credit Academy	2024	1. Foundations of credit risk management 2. Advanced credit analysis techniques 3. Risk assessment and mitigation strategies 4. Emerging credit risk trends (ESG and climate risk) 5. Developing and implementing credit risk management strategies 6. Hands on experience across risk functions 7. Development of real world credit risk solutions.	9	F55%:M45%	18 Months

We strengthened our control environment through Nationwide face-to-face fraud awareness training for employees and customers and mandatory financial crime training and participation in International Fraud Awareness Week.

Succession

Absa's leadership programmes play a pivotal role in building a strong and sustainable talent pipeline. These initiatives are intentionally designed to prepare future-ready leaders, strengthen succession depth, and ensure the Bank has the right capability to drive long-term business performance.

Human capital and organisational capacity continued

Diversity and inclusion

We bring our diversity agenda to life by embedding inclusion across the employee lifecycle and creating an environment where different perspectives thrive. Our approach intentionally advances gender diversity, enables the inclusion of persons with disabilities, embraces generational diversity, and values a wide range of professional and lived experiences. Below is a representation of our diversity & inclusion achievements:

Board composition

Metric		2025	2024
Gender			
	Male (%)	60	60
	Female (%)	40	40
Age group			
	under 30 years old (%)	0	0
	30-50 years old (%)	20	22
	over 50 years old (%)	80	78
PWD status			
	PWD (%)		
	Non-PWD (%)		

Employees composition

Metric		2025	2024
Gender			
	Male (%)	48	49
	Female (%)	52	51
Age group			
	under 30 years old (%)	22	21
	30-50 years old (%)	66	70
	over 50 years old (%)	12	9
PWD status			
	PWD (%)	2	1
	Non-PWD (%)	98	99

During the year, the Bank made deliberate strategic hires in key roles, with a strong focus on increasing female representation across critical functions. These appointments were driven by capability, leadership depth, and long-term value creation, while also reinforcing Absa's commitment to building a diverse and inclusive workforce. Strengthening gender diversity at senior and specialist levels not only enhances decision-making and innovation but also aligns with the organisation's broader transformation and sustainability objectives.

Name	Grade	Gender	Strategic intent
Country Treasurer	P/D	Female	To lead and manage the Treasury function of Absa Bank Kenya, ensuring balance sheet resilience, and regulatory and shareholder compliance with financial resource management requirements. The Country Treasurer is accountable for all in-country and regulatory responsibilities which includes effectively controlling and allocating capital and funding financial resources in a manner that complies with local and shareholder regulatory requirements, Board requirements and local ALCO requirements.
Director, Marketing and Corporate Affairs	P/D	Female	The role is responsible for brand, marketing, communications, and corporate relations excellence within Kenya and responsible for representing the local franchise at the Absa Group level. The individual plays a key role in the direct management of centrally held capabilities and in influencing the execution of brand, marketing, communications, and corporate affairs strategies and campaigns within Absa Kenya.
Company Secretary	VP	Female	To develop tactical strategy and delivery plans, formulate associated practice/s and to ensure operational implementation and adoption in terms of legal methodology, governance, and delivery objectives.
Head of Customer Experience	VP	Female	Customer Experience: Take responsibility for the development of the strategy for Customer Experience across the total consumer database with the aim of improving the service and product features available to our customers. Initiate and implement the customer life-cycle concept and roadmap to enable the business to deliver a "best in class" customer experience to our chosen markets.
Senior Dealer, Institutional Market Sales	VP	Female	To implement the Institutional clients /NBFI Markets sales strategy according to the Director Market Sales and the Absa Market Sales Strategy and Policies and Procedures, and in line with Group Values.
Head of Transactional, Cards and Payments Business	VP	Male	Role is responsible for leading the development and execution of strategies to run and build a Consumer transactional business, leveraging existing assets and customer base, while exploring new transactional business models. This role focusses on driving non funded income across multiple channels, products and segments.

Human capital and organisational capacity continued

Name	Grade	Gender	Strategic intent
Senior Manager, Enterprise Risk	VP	Male	This role ensures a forward-thinking, agile approach to managing the Bank's risk landscape effectively, with a strong focus on anticipating and addressing forward-looking risks. It requires a strategic thinker with strong mental agility and intellectual curiosity, capable of understanding and managing all risk types. The role holder is self-driven, solution-oriented, with a strong drive to own and complete tasks and projects effectively.
Business Banking Director	P/D	Male	To develop a functional banking management operating model and framework in a broadly defined business functional strategy; enabling horizontal implementation and adoption.

P/D: President/Director
VP: Vice President

Innovation and future skills

We launched an Innovation Hub where our employees can submit ideas through a portal for review, prototyping, and senior leadership sponsorship. Engagement with the portal has risen, resulting in more than 80 submissions to date.

To drive sustainability and proactively anticipate emerging customer needs, the Bank is investing in advanced future skills development through curated learning paths on Udemy, sustainability trainings and leadership development programmes such as 'She Rises'. These initiatives are designed to accelerate our people capability, embed responsible business practices, and empower diverse leadership.

We also consistently encourage our employees to develop and maintain AI competencies as the organisation evolves through the adoption of AI solutions.

Reward and retention

We implemented a refreshed Employee Value Proposition (EVP) and revised remuneration structure based on market benchmarks and macroeconomic realities. We ensured minimum pay increases for all employees, while maintaining competitive positioning through salary surveys.

We strengthened retention strategies through succession planning, top talent development, recognition and deep engagement conversations.

We will continue to invest in talent longevity, employee wellbeing, and future-ready skills, while fostering an environment that encourages innovation and inclusion. Our goal remains clear: to build a resilient, high-performing workforce that drives sustainable growth.

Human capital and organisational capacity continued

Our culture journey

Absa Kenya in the year 2025 engaged in multiple activities to enhance workplace culture. This includes:

Enhanced Employee Value Proposition (EVP):

Communicated through initiatives such as **#IAmAbsa,** authentic storytelling, and updated messaging to attract and retain leading talent.

Impact: Reinforces the employer brand and advances the Bank's objective to be **a home of talent.**

Embedding our core values:

Through our Kayas the values challenge focused on prioritizing and identifying behaviours aligned to our five values... Trust, Resourcefulness, Stewardship, Inclusion and Courage.

Impact: Every employee was challenged to identify one of the values they most resonate with and how it impacts their day-to-day life at Absa and beyond.

Employer of choice certification:

The continued achievement of Top Employer Certification for the fourth consecutive year underscores our dedication to diversity, inclusion and employee wellbeing.

Impact: Positions Absa as a premier destination for talent and diversity, directly reinforcing the Bank's enabler framework.

Well being

Absa continues to prioritise the wellbeing of its people through a structured and holistic wellness agenda. The wellness initiatives reflect efforts to strengthen mental, physical, social and emotional wellbeing across the Bank. More highlights and detailed context are available in our Sustainability and Climate Report 2025. Wellness initiatives included:

- EAP uptake
- Mental health ambassadors
- Soul food sessions
- Absa kids days
- Let's Move and Keep Moving Kaya challenges.

Human capital and organisational capacity continued

Strategic partnerships for innovation

In 2025, we focused on building strong foundations for innovation through strategic partnerships that enhance security, expand ecosystems, and improve customer access to financial solutions. These initiatives are designed to position our business for sustainable growth and resilience in an increasingly digital and interconnected world.

Driving awareness and security

We partnered with leading Mobile Network Operators (MNOs) like Safaricom and Airtel to run nationwide awareness campaigns on fraud prevention, with a strong emphasis on social engineering. This initiative is helping our customers stay informed and protected, reinforcing trust in our digital platforms.

To strengthen our card security infrastructure, we formed a strategic alliance with VISA to combat BIN attacks by introducing randomised card number technology for prepaid cards.

Diaspora remittance solutions

We strengthened our position in cross-border payments solutions through partnerships with World Remit, which is an addition to our existing suite of partnerships, making diaspora remittances faster, safer, and more convenient.

Enhanced resilience drives growth

Reflections from the Chief Financial Officer

"Resilient financial performance underpinned by sound risk and cost management."

Yusuf Omari , Chief Financial Officer

During the year under review, Kenya's operating environment remained dynamic, characterised by a gradual economic recovery following recent disruptions, persistent liquidity and fiscal pressures, and an evolving regulatory landscape. Despite these challenges, the economy demonstrated resilience, supported by anchored inflation within the Central Bank's target range, ongoing fiscal consolidation, and a continued easing of monetary policy. Private sector credit returned to a growth trajectory after contracting in 2024. However, reduced consumer purchasing power continued to affect both business and retail segments, reinforcing the need for prudence and disciplined execution of our strategy.

The Bank delivered a strong and resilient performance, supported by rigorous balance sheet management, sound risk stewardship, and disciplined cost control. Throughout the year, we remained focused on executing our strategy built on operational excellence, accelerated digital transformation, and sustainable growth.

We continued to expand and modernise our digital channels, strengthening our payment capabilities and enhancing the overall customer experience. These investments have deepened client engagement across segments. At the same time, we maintained a deliberate focus on diversifying our revenue streams and optimising funding costs, while supporting our customers with tailored solutions across all business lines.

Performance highlights

Dear shareholders, we made meaningful progress toward delivering on our strategic financial commitments as demonstrated below.

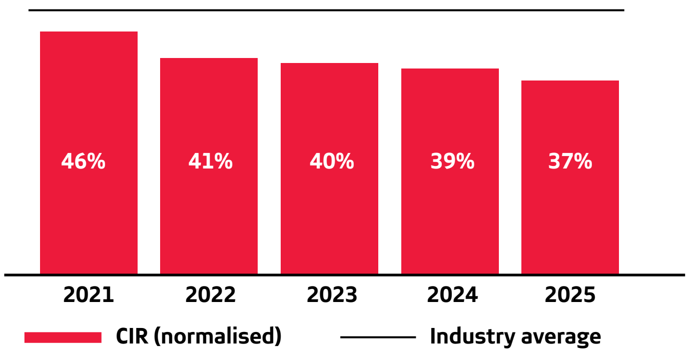
Revenue

The Bank remained resilient, recording a marginal 2% decline in revenue, largely driven by the significant downward shift in interest rates passed through to customers. Our revenue base continues to be well diversified across business segments and product lines, with net interest income (NII) contributing 72% and non funded income (NFI) accounting for 28% of total revenue.

Net Interest Income declined by 6% to Shs 43 billion, reflecting lower yields as the loan book repriced downward in line with market conditions. This impact was partially offset by a reduction in funding costs, particularly on customer deposits.

Non Funded Income recorded strong double digit growth of 13%, supported by increased fees and commissions and the solid performance of our auxiliary businesses. Further, we recorded a recovery in trading income, buoyed by improved investor sentiment and the continued decline in interest rates on government securities during the year.

Improved efficiency (Cost to income ratio)

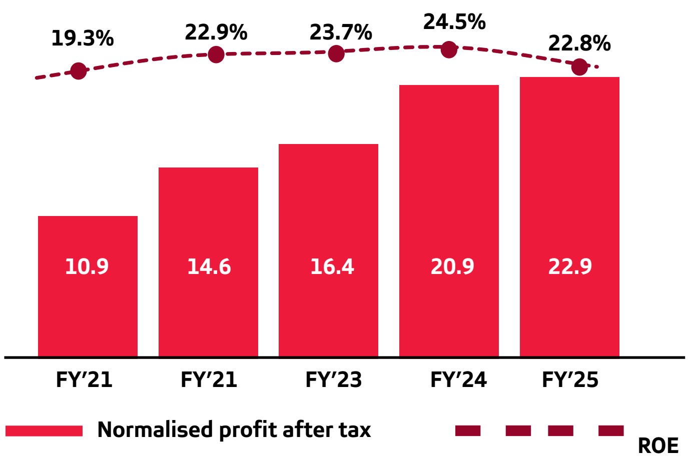


The Bank's total costs closed at Shs 22 billion, reflecting a decline of 5 percent attributable deliberate cost containment measures such as controlled hiring and reduced discretionary spending offset by implementation of strategic initiatives.

This outcome underscores the effectiveness of our disciplined cost management agenda and continued operational efficiencies. Key contributors included lower variable costs driven by automation within our processing centres, investment in alternative channels such as agency banking, and the digitisation of customer onboarding.

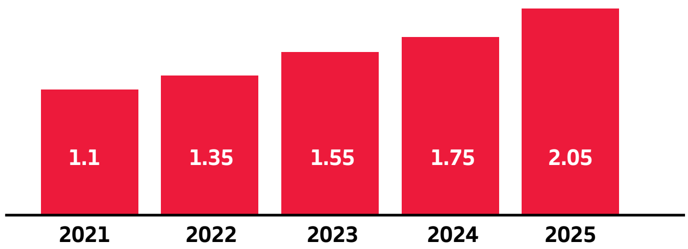
Our efficiency levels remain well aligned with our strategic ambition of maintaining a cost to income ratio in the mid 40%'s.

Sustained growth in shareholders returns



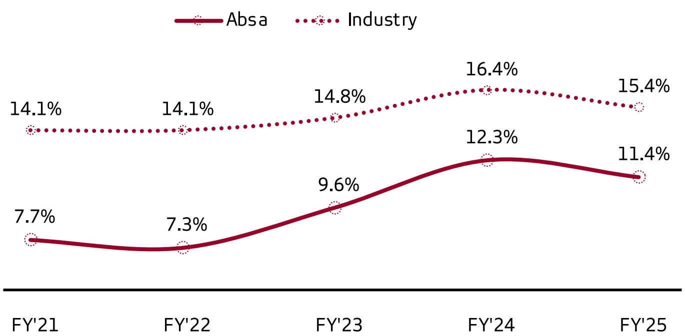
Reflections from the chief financial officer continued

Dividend per share (Shs)



Despite the headwinds in the operating environment, our returns remain best in class, fully aligned with our commitment to delivering sustainable returns to our shareholders.

Credit quality



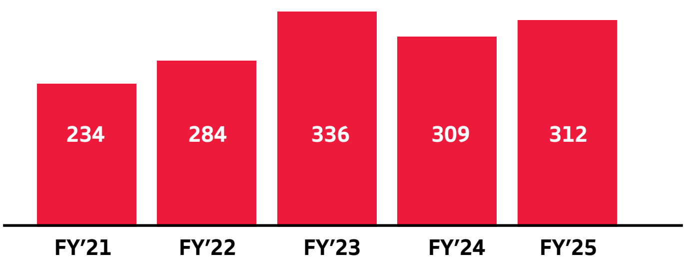
The year saw a substantial 37 percent reduction in impairment charges, falling from Shs 7.8 billion to Shs 4.9 billion, reflecting the success of our strengthened collections and recovery efforts.

Our gross NPL ratio closed at 11.4 percent, significantly outperforming the industry's 15.4 percent in December 2025, although we continued to record stress in the personal household, manufacturing and trade sectors.

To sustain this momentum, we are continuously enhancing our underwriting practices and improving operational efficiency across our collections and recoveries teams.

Sustained balance sheet momentum

Loan book – Net customer loans (Shs bn)

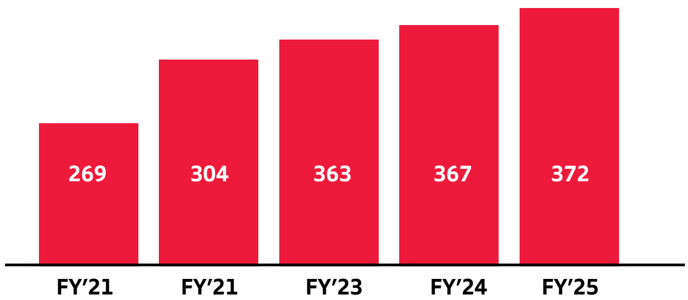


The Bank reported a one percent growth in the loan book, closing at Shs 312 billion, reflecting subdued consumer demand during the period. However, private sector credit showed renewed momentum, expanding by 5.9 percent as at December 2025 from a contraction earlier in the year.

Our key focus products, corporate lending, mortgages, personal and virtual lending continued to gain traction delivering respectable year on year growth.

Growth in the asset book was supported by several strategic initiatives, including the expansion of ecosystem banking partnerships to reach broader customer segments, the adoption of digital loan onboarding, and the rollout of short term lending solutions across our digital channels. These efforts reinforced our commitment to meeting customers' financial needs with greater speed, convenience, and accessibility.

Deposit growth – Customer deposits

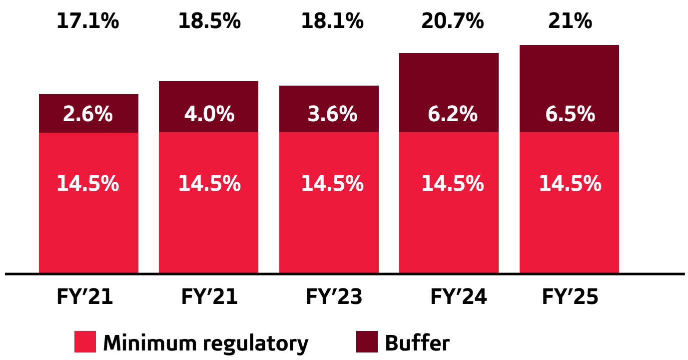


Customer deposits grew by one percent, supported by strong momentum in transactional deposits, which offset the decline in term deposits. Our cost of deposits decreased by 170 bps, reflecting the favourable shifts in the operating environment. Consequently, interest expenses reduced to Shs 14.4 billion from Shs 18.5 billion in 2024, with declines recorded across all business segments. Overall, customer deposits increased by one percent, closing at Shs 372 billion.

We have adequate capital buffers to support our strategic ambitions

Our capital and liquidity ratios remain very strong showing sufficient headroom above the regulatory requirements. Our total capital adequacy ratio is at 21 percent and liquidity reserve position at 45.6 percent against the regulatory limits of 14.5 percent and 20 percent, respectively.

Total capital



Reflections from the chief financial officer continued

Five year review

Income statement analysis

Shs 'millions	2021	2022	2023	2024	2025	Change (%)
Net interest income	25,257	32,315	40,044	46,228	43,288	(6)
Non-interest revenue	11,043	13,018	13,659	14,787	16,736	13
Total revenue	**36,300**	**45,333**	**53,703**	**61,015**	**60,024**	**(2)**
Operating expenses	(16,664)	(18,660)	(21,651)	(23,534)	(22,423)	(5)
Pre-provision profit	**19,636**	**26,673**	**32,052**	**37,481**	**37,601**	**0**
Impairment on loans and advances	(4,087)	(5,824)	(8,374)	(7,761)	(4,871)	(37)
Profit before tax	**15,549**	**20,849**	**23,678**	**29,720**	**32,730**	**10**
Exceptional items	-	-	-	-	-	
Profit after exceptional items	**15,549**	**20,849**	**23,678**	**29,720**	**32,730**	**10**
Income tax expense	(4,679)	(6,262)	(7,311)	(8,844)	(9,825)	11
Profit after taxation	**10,870**	**14,587**	**16,367**	**20,876**	**22,905**	**10**

Sustained balance sheet momentum

Shs 'millions	2021	2022	2023	2024	2025	Change (%)
Total assets	428,722	477,232	519,795	506,476	**537,648**	6
Net loans and advances to customers	234,234	283,579	335,714	309,098	**312,166**	1
Liabilities	372,274	413,619	450,600	421,272	**437,128**	4
Deposits due to customers	268,717	303,751	362,749	367,115	**372,383**	1
Total equity	56,448	63,613	69,195	85,204	**100,520**	18
Total equity and liabilities	428,722	477,232	519,795	506,476	**537,648**	6
Net advances to deposits (%)	82	87	93	84	**84**	

Looking forward

We remain confident in the Bank's financial strength and the strategic direction we have set. We anticipate continued stabilisation of the operating environment, supported by improving macroeconomic indicators. Our priority is clear: to execute our strategy with discipline, support our customers consistently, and deliver sustainable value to our shareholders, clients, employees, and the wider economy.

We remain steadfast in our strategic vision and in our commitment to positively impacting the communities we serve, guided by our purpose, "Empowering Africa's tomorrow, together… one story at a time."

Yusuf Omari
Chief Financial Officer

Strong governance and internal controls

In an operating environment characterised by regulatory reform, heightened compliance obligations and rapid technological change, the Bank continued to anchor its performance on strong governance and robust internal controls. At Absa, we recognise that robust value creation and preservation is only possible when transparency, ethical conduct and accountability are embedded across all levels of decision-making.

Fraud risk and control enhancements

Fraud remains a critical risk in the financial sector, and we responded decisively to address this challenge. We undertook a forensic gap review across selected products to identify and remediate vulnerabilities, ensuring that control measures remain effective as customer behaviours, fraud typologies and digital platforms evolve. Regular product reviews supported continuous strengthening of the control environment, while management and staff training reinforced awareness on fraud prevention and early detection.

Payment reforms and ISO 20022 transition

Kenya's financial landscape underwent a significant shift following the Central Bank of Kenya's transition of the Kenya Electronic Payment and Settlement System (KEPSS) to a 24-hour, seven-day settlement cycle in July 2025. The Bank amended its internal procedures and operational processes in early 2025 in anticipation with the new real-time settlement capabilities, ensuring uninterrupted service delivery beyond traditional banking hours. At the same time, we successfully completed the ISO 20022 Global Messaging Standard certification, a key requirement under the National Payments Strategy (2022–2025). The transition has improved the speed, security and efficiency of payment processing across the Bank's platforms, reinforcing Absa's ambition to remain a leader in digital financial services.

Financial crime compliance and industry advocacy

Following Kenya's placement on the 'grey list' in 2024 by the Financial Action Task Force (FATF), banks experienced increased compliance obligations related to anti-money laundering and counter-terrorist financing. The Bank responded by enhancing its financial crime controls and deepening collaboration with key partners, including Strathmore University and the Compliance Society of Kenya, to advance industry-wide thought leadership and advocacy. We were able to navigate heightened scrutiny from international correspondents while ensuring smooth cross-border transactions and reinforcing trust in the Kenyan financial system.

Board Governance and policy refresh

2025 saw a comprehensive refresh of governance structures, including a review of the Articles of Association and key board-level policies such as stakeholder engagement and corporate communications. In addition, the Board amended relevant policies to align with the Business Laws (Amendment) Act 2024 and ensured that governance changes were transparently communicated to shareholders during the AGM. Leadership transitions were managed through structured induction and strategy sessions that safeguarded operational continuity.

The Board also organised thematic sessions on artificial intelligence to assess how AI is being deployed across the Bank, with a focus on responsible innovation, customer insights, risk mitigation, and real tracking of sustainability and climate data allowing for seamless assurance.

AI Governance and data protection

In anticipation of the Data Protection (Amendment) Bill 2025, we reviewed and enhanced our automated risk and data models, particularly those related to AI and predictive analytics. The refinements ensured alignment with new profiling requirements, supporting fairness and transparency in data use. The Bank's Data Management Risk Policy was updated and approved in October 2025, reaffirming expectations for data governance across the enterprise. In addition, frameworks governing customer data, including the Enterprise Risk Management Framework (ERMF) and the Risk Data Aggregation and Risk Reporting (RDARR/BCBS 239) standards were fully embedded across the Bank and its subsidiaries. The result was a strengthened accuracy, integrity and reliability of risk information, which is central to effective decision-making.

Financial strength and market leadership

The year was defined by economic volatility, shifting global policy dynamics and continued pressure on household and business finances. Against this backdrop, the Bank achieved strong financial performance and achieved a RoE of 22.8% , demonstrating the resilience of its diversified business model and the depth of its market leadership. We navigated an environment shaped by moderating yet sticky inflation, fluctuating global commodity prices and evolving monetary policy responses both locally and abroad. Kenya's macroeconomic landscape showed mixed signals, with stable inflation and a resilient external sector supporting confidence even as credit markets and income growth remained constrained.

In this environment, the Bank continued to deliver double-digit growth across several business lines, strengthened balance sheet quality and maintained robust capital buffers. These achievements were underpinned by the Bank's disciplined execution, customer-centric innovation and commitment to responsible lending.

Revenue growth and core business performance

Despite economic headwinds, the Bank recorded strong performance across several revenue streams. Activity-based income from wealth management and bancassurance delivered triple-digit and double-digit growth respectively, driven by disciplined pricing, effective cost management and increased transactional activity.

Enhanced personalisation of digital FX solutions stimulated foreign

Strong governance and internal controls continued

exchange income, while improved deposit management ensured stability of the interest margin.

Retail and business banking achieved double-digit year-on-year growth, propelled by the re-introduction of key customer segments and ecosystem-led propositions. The Bank sustained its leadership position in card acquiring and merchant services, reinforcing its strategic role within Kenya's payments ecosystem. Financial performance remained resilient, with stable income of Shs 22.9 billion, a disciplined cost-to-income ratio of 37 percent, and a strong return on equity of 22.8 percent, reflecting effective capital stewardship and value creation.

Driving digital innovation and customer engagement

Aligned with its purpose of *"Empowering Africa's tomorrow, together... one story at a time,"* the Bank continued to invest in digital capabilities and customer-focused innovation. 2025 saw accelerated usage of digital channels, enabling the Bank to deepen customer engagement, support ecosystems across business banking, and scale offerings in consumer financial services.

The Bank's integrated approach of combining digital tools, trusted advisory, and talent development strengthened customer experience and reinforced its position in corporate and investment banking. Enhanced data insights further enabled the Bank to anticipate customer needs and deliver tailored solutions across retail, SME and corporate segments.

Diversified revenue streams

2025 marked an important phase in the Bank's strategy to build a business model that is resilient, forward-looking and less reliant on traditional lending revenues. We continued to scale new and emerging business lines, as follows:

2025 new business lines/products

1	Merchant business card
2	Custody business
3	Bancassurance
4	Asset management

This demonstrates the Bank's intentional focus on expanding its revenue streams to address changing customer demands. Diversification remains key to enhancing the Bank's long-term competitiveness amid restricted consumer spending, evolving market conditions, and growing geopolitical challenges. By fast-tracking digital transformation, upgrading infrastructure, and prioritising customer-driven innovation, the Bank has positioned itself to unlock value across a broader range of financial services. These strategic measures have not only bolstered Absa's financial resilience but also underscored its commitment to future-proofing the organisation. Through disciplined leadership and targeted growth strategies, the Bank is set to maintain robust progress across its increasingly diverse revenue base.

Scaling high-growth businesses in a changing market

The Bank continued to expand its participation in high-potential business lines such as asset management, bancassurance, brokerage and custody services. Bancassurance strengthened its contribution to the Bank's performance, accounting for five percent of total revenues and emerging as the most profitable segment within the diversified income portfolio. Asset management also recorded significant progress, with revenues doubling from Shs 452 million in 2024 to Shs 893 million in 2025, elevating the business to third place in the industry. The developments are a testament to a growing level of customer confidence, enhanced value propositions and the Bank's ability to identify and scale businesses aligned with emerging market opportunities.

Strengthening revenue assurance and embedding operational discipline

A core component of revenue diversification is ensuring that the Bank captures value accurately and consistently across all business activities. During the year, a renewed focus on revenue assurance enabled the Bank to strengthen billing processes, tighten reconciliation mechanisms and identify revenue leakages. Approximately Shs 140 million in potential leakages was detected following enhanced monitoring and controls, underscoring the importance of proactive oversight. The Bank is now transitioning revenue assurance from a periodic review to a fully embedded operational function, ensuring that revenue protection becomes part of everyday practice rather than a reactive intervention. We anticipate this shift will support stronger financial discipline and more predictable earnings in 2026 and beyond.

Strategic evaluation and strengthening client value propositions

As part of its annual strategic review, the Bank assessed progress across priority areas, particularly within Corporate and Investment Banking (CIB). In the year, the focus was on enhancing the wealth offering to retain high-value clients, improving staff productivity and ensuring that teams are equipped to deliver premium advisory and investment solutions. These strategic reflections supported a clearer roadmap for CIB's continued growth, deepening its contribution to diversified revenues and reinforcing its leadership in Kenya's corporate financial services landscape.

Operational efficiency and digital resilience

Operational excellence and digital resilience remained central to the Bank's ability to deliver consistent, reliable and secure services throughout 2025. As the financial sector continues to confront rising cyber threats, system outages and increasing dependence on third-party digital infrastructure, the Bank prioritised investments that strengthen its internal capabilities and reduce vulnerability to emerging risks. These initiatives were undertaken against a backdrop of rapid technological change, evolving customer expectations and intensifying fraud attempts driven by social engineering. The Bank's strategy focused on enhancing system stability, safeguarding data integrity, and creating operational efficiencies that improve customer experience while lowering costs. The year also saw meaningful progress in modernising internal platforms, streamlining processes and improving turnaround times for customers. As a Bank, we are able to reinforce our resilience and sustain high-quality service delivery despite economic and technological pressures.

Building secure digital innovation

Recognising the increasing sophistication of digital threats, we took deliberate steps to reduce reliance on external artificial intelligence platforms that could introduce data privacy or fraud risks. The Bank developed an in-house AI tool known as Citrus, designed to improve efficiency while maintaining stringent security controls.

Citrus overview

The Data Science deployed a series of AI-enabled capabilities under the Citrus AI Suite. These initiatives were designed to strengthen operational efficiency, enhance customer experience, reduce risk, and build scalable internal capacity for future AI adoption. All implementations adhered to the Bank's governance, compliance, and model-risk-management frameworks, with human-in-the-loop oversight maintained across all modules.

1. Citrus Policy

The Citrus Policy and Voice Assistant is an AI-powered tool that allows colleagues to query bank policies and procedures using natural language—through either typed or voice input. It leverages the Citrus LLM and speech-to-text technology to retrieve relevant, up-to-date policy content from internal repositories.

Value delivered:

- Operational efficiency through reduced time to locate and interpret policies, improving turnaround time for frontline colleagues.
- Improved accuracy as responses are derived from verified policy sources, ensuring consistent and compliant guidance.
- Enhanced compliance ensuring staff rely on standardised and up-to-date policy documents, reducing policy misinterpretation risk.

2. Citrus Photo Validator (Digital Onboarding Compliance)

This system automatically validates customer photos submitted during digital self-onboarding. It assesses images based on lighting, background, visibility, and overall compliance with KYC standards. The solution is specifically used for audit and remediation purposes, ensuring that any inconsistencies or quality issues in submitted images are identified and addressed promptly.

Value delivered:

- Reduced manual review workload. Significant decrease in staff hours previously spent manually validating onboarding photos.
- Improved KYC Compliance ensuring only compliant images are accepted, strengthening regulatory adherence.
- Operational cost savings due to lower dependency on manual review teams.

3. Citrus AI-Powered Collateral Data Structuring (Data Remediation)

The Bank's legacy collateral records contain free-text fields lacking structured values required for credit scoring and portfolio analytics. Citrus was deployed to parse, extract, and standardise key data points such as market value, forced sale value, valuation dates, and valuer names.

Value delivered:

- >90% reduction in Time per record. Processing reduced from ~20 minutes manually to ~90–100 seconds via AI.
- 100+ human hours saved monthly. Scalable processing drastically reducing SME involvement.
- Improved data integrity. Standardised extraction eliminates common human-error issues (omissions, mislabelling).
- Supports risk modelling. Structured data now feeds automated credit scoring and portfolio analysis systems.

4. Citrus AI-Powered Customer Communications (Automated Insurance Renewal SMS)

A Natural Language Processing (NLP) solution that extracts structured information from insurance policy information and generates personalised, compliant SMS reminders for customers whose policies are due for renewal.

Value delivered:

- Timely, accurate reminders support bancassurance revenue retention.
- Eliminates manual drafting and reduces operational bottlenecks.
- Improved messaging consistency through ensuring format, tone, and compliance standards are uniformly applied.
- Scalable outreach which allows the Bank to automatically generate thousands of personalised messages.

Operational efficiency and digital resilience continued

5. Citrus Compose (AI Email Drafting Assistant)

An AI tool that drafts customer-resolution emails using case descriptions and resolution details. Human oversight remains mandatory through the complaints handling team.

Value delivered:

- Significant reduction in drafting time through the customer service teams being able to prepare responses faster, improving SLA adherence.
- Consistency in tone and quality which ensures uniform communication across customer-facing teams.
- Enhanced customer experience through faster, clearer, and more professional communication.
- Supports Staff Productivity by freeing time for personalised customer engagement.

6. Citrus Procedure Manuals Assistant

A knowledge-base assistant built from multiple procedure manuals. It retrieves step-by-step processes for branch colleagues based on natural-language queries, delivered through an automated workflow and Citrus LLM.

Value delivered:

- Staff quickly access correct procedures without browsing multiple documents.
- Faster incident resolution. Improves customer service by reducing turnaround time for process-driven tasks.
- Compliance assurance. Ensure staff follow approved, documented procedures.
- Operational efficiency by standardising responses and reduces procedural errors.

7. Citrus Lab (AI Training, Experimentation and Deployment environment)

A secure, on-premise AI environment for fine-tuning models, training internal generative AI systems, and validating AI solutions within banking-compliant infrastructure.

Value delivered:

- Accelerated AI innovation. Reduces time to experiment and deploy models with an in-house API infrastructure
- Cost efficiency. Reduces dependency on external model providers and experimentation environments.
- Foundation for scalable AI Adoption which enables development of domain-specific models optimised for the Bank.

Enhanced authentication

Fraud risk, particularly social engineering, remained a key focus in 2025 as fraudsters increasingly exploited human behaviour to bypass safeguards. The most common scenario involved phishing attempts through email channels. In response, Absa enhanced its mitigation framework by expanding fraud awareness to both staff and customers. Beyond traditional online programs, the bank conducted extensive face-face training to staff reaching out to 1,956 individuals across the country as of October 2025, reinforcing vigilance and practical protective measures. This continued into November during International Fraud Awareness week. To the customers, the bank had bi-weekly fraud awareness SMS alert highlighting fraud trends and useful tips to our customers. This was complemented with bi-monthly emailers and social media posts highlighting various fraud trends and modus operandi. To further strengthen security and ensure a more robust defence against identity compromise and unauthorised access, the Bank reintroduced Secret Question Authentication (SQA) and implemented enhanced authentication processes for internet banking, including multi-step verification.

Digital efficiency and cost optimisation

In an environment requiring prudent cost management, the Bank undertook several initiatives to increase operational efficiency while improving service delivery. One significant milestone was the development of an internal platform for distributing customer statements, replacing long-standing dependence on a third-party vendor. This shift reduced operational costs significantly and enabled the Bank to distribute more than two million statements by the end of 2025. The Bank also launched a collaborative digital platform that allows business units to share insights on customer ecosystems and value chains, strengthening cross-functional coordination and unlocking new business opportunities.

Data management and reporting excellence

Timeliness and accuracy of reporting are essential to customer satisfaction and regulatory compliance. Throughout the year, the Bank improved report generation efficiencies by modernising data workflows and consolidating reporting processes into a centralised system. Customers can now access updated reports seamlessly and on demand, significantly enhancing turnaround times. We commit to continued data excellence and to building systems that deliver accurate, real-time insights for both customers and internal teams.

Balance sheet optimisation and customer value

The Bank continued to manage fees, charges and funding costs with discipline, maintaining agility in response to interest rate movements and safeguarding the cost of deposits. To support customers while improving cost efficiency, the Bank launched short-term loans (STLs) that provide pre-approved credit solutions, reducing processing time and operational expenses. The Bank remains focused on achieving sustainable balance sheet growth, targeting a cost-to-income ratio in the low 40s and a return on equity sustainably above the cost of equity over the medium term. Additionally, customer transaction costs were reduced through the expansion of 'Lipa na Absa', a mobile payment solution that facilitates seamless merchant payments while delivering affordability and convenience.

Operational efficiency and digital resilience continued

Competitive positioning and brand visibility

The year required Absa Bank Kenya to sharpen its competitive edge and strengthen brand visibility in an environment defined by evolving customer expectations, intensified competition and rapid shifts in digital engagement. Building trust and deepening emotional connection with customers became critical differentiators, particularly as younger generations adopted new information channels and personalised financial solutions. Throughout the year, the Bank invested in modern brand-building initiatives, purpose-led campaigns and strategic partnerships that reinforced its position as a trusted and relevant financial partner. Absa focused on understanding the needs and aspirations of diverse customer groups, tailoring engagements to reflect the changing landscape of media consumption and customer behaviour. Our presence was largely in community platforms, sporting events and thought-leadership forums.

According to GlobeScan, Absa emerged as Kenya's most trusted banking brand, leading the market across key reputation measures.

The Bank recorded strong gains in value creation, brand trust, active advocacy, and stakeholder engagement, affirming its position as a purpose-led market leader. Most notably, Absa led the market in Thick Trust at 78%, alongside a significant uplift in advocacy clear evidence of growing stakeholder confidence.

By consistently delivering exceptional customer experiences and purpose-driven impact, Absa has built a sustainable reputation advantage.

Brand recognition numbers

- Prompted Brand Consideration – 47% from 42% in 2024
- Relevance Score – 18% from 15 % in 2024
- Reputation: Number 1 Most Trusted Financial Brand. Number 1 Most Reputable Bank
- Colleague Experience: CEI 72.2 . Top Employer for 5 Years running

Customer-centric digital campaigns

We continued to invest in brand campaigns that reflect the changing landscape of communication and customer discovery. With millennials and Gen Z increasingly relying on digital platforms such as TikTok for information, the Bank adopted more contemporary, Africa-led and group-wide campaigns to ensure relevance across generations. The "Your Story Matters" campaign continued to anchor the Bank's human-centred brand positioning. The campaign affirmed that every customer's story is valued, and it became deeply embedded in the Bank's identity and decision-making culture. The initiative yielded strong resonance across markets, contributing to notable growth in brand affinity and emotional connection.

Brand building through sports

Athletics (Shs 60 million): As the title sponsor for the Absa Kip Keino Classic, the Bank invested Shs 60 million into the 2025 athletics calendar.

- **Shs 40 million** was allocated for rights fees to Athletics Kenya.
- **Shs 20 million** supported event logistics and marketing.
- The investment also covered the Absa Sirikwa Classic World Cross Country Tour, which received a renewed Shs 11 million sponsorship in February 2025.

Golf (Shs 60 million): Absa marked its 14th year as the lead private sector sponsor for the Magical Kenya Open (MKO) with a Shs 60 million investment.

- **Shs 40 million** went directly to tournament operations through Kenya Open Golf Limited (KOGL).
- **Shs 20 million** was dedicated to promotional activities and enhancing the fan experience.

Launch of affluent preposition

To differentiate ourselves in a highly competitive retail and affluent banking market, the Bank introduced its Prestige Banking proposition, a service that bridges the gap between traditional banking and personalised financial guidance. Prestige Banking offers customers curated financial planning support, investment insights, lifestyle benefits and security features such as retrenchment cover. Additional premium services include a Platinum Card with travel and lounge privileges, flexible payment options, and dedicated relationship managers who provide expert advice. This launch, showcased at the Magical Kenya Open, emphasised the Bank's commitment to customer-centricity and aligned with the "Your Story Matters" brand promise. Beyond financial products, Absa created opportunities for growth, such as a 10-day business immersion trip to Estonia and Finland for entrepreneurs within its Business Club.

Customer engagement and market outreach

The Bank broadened its engagement channels to reach customers where they live and work. Through caravans, physical events, webinars, online sessions, contact centre touchpoints and relationship manager outreach, Absa ensured a multi-channel presence that nurtures trust and supports meaningful interaction. These engagements contributed to a strong stakeholder relationship score and enabled the Bank to respond quickly to emerging customer needs. The Bank also intensified fraud awareness training across all regions, acknowledging the increasing sophistication of financial crime and ensuring customers remain protected.

Governance and oversight

Our Board of Directors

Our Country Management Committee

Our Board of Directors

The Absa Board is committed to the continuous enhancement of its corporate governance principles, policies, and practices by staying abreast of evolving regulatory requirements and leading practices.

This commitment is reinforced through ongoing engagement with regulators and industry bodies, as well as regular feedback from key stakeholders.Strong corporate governance is fundamental to creating and sustaining shareholder value, and to ensuring that conduct across the Group is ethical, lawful, transparent, and aligned with the interests of all stakeholders.

Mohammed Nyaoga 65
EBS, SC,
Chairman

Abdi Mohamed 57
Managing Director and Chief Executive Officer

Yusuf Omari 51
Chief Financial Officer

Louis Onyango Otieno 61
Non-executive director

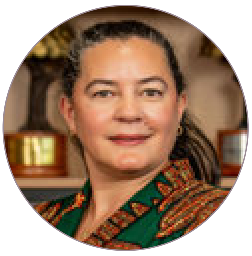
Charles Njenga Murito 49
Non-executive director

Fulvio Tonelli 65
Non-executive director

Christine Sabwa 52
Non-executive director

Kedibone Imathiu 44
Non-executive director

Marion Gathoga-Mwangi 54
Non-executive director



Caroline Armstrong 51
Non-executive director

Anne Nyongesa 42
Company Secretary

Our Board of Directors continued

Mohammed Nyaoga, EBS, SC,
Chairman and Independent Non-executive director
Appointed to Board: August 2025
Appointed Chairman: October 2025
Committee membership: CGNRC, SC

External directorships
- Senior Partner at Mohammed Muigai LLP
- Chairman of the African Development Bank Group's Disclosure and Access to Information Appeals Panel
- Expert corporate governance trainer for the IMF

Previous roles
- Chairman of the Central Bank of Kenya Board
- Chair of the IMF External Experts Panel

Qualifications
- Masters in Law (LLM), University of Nairobi
- Bachelors of Law (LLB) – Hons, University of Nairobi
- Postgraduate Diploma from the Kenya School of Law
- Certification as a Certified Public Secretary (CPS)
- Corporate governance certificates from the Commonwealth Association of Corporate Governance, the American Securities and Exchange Commission
- Certificate in Bank Governance, Saïd Business School at the University of Oxford

Abdi Mohamed
Managing Director and Chief Executive Officer
Appointed to Board: May 2023
Committee membership: None

External roles and memberships
- Board Member, Touch Foundation Inc.
- Board Member, Global Compact Network Kenya
- Board Member, Integrated Payment Services Ltd Kenya

Previous roles
- Managing Director, Absa Bank Tanzania Limited
- Acting Managing Executive, Retail and Business Banking Absa Regional Operations
- Chief Operating Officer, Absa Bank Kenya
- Retail and Business Banking Director, Absa Bank Kenya and Absa Zambia
- Operations Efficiency Manager, Barclays Global Retail and Commercial Banking, London

Qualifications
- Bachelor of Commerce (Hons) - Kenyatta University
- Masters Business Administration (MBA) – Edith Cowan University
- Advanced Management Programme (IMD Business School – Switzerland)

Yusuf Omari
Executive Director and Chief Financial Officer
Appointed to Board: June 2009
Committee membership: None

External roles and memberships
- Board Member, University of Nairobi Enterprise Services

Previous roles
- Head of Compliance, Barclays Kenya
- Head of Internal Audit East and West Africa, Barclays Kenya
- Senior Auditor, KPMG
- Board Member, Institute of Certified Public Accountants of Kenya (ICPAK)

Qualifications
- Professional Affiliation: Fellow of the Institute of Certified Public Accountant (FCPA)
- Sustainable Finance (ESG) - London School of Economics
- Global CEO Programme – Yale School of Management
- Advance Management Programme - IMD Switzerland
- Advance Management Programme - Strathmore Business School and IESE - Spain
- Master of Business Administration (MBA) - Strathmore Business School
- Certified Internal Auditor - Institute of Internal Audit
- Certified External Assessor
- Hons Bachelor of Economics - University of Nairobi - Kenya

Louis Onyango Otieno
Independent Non-executive director
Appointed to Board: March 2018
Appointed as Lead Independent Director: July 2024
Committee Chairperson: SC
Committee membership: CGNRC
Board Chairperson: Absa Asset Management Limited **(Retired 30 January 2026)**

External roles and memberships
- Board Member, Nation Media Group Plc
- Chairman, Sera Afrika

Previous roles
- Director, Corporate Affairs, Microsoft 4Afrika
- General Manager, East and Southern Africa, Microsoft Corporation
- President, American Chamber of Commerce - Kenya
- ICT Advisor to the Presidents of Tanzania, Uganda, and Mozambique
- ICT Advisor, COMESA Business Council
- Board Member, Kenya Vision 2030
- Board Member, Red Media Africa (Nigeria)
- Board Member, Enablis East Africa
- Board Member, Fintech International

Qualifications
- MBA, Long Island University
- BSc (Hons) Computer Science, Mercy College

Charles Njenga Murito
Independent Non-executive director
Appointed to Board: June 2020
Committee chairperson: CC
Committee membership: SC

External roles and memberships
- Regional Director, sub-Saharan Africa, Government Affairs and Public Policy, Google

Previous roles
- Country Director, Google Kenya
- MD and Chief Commercial Officer of Programming, Wananchi Group (Zuku)
- Director, Business Development, Middle East and Africa, Turner Broadcasting (Europe)
- Senior Manager, Programming Strategy, Turner Broadcasting (Europe)
- Chief of Staff to the President, Warner Bros. Entertainment Inc.
- Brand and Sales Manager, East Africa, MTV Networks Africa
- Sales Executive, Content Sales, Domestic TV Distribution, Warner Bros. Entertainment Ltd

Qualifications
- MBA, Entertainment Business and Finance, Cass Business School, London
- Bachelor of Science, Psychology and Management, Woodbury University Burbank, California

Fulvio Tonelli
Non-executive director
Appointed to Board: October 2020
Committee membership: ARC, CC, SC

External roles and memberships
- Board Member, Absa Group Limited
- Chairman, Independent Regulatory Board of Auditors
- Non-executive director, the Ethics Institute

Previous roles
- Partner, Chief Risk Officer, Chief Operating Officer, PwC South Africa

Qualifications
- BCom Honors (Accounting), University of Witwatersrand, Johannesburg, SA
- BCom, University of Witwatersrand, Johannesburg, SA

Our Board of Directors continued

Christine Mideva Sabwa
Independent Non-executive director
Appointed to Board: February 2022
Committee Chairperson: ARC
Committee membership: CC
Director: Absa Asset Management Limited
(Retired 30 January 2026)

External roles and memberships
- Managing Partner, Sabwa and Associates
- Board Member, Britam Life Assurance Kenya Limited
- Board Member, Multichoice Group Limited
- Board Member, ECLOF Kenya
- Board Member, Shalom Group of Hospitals

Previous roles
- Group CFO, Stanbic Bank Kenya Limited
- COO, Airtel Money Africa
- Board Member, Spire Bank Kenya Limited
- Board Member, Royal Nairobi Golf Club

Qualifications
- BCom (Accounting), University of Nairobi, Kenya
- Certified Public Accountant, Kenya

Kedibone Imathiu
Independent Non-executive director
Appointed to Board: November 2022
Committee Chairperson: CGNRC
Committee membership: ARC

External roles and memberships
- Non-executive director, AIG South Africa (Pty) Limited
- Non-executive director, AIG Life (Pty) Limited
- Non-executive director, The Federated Employees Mutual Assurance Company (Pty) Ltd
- Non-executive director, Old Mutual Investment Services Nominees (Pty) Ltd
- Non-executive director, BK Capital Group Ltd
- Non-executive director, Sekta Group (Pty) Ltd
- Director, Kazi Investments II (Pty) Ltd

Previous roles
- Co-Founder and Executive Director: Kazi Capital (Pty) Ltd, South Africa
- Fund Principal: Public Investment Corporation, South Africa
- Corporate Finance Consultant: Investec Limited, South Africa and UK
- Audit Manager and Senior Associate: KPMG, South Africa and USA
- Non-executive director, TMS Group Industrial Services (Pty) Ltd

Qualifications
- BCom, University of South Africa
- Bachelor of Accounting Science (Honors), University of South Africa
- MBA, Cranfield University, UK
- Chartered Accountant, South Africa
- Chartered Director, South Africa

Marion Gathoga-Mwangi
Independent Non-executive director
Appointed to Board: October 2024
Committee membership: ARC, CGNRC

External roles and memberships
- Managing Director, Inchcape Kenya Limited
- Non-executive Director, The Palmhouse Foundation
- Non-executive Director, Kenya Association of Manufacturers (KAM)
- Adjunct Faculty at Strathmore Business School Training – Women in Leadership program

Previous roles
- Group Chief Executive Officer, Standard Group Plc
- Managing Director, BOC Kenya Plc
- Executive positions: African Oxygen (Pty) Ltd, a Linde company

Qualifications
- Bachelor of Science in International Business Administration, United States International University
- Practitioner Diploma in Executive Coaching, Academy of Executive Coaches
- Part time academic at Strathmore Business School (Women in Leadership Executive Program)
- Lean (Kaizen) practitioner

Caroline Armstrong
Non-executive director
Appointed to Board: September 2025
Committee membership: SC

External roles and memberships.
- Independent non-executive director at Jambo Jet Limited
- Board Chairperson of New Faces New Voices
- Trustee at Loop Payco Trust

Previous Roles
- Independent non-executive director on the Boards of Kenya Airways
- Independent non-executive director on the Boards of National Housing Corporation
- Board member HF Foundation.

Qualifications
- Bachelor of Science in International Business Administration, United States International University
- Change Management Certification (PROSCI)
- Executive Coaching Certification from the Academy of Executive Coaching

Anne Nyongesa
Company Secretary
Appointed to the role: February 2025

Previous roles
- Head Counsel, Governance and Shared, KCB Group Plc
- Head of Legal and Company Secretary, Rafiki Microfinance Bank
- Assistant Group Company Secretary, Britam Holdings Plc
- Legal Manager, Consolidated Bank
- Legal Documentation Manager, KCB Group Plc

Qualifications
- LL.M, Commercial Law, University of South Africa
- LL. B, University of Nairobi
- Diploma in Law, Kenya School of Law
- Diploma in Business Management, Kenya Institute of Management
- Associate Diploma in Banking, Kenya Institute of Bankers
- Certified Governance Auditor, Institute of Certified Secretaries
- Practicing Certified Public Secretary (Kenya)

ARC	Audit and Risk Committee
CC	Credit Committee
CGNRC	Corporate Governance Nominations and Remuneration Committee
SC	Strategy Committee

Our Country Management Committee

Our Management Committee comprises a diverse and experienced leadership team, including the Chief Executive Officer, Chief Financial Officer, and ten other senior management members.

Abdi Mohamed
Managing Director and Chief Executive Officer

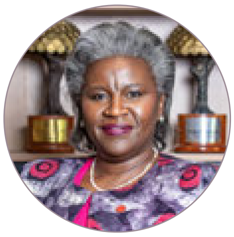
Yusuf Omari
Chief Financial Officer

Moses Musyoka-Muthui
Director, Consumer Banking

James Agin
Executive, Corporate and Investment Banking

Chiera Waithaka
Chief Risk Officer

Christine Mwai-Marandu
Director, Country Credit



Mumbi Kahindo
Chief People Officer

Ken Kanyarati
Director, Legal and Compliance

Sharon Ingari
Chief Internal Auditor

Elizabeth Wasunna-Ochwa
Director, Strategic Partnership

Julius Kamau
Chief Operating and Digital Officer

Mwihaki Wachira
Director, Marketing and Corporate Affairs

Renato D'souza,
Director, Business Banking *
Appointed 1 January 2026

Detailed biographies of our Country Management Committee members are available on our website.

Corporate Governance Statement

The Board of Directors (the "Board") of Absa Bank Kenya PLC (the "Company" or the "Bank" or "Absa") regards Corporate Governance as key to the achievement of the Company's mission and vision, and is therefore committed to the highest standards thereof. In this regard, the Board has adopted Corporate Governance principles and practices that are in compliance with the requirements of the Companies Act, No 17 of 2015 (the "Companies Act"), the Capital Markets Act, Chapter 485A (the "Capital Markets Act"), the Capital Markets Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (the "Code"), the Public Offers, Listings and Disclosure Regulations of 2023 (the "POLD"), the Central Bank of Kenya Prudential Guidelines (CBK Prudential Guidelines), King IV Report on Corporate Governance in South Africa (King IV Code), the Absa Group Governance Framework and Corporate Governance best practice (together "the Corporate Governance Framework").

The Corporate Governance Framework serves as a comprehensive guide to the Company in navigating the complexities of the operating landscape. The Board utilises the Corporate Governance Framework as a compass for decision-making and steering the Company towards long-term success and resilience in the financial sector.

Pursuant to the Corporate Governance Framework, the Board recognises its responsibility to the Company's stakeholders, and has therefore, jointly with Management, formulated appropriate strategies and policies for the long-term sustainability of the Company. These are hinged on the Company's vision and mission and the broad strategic objectives of the Company. The Vision, Mission and strategic objectives as set out below, are at the centre of our Corporate Governance Framework, and influence all actions towards the maximisation of value not only for our shareholders, but for the broader key stakeholder groups.

The Board regularly assesses compliance with the Corporate Governance Framework and confirms that for the year under review it has complied with all material governance principles, laws, regulations and the Code. The Board seeks to adopt best practice in matters governance and therefore constantly endeavours to go beyond regulatory requirements in matters where it considers that the same will add value to the Company's stakeholders. In this regard, the Board regularly reviews its Corporate Governance Framework to ensure that the same is aligned with legal and regulatory requirements as well as best practice. As part of this process, during the Annual General Meeting held on 22 May 2025, the Shareholders approved the following revised documents in line with legal and regulatory requirements;

1. The Company's Articles of Association;
2. The Board Remuneration, Attraction and Retention Policy;
3. The Corporate Disclosure Policy;
4. The Stakeholder Engagement and Communication Policy; and
5. The Dispute Resolution Policy.

The Bank aspires to be a truly purpose-led organisation. This means we are deeply committed to positive contribution to the world around us. Our purpose is Empowering Africa's tomorrow, together... one story at a time.

Our purpose serves as the 'North Star', illuminating our reason for existence. We therefore strive to put our purpose at the heart of everything that we do.

At Absa, we have 5 values that are essential to what we do:

1. **Trust** - We believe in ourselves and each other
2. **Resourceful** - We innovate for colleagues, clients and communities
3. **Stewardship** - We take actions today that sustain our tomorrow
4. **Inclusion** - We are stronger together
5. **Courage** - We show up as our authentic selves to our own story.

Our Aspirations,

1. **For our people** - We will create a culture that appreciates, unifies and differentiates us from our competitors
2. **For our customers** - We will create unprecedented, seamless experiences to engage and delight while adding value
3. **For society** - All our employees will lead with a conscience, doing their best for people and the planet.

Our strategy for 2023 - 2027 is founded on three priorities and three enablers

Our Three Strategic Priorities

1. **A modern-day consumer financial services business** - Our ambition is to build a scalable consumer banking business that is digitally enabled to drive reach, targeting a significant increase in profitable customers.

2. **A market leader in Business Banking** - Our ambition is to expand our reach towards market leadership through enhanced physical and digital distribution, innovation of our propositions and a step change in customer experience.

3. **A leading Corporate and Investment Bank in connecting ecosystems** - Our ambition is to build a leading Corporate and Investment Bank (CIB) in connecting client ecosystems. Our objective is to deliver the firm capabilities and in doing so, become the primary partner for our clients.

Our Three Strategic Enablers

1. **A digitally powered business** - Our ambition is to build a digitally powered bank through, among others, sustained investments towards modernising our technology chassis, executing a digital transformation programme leveraging cutting-edge cloud-based technologies, enabling scale in partnership and acquisition through the launch of an Open API Gateway.

2. **A trusted brand driving a sustainable future** - Our ambition is to become the number 1 Trusted Financial Services Brand in Kenya. This effort will involve building a locally relevant, always-on brand that drives a sustainable future and being a "Force for Good" in the communities in which we operate, while building relevance, consideration and connection with our customers, colleagues and stakeholders that will ultimately lead to brand advocacy and loyalty.

3. **A home of talent and diversity** - Our ambition is to build a home of talent underpinned by a culture that fosters innovation and embraces all forms of diversity and inclusion, being cognisant of the evolving needs of colleagues.

Corporate Governance Statement continued

At the heart of these strategies and policies is the important pillar of Corporate Governance, one of the three pillars of the Company's ESG agenda. In this regard, the Board is keen in ensuring that it is fostering a culture that values ethical behavior, integrity and the need to conduct the business and operations of the Company in accordance with the generally accepted Corporate Governance principles of accountability, fairness, probity and integrity, transparency, efficiency and effectiveness, while recognising the legitimate interests of various stakeholders. This commitment to good Corporate Governance by the Board resulted, among others to the following recognitions and improvements during the year under review;

1. A significant improvement of rating from 83% (in 2023) to 90% in the Capital Markets Authority (CMA) Corporate Governance Assessment report for the year ended 31 December 2024 as set out at page 121 of this report;
2. Second Runners Up in the Governance Category of the 2025 FiRe Awards;
3. Winning of the Compliance and Governance Award by Mr. Yusuf Omari, an Executive Director and CFO of the Company in the 2025 East Africa CFO Awards; and
4. Overall winner of the Leadership and Governance Award 2025 by the Federation of Kenya Employers.

The Board

The Articles of Association vest the governance of the Company in the Board of Directors. The Board is committed to providing strategic direction, the necessary support and advice to Management and to fulfilling its fiduciary duties, demonstrating reasonable skill, care and diligence as stipulated under the Corporate Governance Framework.

The Board is composed of ten Directors whose profiles are set out at page 99-100 of this Report. During the year under review, the following changes were made on the Board;

1. Ms. Patricia Ithau retired as an independent non-executive director effective from 31 March 2025.
2. Mr. Japheth Olende retired as an independent non-executive director effective from 22 May 2025.
3. Mr. Charles Muchene retired as the Chairman and as an independent non-executive director effective from 30 September 2025.
4. Mr. Wilson Murage resigned as Company Secretary effective from 27 February 2025.
5. Ms. Anne Nyongesa was appointed as company secretary effective from 28 February 2025.
6. Mr. Mohammed Nyaoga was appointed to serve as an independent non-executive director effective from 1 August 2025. He was also appointed to serve as the Chairman effective from 1 October 2025.
7. Ms. Caroline Armstrong was appointed to serve as independent non-executive director effective from 19 September 2025.

Responsibilities of the Board

The Board is clear on its role and responsibilities, which are set out in the Board Charter as well as the Committee charters. During the year under review and following a comprehensive review of the Corporate Governance Framework, the Board approved revised Board and Committee charters. The Board is confident that these Charters reflect best practice and provide it with the necessary guidance in the performance of its role and responsibilities. The Board Charter and Committee charters are disclosed on the Company's website as required by the Code.

The Board is also guided by a number of policies including a Code of Conduct, the Board Remuneration, Attraction and Retention Policy, the Conflict of Interest Policy, the Board Succession Policy and Plan, the Dispute Resolution Policy, the Stakeholder Management Policy, the Related Party Transactions Policy, the Whistle-Blowing Policy as well as a Board Diversity and Skills Matrix.

In line with the Board Charter, the Board has diligently continued its practice of establishing an annual Work Plan outlining its scheduled activities for each year. The comprehensive Work Plan serves as a strategic guide which shapes the Board's engagements and focus areas throughout the year. The Work Plan enables the Board to plan efficiently and to focus on the most important activities, while ensuring that it is sufficiently forward looking, shaping the future of the Business and ensuring that its meetings are planned and executed in an effective manner.

Besides Board and Committee meetings, the Work Plan sets out other Board activities including Board development, evaluation, strategic retreats and stakeholder engagements. The Board's Work Plan is approved before the commencement of the financial year to which it relates. For the year under review, the Board was operating pursuant to a work Plan approved on 28 November 2024.

The Board continued to provide oversight over the successful implementation of strategy during the year under review. In this regard, some of the key select decisions made by the Board during the year include;

- Approval of the strategic initiatives for the period 2026-2028 and the financial medium term plan to be implemented by Management;
- Review and approval of the Company's 2026 Strategy Execution plan and Scorecard;
- Continued monitoring of the implementation of the strategic initiatives as well as strategy enablers;
- Review and approval of Board committees' re-composition;
- Approval to open custody cash and CDSC accounts;
- Continued oversight of the implementation of the Bank's sustainability program;
- Continued oversight of Board succession planning and transition; notably the appointment of Mr. Mohammed Nyaoga and Ms. Caroline Armstrong as Directors, and the Board Chairman's transition with the retirement of Mr. Charles Muchene and the appointment of Mr. Mohammed Nyaoga as Board Chairman;
- With the help of an external recruitment agency and internal recruitment options, the enhancement of the director pipeline and identification of director candidates for the Bank and its subsidiaries;

Corporate Governance Statement continued

- Approval of the 2025 audited financial statements and recommending of a final dividend;
- Approval of the Internal Capital Adequacy Assessment Process (ICAAP);
- Approval and launch of the 2024 Sustainability and Climate Report;
- Continued oversight of the Absa Kenya Foundation strategic initiatives and governance;
- Continued oversight over the activities and governance of the subsidiaries of the Company;
- Consideration and approval of various significant partnerships, funding limits, capital expenditures and investments;
- Continued oversight of the risk management framework, ensuring that Management maintain a system of internal control incorporating the combined assurance model which provides assurance of effective and efficient operations, internal controls and compliance with laws and regulations;
- Review of the succession plan for the Management team and the continued oversight of the recruitment, development, motivation and retention of the right talent;
- Approvals of policies spanning the entire business;
- Setting the Company's risk appetite within which Management was expected to operate;
- Consideration of focused mergers and acquisitions aimed at strengthening the Company's return profile; and
- Oversight over performance against targets and objectives.

During the year under review, the Board increased its involvement in high-profile stakeholder engagements, always ensuring that its involvement was at the right level and without stepping in to the Management arena. The Board onboarded two new Independent non-executive directors after obtaining regulatory approvals. There was also continued implementation of recommendations from the Governance and Legal and Compliance Audits as well as Board Evaluation.

In order for it to effectively discharge its role, the Board continued to provide guidance to Management on the information it needs. During the period under review, Directors received all relevant information for the discharge of their obligations in an accurate, timely and clear form so that they can guide and maintain full and effective control over strategic, financial, operational and compliance issues.

The Chairman

The Chairman leads the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities including setting its agenda to ensure substantive discussion on strategy, performance and key value issues. In this capacity, he works with Committee Chairpersons to ensure that there is alignment and congruence of Committee activities to priorities and responsibilities of the Board.

The role of the Chairman is clearly set out in the Board Charter, and amongst other roles, he ensures that the Board leads ethically and effectively, conducting itself in a way that cultivates and exhibits the characteristics of integrity, competence, responsibilities, accountability, fairness and transparency. He encourages collegiality, teamwork and collaboration among Board members and ensures that the Board fulfils its fiduciary duties for the long-term sustainability of the Company.

The Chairman leads the annual Board evaluation process in order to ensure that the Board remains a high performing Board, always collaborating with the Managing Director, Chief Financial Officer, and the Company Secretary to guarantee that Directors receive accurate, timely, and clear information about the Company's business and operations, to enable the Board to fulfil its obligations effectively.

The Managing Director

The Managing Director is appointed by the Board and bears delegated responsibility for the Company's day to day management, including stakeholder management, risk management and internal controls, leading the Country Management Committee and ensuring the effective management of the Company's human resources, developing talent for the future needs of the Company. Once the Board has approved the strategy, it endorses the Medium-Term Plan and annual budget aligned with the strategy and thereafter provides oversight as the Managing Director implements the approved strategy. The Managing Director ensures accurate and timely reporting to the Board and its Committees and is empowered to seek the Board's assistance whenever needed. Whereas the roles of the Chairman and the Managing Director are distinct, they maintain frequent contact with each other and other Board members throughout the year outside of the formal meetings.

The Lead Independent Director

The Lead Independent Director is appointed by the Board to support the Chairman and the Board in three broad areas:

- serving as an alternative communication channel for Board members who might not be comfortable with the Chairman on any significant matter or have concerns that have not been fully or properly addressed by the Chairman,
- leading the Chairman's annual performance appraisal discussions as a proxy for the Board, and
- in a period of Chairman transition, supporting the Nominations Committee in its search for a new Chairman (if not a candidate for the role) and helping the new Chairman settle in role.

During the year under review, the Lead Independent Director played a critical role, jointly with the Corporate Governance, Nominations and Remuneration Committee (CGNRC) in its search for a new Chairman, and in the transition between the former Chairman and the current Chairman. The Lead Independent Director has continued to support the Chairman in settling in his role, often acting as his sounding board.

The Company Secretary

The Company Secretary is a registered practising secretary and is also a member in good standing of the Institute of Certified Secretaries of Kenya (ICS).

As the custodian of governance, the Company Secretary ensures compliance with legal and regulatory requirements while supporting the effective functioning of the Board and its committees. Acting as a key advisor, the Company Secretary facilitates transparent communication among Board members and with Management, ensures regular review of the Corporate Governance Framework including the Company's Articles of Association, Board and Committee charters, maintains accurate records and guides the Board in adhering to best practices.

Corporate Governance Statement continued

In particular, for the year under review, the Company secretary ensured the timely induction of the newly appointed Directors, the periodic development of Board members, with each Board member achieving the required continuous development hours, the development of the annual Board and Committee Work Plans, coordinated the Board Evaluation exercise and maintained the statutory registers among others.

The performance of the Company Secretary was assessed by the Board as part of the annual Board performance evaluation process.

Board size and composition:

Fostering diversity, expertise and strategic alignment

The Board is deliberate about its size and composition, regularly assessing the required blend of skills, expertise and experience among other diversity requirements, based on the Company's strategy, future sustainability and stakeholder needs. Having done this during the year under review, the Board is confident that collectively, the Directors possess the necessary qualifications, skills and diversity commensurate with the size, complexity and risk profile of the Company and that its size is similarly appropriate. The size and composition of the Board is also in accordance with the Articles of Association, the Board Charter and relevant laws.

The Board comprises a balance of executive directors, non-executive directors and independent non-executive directors as required by the Code. Two out of ten are Executive Directors, one is a non-executive director while seven, being the majority of the Board are Independent non-executive directors. The Chairman of the Board is an independent non-executive director.

As diversity is a key principle of the Absa Way Code of Ethics, the Board has developed a detailed Diversity and Skills Matrix that guides it in identifying any deficiencies or gaps in its composition, and therefore the basis for recommending potential Directors for appointment and election to the Board or developing existing ones in order to enhance effectiveness. The Diversity and Skills Matrix is aligned to the Company's strategy and is set in the context of regulatory requirements and competencies for a future ready Board. The Board Diversity and Skills Matrix has set out the desired diversity requirements including professional diversity and personal attributes as well as other non-skills considerations for robust governance.

Board nomination and appointment:

Ensuring excellence

The CGNRC ensures that there is a meticulous process for selecting Board members. The Committee outlines precise criteria for selection and ensures that the same is aligned to any gaps identified based on the Diversity and Skills Matrix. The Committee leverages the extensive networks of the Board and the support of professional consultants to identify candidates who meet the selection criteria.

Once identified, the candidates undergo rigorous vetting and thorough assessments, considering non skill criteria such as values and beliefs, diversity and alignment with the Company's culture and mission. The Committee requires potential Directors to disclose any potential conflict and reviews the nature of the candidates' other interests and the likelihood of any actual or potential conflict of interest in order to satisfy itself that the Directors' relationships and commitments will not hinder their ability to act in the best interests of the Company.

Re-appointments to the Board for a further term is dependent on good performance, with the Committee assessing the Director's performance and fit on the Board before making the necessary recommendations to the Board. In this regard also, the Committee is also guided by the Diversity and Skills Matrix.

All candidates must meet the Central Bank of Kenya ("CBK") "fit and proper" requirements and receive regulatory approval before their appointment is confirmed. Upon appointment, each Director is issued with a detailed letter of appointment setting out the terms and conditions of service, and each Director is expected to accept their appointment in writing. The Chairman has a specific letter of appointment as Chairman of the Board.

Pursuant to this process, Mr. Mohammed Nyaoga and Ms. Caroline Armstrong were appointed to the Board effective 1 August 2025 and 19 September 2025, respectively as independent non-executive directors.

Directors' induction and continuing development:

Nurturing leadership excellence

In line with the Corporate Governance Framework, the Company has put in place a formal immersive Board induction program designed to give Directors an in-depth understanding of the Company's history, vision and values as well as its business, familiarise them with the Board, legal, regulatory and governance framework and give them an understanding of their individual roles and expectations, thereby equipping each new Director with appropriate knowledge, tools, and connections which they need to effectively discharge their duties. All newly appointed Directors participate in the induction program within the first three months of their appointment. As part of their induction, newly appointed Directors also meet senior Management, the Company Secretary, the chairs of the committees they have been appointed to and the Chairman of the Board before their first Board meeting.

The Company understands the pivotal role that continuous learning plays for Board effectiveness, and through the CGNRC, ensures that a competence needs assessment is carried out periodically and an annual development plan, for a minimum of 12 hours per year, allocated as 4 hours per quarter, per board member, is put in place to address identified gaps. The plan is designed to empower and equip the leadership with the latest industry trends, legal and regulatory changes, developments in governance, strategic insights and other skills necessary to steer the Company. The plan takes into account Directors' training and development needs identified through their one-on-one engagements with the Chairman and feedback from the annual Board performance evaluation.

The approach to Board development involves engaging Directors in thought-provoking seminars, workshops and curated learning modules facilitated by local and overseas experts. Each of the Board Members who was in office for the whole year 2025 achieved the minimum prescribed twelve hours of Board development on governance related matters.

Corporate Governance Statement continued

The Board members also engaged in personal development sessions beyond those offered by the Company.

There were four scheduled Board trainings in the year focusing on the evolving governance landscape and what Boards and Executives must understand to stay ahead of competition; masterclasses on Financial crime compliance focusing on regulatory expectation of the Board of a bank, masterclasses on Enterprise Risk Management Framework (ERMF) focusing on Risk Taxonomy, Risk appetite and stress testing, Risk operating model, and Policy Governance; Islamic banking; IFRS Sustainability Disclosure Standards focusing on emerging sustainability trends, regulatory developments impacting Absa, need for Board awareness and the role of the Board and senior management in IFRS sustainability disclosures. Additionally, the Board was trained on global, regional and Kenyan macroeconomic developments; Artificial Intelligence highlighting the future of AI in Financial Services Institutions and importance of governance, risks, AI strategy and role of the Board in AI adoption.

Board succession planning:

Fostering continuity

The Company's Articles of Association require a third of the non-executive directors and independent non-executive directors to retire by rotation at every AGM and to present themselves for re-election, if eligible. The Directors who retire from office by rotation each year are those who have served the longest term in office since their last election. While the Board Charter limits the term of a non-executive director to nine years for all Board members appointed prior to 2023 in line with the Code, the POLD, together with the revised Board Charter further limit the term of office of newly appointed independent non-executive director to six years.

The Board manages its succession planning with the assistance of the CGNRC in order to maintain an appropriate balance of skills and experience and to ensure progressive refreshing of the Board. The Committee has put in place a succession plan for the Board and key roles within the Board including Executive Directors and Committee Chairpersons. In this regard, and pursuant to the Board succession plan, the following changes were implemented during the year under review;

1. Mr. Mohammed Nyaoga was elected as the new Chairman on 1 October 2025, following the retirement of the former Chairman on 30 September 2025.
2. Mr. Charles Murito was appointed as Chairperson of the Credit Committee following the retirement of Mr. Japheth Olende.
3. Ms. Kedibone Imathiu was appointed as Chairperson of the CGNRC following the retirement of Ms. Patricia Ithau.

Further, one third of the non-executive directors will retire by rotation at the Annual General Meeting this year and present themselves for re-election, if eligible.

The Board also maintains a succession plan for senior Management and key roles within the Company. The CGNRC is responsible for ensuring that the succession plan is reviewed regularly and that the necessary interventions are in place, taking into account the work place trends, to ensure that the Company is not exposed to the risks that come with gaps in the organisational structure. In this regard, senior Management were exposed to relevant training during the year in order to upskill them and to prepare them to tackle the challenges in the macro and micro environment.

Conflict of interest and independence:

Upholding transparency and integrity

All Directors and employees are expected to avoid activities and financial interests that could undermine their responsibilities to the Company. The Directors are expected to steer clear of situations where their personal interests could conflict or be perceived as conflicting with those of the Company. While Directors declare any conflict of interests upon appointment, a Director with an actual or potential conflict of interest in relation to a matter before the Board or Committee is required to disclose such interest and to recuse himself or herself from the discussions relating to the matter in question.

In this regard, declaration of conflict of interest is a standing agenda item during Board and Committee meetings. In addition, Directors are required to immediately notify the Chairman and Company Secretary of any potential conflicts of interest as soon as they become aware of them. Where a conflict is material or of an ongoing nature, the Board will consider it and may call upon the Director to resign, if necessary, to proactively manage the conflict.

In addition to declarations made during Board and Committee meetings, the Board has an established practice where every quarter, Board members declare their interests and sign attestations. The declared interests are then tabled at the Board meeting, discussed and noted by the Board.

The Directors who acquire shares in the Company are expected to disclose the interest acquired. This enables the Company Secretary to maintain an up-to-date Directors' interests register. The table below shows the directors' interests in the Company in the year ended 31 December 2025: -

Director	Number of Shares in the Company
Abdi Mohamed	10 000
Yusuf Omari	100 000

To ensure Director independence, assessments are conducted annually in line with the criteria specified in the Board Charter, Prudential Guidelines, the Code and best practices. Independent Board members are obliged to confirm annually their sustained independence through an evaluation of the independence criteria. This systematic evaluation enables the Board to gauge its overall level of independence in the execution of its duties. The evaluation of Directors' independence also scrutinises their capacity to provide an unbiased challenge to Management, question assumptions, beliefs, or perspectives, advocate for their own convictions in support of the organisation, engage in constructive questioning and debate, and appropriately scrutinise information and responses provided by Management.

Based on the annual declarations of independence and the assessment of Directors' independence at recruitment, the Board is satisfied that all the seven Independent non-executive directors (including the Chairman) are independent as defined in regulatory guidelines and that the Company is in compliance with legal and regulatory requirements because the majority of its members are independent non-executive directors.

Corporate Governance Statement continued

Board performance and evaluation:

Sustaining effectiveness

On annual basis, the Board evaluates its performance, that of individual Directors, the Chairman, the Managing Director and Company Secretary as well as that of its committees as required by CBK, the Capital Markets Authority ("CMA") and best practice. The evaluation is facilitated externally after every two years.

For the year under review, the Board appointed an external Consultant to assist it conduct Board Evaluation. The detailed evaluation tool examined the balance of the skills of the Directors, the operation of the Board in practice, including governance issues, and the content of the Board meetings. Feedback from the process was used to identify opportunities to improve the performance of the Board and the Directors. The evaluation tool also included a series of questions for each Director to assess their own performance and the performance of each other as well as to identify development opportunities. The Board evaluation results were presented to the CBK in March 2026 in line with the regulatory requirements.

The Board has fully deliberated on the results of the Board Evaluation, and the Chairman has held one on one sessions with individual Directors with a view to discussing their performance and to identify any development needs, support required or areas where the Directors desire to add more value. While the Chairman of the Board was not evaluated owing to the fact that he was newly appointed, he has received preliminary feedback from the Board and has had discussions with the Lead Independent Director on initial thoughts and focus areas.

The implementation of the recommendations from the 2025 evaluation are being closely monitored by the CGNRC, which receives a quarterly report on the same.

Dispute Resolution Policy

In addition to the Dispute Resolution Policy, the Company has established several internal and external processes to ensure that disputes are handled expeditiously. The Customer Complaints Policy and the Complaints Handling and Query Management Procedure manual provide clear transparent guidelines on how customer complaints are handled, while the Disciplinary, Complaints and Grievance Policy provide similar guidelines on how complaints by staff and against staff are handled. The underlying principles are that the Company has embraced Alternative Dispute Resolution mechanisms which include mediation, arbitration and expert determination. The Dispute Resolution Policy therefore outlines the procedures for identifying, managing and resolving disputes within the Company and its subsidiaries.

Directors' emoluments

The Board has put in place a Board Remuneration, Attraction and Retention Policy which was approved by the Shareholders at the Annual General Meeting held in May 2025. The emoluments paid to each Director including benefits enjoyed for services rendered during the financial year 2025 in line with the Remuneration Policy are disclosed in the notes to the financial statements, and more particularly set out in the Director's remuneration report contained at page 124-127 of this report.

Compliance with laws, regulations and standards

Compliance with all applicable laws, regulations and standards is a fundamental aspect of the Company's Corporate Governance Framework. The Company has put strategies in place to ensure that Management continuously monitors the evolving regulatory landscape and best practices in the banking industry and timeously proposes updates to the Company's frameworks, policies, practices and procedures to align with any noted developments, in many instances being ahead of regulations. The Board through the Audit and Risk Committee monitors the Company's compliance with all legislation, regulations, codes, standards and internal policies, ensuring that there is in place a robust compliance framework that adheres to all local and applicable international laws and regulations. During the year under review, the Board in particular was focused on compliance in relation to POLD, the adoption of the IFRS S1 and IFRS S2 Principles issued by The International Sustainability Standards Board and compliance Kenya Green Financing Taxonomy (KGFT) and Climate Risk Disclosure Reporting Framework (CRDF) by the Central Bank of Kenya (CBK) in 2025.

While all the Board Committees focus on compliance in relation to their mandates, the CGNRC and the Audit and Risk Committee in particular have a broad view of the Company's overall status of compliance through the Governance Audit on the one hand and the Legal and Compliance Audit, internal and external audit reports including regulatory audits, and legal and compliance reports respectively.

Through these reports, the Board is confident that there is no known material non-compliance with laws, regulations and standards, or any material departures from required compliance including with internal policies.

Strategic planning process

The Board is responsible for creating and delivering sustainable shareholder value and ensuring that the interests of shareholders and other stakeholders are protected. In order to do this, the Board has determined the strategic objectives and policies of the Company to deliver long-term value. The Board Strategy Committee is charged with the responsibility of oversighting the strategic planning and implementation process, ensuring that the same is an agile and dynamic ongoing process that allows for regular review and updating of strategies based on market changes and new opportunities or threats, all the while ensuring alignment to the Company's mission, values and long-term vision.

The Board has approved a 5-year strategy for the period 2023 to 2027. In addition, and for the period under review, the Board approved the strategic initiatives for the period 2026-2028 and the financial medium term plan to be implemented by Management. The Board also reviewed and approved the Company's 2026 Strategy Execution plan and Scorecard, and the annual business plan supported by an agreed budget. The plans take into account identified risks and opportunities.

Corporate Governance Statement continued

The Board held a two-day board strategy off-site session where the Board evaluated and re-affirmed the strategy and held robust discussions on implementation progress, risks facing strategy implementation, the need to pivot and the focus areas for the future. The Board also delved deeper into the forces impacting the business and the industry. During the session, the Board adds tremendous value to strategy discussions helping shape and challenge the strategy and its underlying assumptions as conditions change. The Board also examines whether critical alignments are maintained (e.g., strategy, risk management, key performance indicators (KPIs), controls, incentives, and talent) as strategy is recalibrated. At the end of the retreat, areas of improvements and recommendations are discussed and actions developed are followed-up and tracked by the Board.

Governance Audit

In line with requirements of the Code, the Board subjected the Company to a Governance Audit and the Auditor's report is set out at page 120 of this report.

Legal and Compliance Audit

In line with the Code, the Company undertook a comprehensive Legal and Compliance Audit during the financial year 2024. The findings of the audit were published in the 2024 Annual Integrated report. The Company has been implementing the recommendations of the audit with quarterly updates to the Board. The next independent Legal and Compliance audit is scheduled for the financial year 2026. During the year, the Board continued to monitor legal compliance and received combined assurance reports on internal audits covering internal audit, compliance and risk in order to satisfy itself of the level of compliance with legal and regulatory requirements.

Access to information and independent advice:

Empowering informed decision-making

The Company upholds the principle that informed decisions drive success. Accordingly, the Company ensures that Directors have unfettered access to comprehensive information and independent advice when needed, fostering a culture of informed decision making and sound governance. In practice, where the Board or its Committees determine the need for independent professional advice, the Company through the Company Secretary avails such a resource at the Company's expense.

Appreciating that the Board accesses and comes into contact with critical information, the Directors are expected to strictly adhere to the provisions of the statutes applicable to the use and confidentiality of information.

Championing sustainability:

The Environmental, Social and Governance (ESG) commitment

The Board of Directors plays a critical role in ensuring that Absa's commitment to sustainability is upheld and strengthened as an integral part of corporate strategy and governance. This is demonstrated through its continued adherence to the approved sustainability commitment of November 2020 that is aligned with the Sustainable Development Goals, the Paris Climate Agreement, and the UN Global Compact Principles among others.

The Board achieves this through actively assessing and approving strategies which embed sustainability into the business model, fostering innovation and resilience. The Board also acknowledges environmental, social and governance risk, guides Management in mitigating these risks and seizing opportunities for sustainable growth. The Board also ensures transparent and robust reporting on sustainability performance through the Sustainability Report. The Bank, on 8 August 2025 launched its Sustainability and Climate Report for the year 2024.

The Board has developed ESG policies focused on each of the three pillars. The Strategy Committee is responsible for overseeing the embedding and implementation of ESG considerations into the strategic planning process, policies and day to day practices of the Company. The Board, through this Committee has ensured the development, implementation and regular review of value-led ESG policies, strategies and initiatives aligned to the broader strategy of the Company. This has included the setting of sustainability targets and incorporating ESG risks and opportunities into decision-making in line with the Enterprise Risk Management Framework and the Strategic, Sustainability and Reputational Risk (SSR).

Details on the sustainability commitments and how they are embedded into the Company's wider business units and integrated into its operations can be found in the 2024 Sustainability Report, which is available on the Company website ***(www.absabank.co.ke).***

In line with its ESG commitments, the Company has developed a Citizenship Policy which outlines the principles which support the Company's ambition to be an active force for good as well as the Company's societal impact activities through corporate donations, disaster relief and colleague volunteering/engagement. The Citizenship Policy underscores the Company's commitment to be a truly purpose led organisation, deliberately making a positive contribution to society, and driving measurable material change in communities. In this regard, the Company has invested significantly in three focus areas, financial inclusion, diversity and inclusion and climate. These areas were selected with due regard to the relative importance of the same to the Company's stakeholders, the potential impact on business and the Company's strengths and assets.

Risk Governance:

Guiding resilience

The Board has implemented a comprehensive Enterprise Risk Management Framework to identify, assess, and manage risks across all areas of the Company's business. The Framework aligns with the Company's risk appetite and regulatory requirements, prudential capital and liquidity requirements as well as the strategic and business priorities, safeguarding the Company's financial health and reputation. The Board through the Audit and Risk Committee provides vigilant oversight and strategic guidance to ensure that the Company is resilient in the face of increased uncertainty and in the context of the evolving geo-economic and geo-political shifts. The Committee is responsible for ensuring that both strategic and operational risks are identified and managed in accordance with the processes set out in the Enterprise Risk Management Framework.

Corporate Governance Statement continued

The Board sets and regularly reviews the Company's risk appetite and tolerance levels, monitoring the effectiveness of the Enterprise Risk Management Framework which sets out a number of policies related to risk management, and making changes to it, as necessary. The Risk Management Policy's key provisions are set out at page 68-70 at this report.

Internal controls:

Safeguarding the Company and its objectives

The Board through the Audit and Risk Committee ensures that the Company has a defined framework for internal controls to ensure the integrity of the assets of the Company and the reporting of complete and accurate financial information. The framework includes the segregation of duties, authority levels for approval of transactions, physical controls for assets, decision-making protocols and Enterprise Resource Planning systems including accounting systems with financial and operational performance measurement indicators.

The Board, through the Audit and Risk Committee assesses the effectiveness of the systems of internal controls especially through the reports of both internal and external auditors.

Internal audit

The Internal Audit function reports to the Board through the Audit and Risk Committee. The function is independent of Management and is not involved from an operational perspective in the activities it reviews. Internal Audit provides assurance that the design and operation of the Company's risk management and internal control systems are effective and that the Company's assets are safeguarded.

A risk-based audit approach is used to ensure that the annual audit Work Plan, which is approved by the Audit and Risk Committee targets the higher risk activities. All audits are conducted in a manner that conforms to international auditing standards.

The Audit and Risk Committee met the Head of Internal Audit at least twice a year without the presence of Management to deliberate on any critical matters during the period under review including any challenges experienced.

Relationship with the External Auditor

The Audit and Risk Committee oversees the selection, appointment and relationship with the external auditor including the requirement to review their performance and to ensure their independence. The Audit and Risk Committee oversights the work of the external auditor, reviewing and approving the audit plan, including the scope of work, focus areas, and timelines to ensure that the same covers all critical areas, especially those related to financial risks and internal controls, and ultimately the effectiveness of the external audit process and the responsiveness of Management to the audit findings. The Committee meets with the External Auditor in the absence of Management at least twice a year.

IT Governance:

Leveraging technology for growth

The Board recognises the importance of information technology in the success of the Company and seeks to ensure that technology enables and supports the Company's strategic objectives, while managing the attendant risks. Following a review of the Digital Maturity Strategy, the Board has approved digital maturity investments focused on modernising technology and supportive infrastructure to leverage the power of modern digital and innovative solutions to drive new business paradigms, serve and delight our customers, enable operational excellence and drive value for our stakeholders.

The Board is committed to robust IT governance and has approved an IT policy and strategy to ensure that investments in this regard deliver value for money, are stakeholder centric and focus on improved integration to deliver flexibility and performance while ensuring that any attendant risks are effectively managed. The Board has also ensured that there is a renewed focus on cybersecurity to establish resilience and, on data privacy to ensure compliance with best practice and applicable laws.

Transparency and disclosure:

Fostering accountability

The Board is committed to transparent communication with stakeholders, providing timely and accurate information and reporting on financial performance, governance practices, and strategic initiatives. In addition to the Annual Integrated Report for the period under review, the Company published and released its Sustainability Report for the same period on 8 August 2025. Stakeholders are kept informed on material developments through a robust website: ***https://www.absabank.co.ke/investor-relations/,*** the publication of full year, half year and quarterly financial results in the press and on the Company's website. There are also quarterly investor briefings per annum for investors.

On its website and media platforms, the Company disseminates crucial information on its approach to corporate citizenship and ESG and the Company's significant impact on society.

The Company also files monthly investor returns to meet the continuing obligations as prescribed by CMA and the Nairobi Securities Exchange (NSE). The complete list of Shareholders is also filed annually with the Registrar of Companies as prescribed by the CMA Corporate Governance Code and the Companies Act. The list of top thirty direct shareholders as at 31 December 2025 is contained at page 16 of this report. The Company releases material information to CBK, CMA and NSE in line with all disclosure requirements in the CBK Prudential Guidelines, the Capital Markets Act and applicable regulations.

Periodically there are press releases announcing any major company developments, which could be considered as being price sensitive information. During the year under review, besides publication of financial results, the Board announced the appointment of Mr. Mohammed Nyaoga and Ms Caroline Armstrong as Independent non-executive directors on 1 August 2025 and 19 September 2025 respectively, the election of Mr. Mohammed Nyaoga as Chairman on 1 October 2025, the retirement of Mr. Charles Muchene, Ms. Patricia Ithau and Mr. Japheth Olende on 30 September, 31 March 2025 and 22 May 2025 respectively, the resignation of Mr. Wilson Murage as Company Secretary and the appointment of Ms. Anne Nyongesa in his place on 27 February 2025 and 28 February 2025 respectively. In this regard, the Company also complies with the continuing listing obligations of the CMA and NSE. In addition to this, the Company through press releases on various dates announced pertinent business updates, product launches, brand activities/sponsorships, partnership announcements and Force for Good initiatives/Absa

Corporate Governance Statement continued

Foundation activities among others. The Annual Report is published each year on the Company's website together with the notice of the Annual General Meeting.

Code of ethics and ethical behaviour

The Company is committed to the highest standards of integrity, behaviour and ethics in dealing with all its stakeholders and has put in place a Code of Ethics, the "Absa Way," which outlines its legal obligations and its values, setting out the acceptable behavior when engaging with our fellow employees, customers and clients, shareholders, governments, regulators, business partners, suppliers, competitors, the broader community, and how these stakeholders are expected to engage with us. The Code emphasises the importance of making the right decisions and behaving in a manner that builds respect and trust in the organisation, setting out consequences for failing to meet clear behavioural requirements.

The Company has also put in place a suite of policies and practices to promote a culture of compliance, honesty and ethical behaviour including in relation to anti-money laundering and counter-terrorism financing, whistle blower protection, gifts and entertainment, anti-bribery, and conflicts of interest. The Code of Ethics is reviewed and updated by the Board on a regular basis and distributed to all employees and Directors. The Code is disclosed on the Company's website.

The Ethics survey is conducted to assess Absa's current key ethics risks and opportunities and to measure where we are as an organisation since the implementation of the previous Ethics Management Plan. The rationale for a survey is to fulfill Absa's obligations under the King IV Report on Corporate Governance which requires that an organisation must have mechanisms in place to have ethical governance oversight and create an ethical culture. This is also to ensure proportionate representation is achieved in understanding Absa's ethical culture.

The Bank's ethics performance was assessed in an ethics survey against eight key areas, namely; Awareness of Ethics, Perception of the Ethics Function, Observing and Reporting misconduct, Pressure, Organisational Justice, Manager Perceptions, Perception of Leadership and Perception of Peers and Environment. Compared previous surveys conducted, the Bank had a marked improvement across the spectrum.

Relative to the 2023 ethical culture survey, the Bank recorded improved performance in 2025, with five of the eight culture pillars showing positive movement and an overall uplift in the average ethics score. Improvements across the growing pillars ranged from approximately 2 to over 15 points. The results highlighted the importance of the annual ethics initiatives that are sanctioned by leadership and rolled out across the year to ensure embedment of an ethical culture within the Bank.

Whistle blowing

The Company has zero-tolerance for all forms of unethical behaviour, legal or regulatory non-compliance or questionable accounting, or other forms of inappropriate behavior and strongly encourages individuals to speak up about behaviours and practices which contradict Absa's values. The Company has in place a Whistle Blowing Policy and a whistle-blowing program that fosters an environment and culture of information sharing without the fear of retaliation and provide protection and support to whistleblowers.

The program provides confidential and anonymous communication channels to raise concerns. These channels are supported and monitored independently by Deloitte, details of which are provided below:

Telephone communication: Toll free number: 0800 722 626 (Kenya)

E-mail communication: protect@tip-offs.com

There is zero tolerance for any actual or threatened act of reprisal against any whistleblower and the Company takes reasonable steps to protect a person who makes a disclosure including taking disciplinary action potentially resulting in dismissal for any person taking reprisal against a whistle-blower.

The Audit and Risk Committee receives reports on Whistleblowing on a regular basis and holds enquiries into any issues raised.

A copy of the Whistle Blowing Policy is available on the Company's website and is subject to annual review.

Corporate social responsibility and investment

The Company recognises the challenges facing ordinary Kenyans, and seeks to be responsive, aiming to address and influence the root causes of the social challenges in society, being a "Force for good". The Company has continued to make significant social investments into youth, women, and communities. In addition, as part of its 3-year Shs 100 billion commitment made in 2023, the Company continued to support MSMEs across various value chains. A full corporate social responsibility and investment report is contained in the Company's Sustainability Report and on the Company's website; ***https://www.absabank.co.ke/sustainability/***

Having launched the Absa Kenya Foundation in October 2024, the Board fully operationalised the Foundation with various social and environmental impact programs run under the unit. Some of the achievements under the Foundation include:

- Elevated colleague volunteerism with over 2,400 colleagues participating in community work with 8,000 hours of volunteer work and 100,000 lives touched;
- 37 930 Youth reached through our ready to work program in 2025;
- 283 969 trees planted in 2025;
- Successful sign-off of cooperation agreement with GIZ for CirculaRising Program. The program is designed to promote circular economy business models among small and medium-sized enterprises (SMEs). This will be the Foundation's flagship program within the entrepreneurship pillar, valued at 2m Eur and co-funded between the two partners for implementation in the next two to three years beginning 2026 with the projected Impact being 2000 MSME supported, 7100 people improved their employment condition and 6000 tonnes of waste recycled; and
- Strengthened purposeful partnerships and stakeholder engagements especially with players in the development world as

Corporate Governance Statement continued

we set our focus on achieving our vision to be a force for good in our communities.

Restrictions on insider trading

The Company has a strict insider trading policy to which the Directors and Senior Management must adhere. As a publicly listed entity, in strict adherence to its continuing listing obligations, the Company prohibits insider trading to restrict any persons who have or may be perceived as having relevant unpublished price sensitive information from potentially profiteering or avoiding loss unfairly. In line with the approved Absa Group Securities Dealing Code, Directors, employees, and contractors (and their associates) are restricted from dealing with any securities and other financial products during closed periods as they possess insider information. They are prohibited from passing on insider information to others who may use the inside information to trade in the Company's securities.

The Company has closed periods four times a year prior to the release of the Company's financial statements during which all related persons, Directors, employees, and contractors (and their associates) must not trade in the Company securities. There were no known insider dealings within the Company during the year.

Related party transactions

The Board reviews related party transactions to assess risk and ensure they are disclosed and subjected to appropriate restrictions and controls. All related party transactions during the year under review have been considered and disclosed in the Company's audited financial statements shown at page 255-258 of this Report.

Stakeholder engagement

The Board is committed to recognising the legitimate interests of all stakeholders. The Company fosters open communication and dialogue with stakeholders and has implemented its Stakeholder Engagement and Communication Policy to guide it in identifying and managing relationships with the key stakeholder groups. The policy, which is available on the Company's website, outlines the Company's stakeholder engagement principles which include consistency, collaboration, transparency, commitment, and responsiveness. Pursuant to the Policy, the Company has implemented strategies to actively engage with stakeholders, including customers, employees, shareholders and regulators, to understand their legitimate needs, expectations and interests. The Board considers these groups as the key stakeholders who may have an influence on the Company's performance and sustainability. The engagements inform decision-making and help the Company build lasting relationships based on trust and mutual respect.

In particular, the Board is committed to developing and maintaining collaborative and open relationships with all Regulators, ensuring the proactive disclosure of all pertinent information and resolving any concerns notified to the Company. In line with the foregoing, Absa had several engagements and sessions with various regulators such as Central Bank of Kenya, South Africa Reserve Bank, Capital Markets Authority, Office of the Data Protection Commissioner, Financial Reporting Centre, Unclaimed Financial Assets Authority Competition Authority, Communication Authority, Nairobi Securities Exchange among others from which valuable insights have been shared and adopted by the Bank.

The Company is also committed to engagement with the investment community and consistently shares its story and communicates its strategy through its website. The investor relations program includes liaising with institutional investors, brokers, analysts, and rating agencies including presentations during announcement of our quarterly and annual results. The investor relations team is responsible for drafting certain market announcements, providing feedback to Management and the Board on market views and perceptions about the Company and coordinates roadshows including half-year and full-year results announcements. The investor relations team has the primary responsibility for managing and developing the Company's external relationships with existing and potential institutional equity investors. Supported by the Managing Director and the Chief Financial Officer, the investor relations team achieves this through a combination of briefings with analysts and institutional investors.

Treatment of minority shareholders

The Board is committed to treating minority and foreign shareholders fairly and equitably, cognizant of its fiduciary duties. All shareholders have access to similar information, which is released to them at the same time. Minority and foreign shareholders attend Annual General meetings and have an opportunity to vote on all proposed resolutions. Further, the Board structure and composition lends itself to the representation and protection of minority shareholders. The majority of Directors, that is seven out of ten Directors are independent non-executive directors. All Committees are also chaired by independent non-executive directors. Minority shareholders have access to the Directors and Management especially during Annual General meetings and Investor briefing sessions. They can also raise any matters through the contacts provided on the Company's website and through the Company's Shares Registrar, **Custody and Registrars Limited** (C&R Group) who can be reached at their offices on the **1st Floor, Tower B, IKM Place, 5th Ngong Avenue, P. O. Box 8484 00100, Nairobi** or through their e-mail address **info@candr.africa** and also through their telephone numbers **+254207909276.**

During AGMs, reasonable opportunity is given for the Shareholders to ask questions in advance of the meeting and an online portal is made available to allow Shareholders to register, attend and vote on all resolutions put to the meeting. To enhance accessibility, the portal is made available online, via USSD and special arrangements were made for registration of Shareholders outside Kenya at the time of the meeting.

Procurement

The objective of the Company's procurement policy and the market engagement processes is to deliver the best possible value for money and spend optimisation for the Company's procurement requirements through the use of professional procurement practices aligned with the Company's corporate objectives.

The procurement policy aims at delivering value for money, provide uniformity, inclusivity, fairness, professionalism, honesty and transparency in the management of the Company's procurement activities. The Policy which also aims at building strong relationships with the Company's supplier base, seeks to optimise supply chain efficiency and effectiveness by rationalising the supplier base, and developing long term strategic partnerships with competent,

Corporate Governance Statement continued

like-minded suppliers whose values are aligned to the Company's values.

Relationship between the Board and Management

The Board and Management have maintained an open, cordial and symbiotic relationship ensuring regular communication, whilst at the same time respecting the boundaries between their respective roles. The Board and Management execute their mandate in an environment of mutual trust and respect, having regard to the principles of good Corporate Governance. There is a clear separation of roles between the Board and Management, with distinct lines of responsibility and accountability stipulated in the Board Charter.

The role of the Chairman of the Board is separate from that of the Managing Director. The Board has delegated authority for the conduct of day-to-day business to the Managing Director, as defined in the Board Charter.

Under the direction of the Board, Management ensures that the Company's activities are consistent with the strategy and risk appetite set by the Board, as well as policies approved by the Board. The Board monitors and holds Management accountable for delegated responsibilities, actively challenging assumptions and oversighting actions. In particular, the Board holds Management accountable for the day-to-day management while ensuring that integrity permeates all aspects of the Company's operations, the implementation of the approved strategy, annual business plans and Board decisions, the implementation and adherence to policies, practices and standards as laid down by the Board, the establishment of systems to facilitate efficient operations and communications, the development of processes to facilitate achievement of targets and objectives, all staff matters including recruitment, retention, development and training, compliance with the Code of Conduct and all relevant laws, regulations, codes, guidelines and standards, the maintaining of all required records to ensure the integrity of reporting, the preparation of budgets, business plans and management accounts, and the implementation of the risk management framework and adequate systems of Internal Controls. The Board nonetheless remains accountable for the overall governance and long-term success of the Company.

During the year under review, the Board and Management had regular engagements including during Board meetings, Board development programmes, informal sessions and strategy retreats, with a view to ensuring strategic alignment and building the necessary supportive relationship for business performance and growth.

Board Committees

The Board has established four standing Committees to focus on specific areas and provide effective oversight. These are the Audit and Risk Committee, the Credit Committee, the Corporate Governance, Nominations and Remuneration Committee and the Strategy Committee. The Board also has an ad hoc Committee, the Crises Response Committee to deal with any crisis requiring the Board's intervention or involvement.

The membership of each Committee is determined by the Board on the recommendation of the CGNRC, which annually reviews the mandate and structure of the Committees. This review was done in 2025 as part of the exercise to review the Board and Committee charters. Procedurally, each Committee is required to comprise of at least three members, a majority of independent non-executive directors and an independent Chairperson.

The Board Audit and Risk Committee is made up of only non-executive directors, a majority of whom are independent in line with the provisions of the CBK Prudential Guidelines. The members of the Audit and Risk Committee are appointed by the Shareholders in accordance with Section 769 of the Companies Act, 2015.

Each Committee operates under a Charter that outlines its specific roles, responsibilities and authority levels ("Terms of Reference") as approved by the Board, ensuring focused and effective oversight. The Terms of Reference of the Board Committees are reviewed annually to ensure they remain relevant and aligned to the Company's needs.

Each Committee developed its annual Work Plan and ensured that it covered all pertinent tasks, with quarterly reporting to the Board. The reports on the activities of each Committee are on page 114-119 of this Report.

During the year under review, the Board also evaluated the effectiveness of each Committee, and each Committee is focused on implementing the recommendations therefrom.

The Company Secretary also serves as secretary to the Committees.

Board and Board Committee meetings

The agenda for Board and Committee meetings is derived predominantly from the Board and Committee Work Plans respectively, ensuring that these are considered well in advance and that in any given year, the Board and its Committees will consider all matters required of them from strategic, statutory and regulatory perspectives.

In order to fulfil their Work Plans, the Board and each of its committees, holds quarterly meetings, with special meetings being planned as need arises. During the year under review, the Board held four scheduled Board meetings while each of the four standing Board Committees met quarterly. The Audit and Risk Committee held a special meeting each quarter to review the quarterly financial results. In addition, the Board held a two-day board strategy off-site session.

The Directors commit to regularly attend and to effectively participate in Board meetings through robust debate. This is made possible by early planning. Board attendance for the period under review is as set out below, indicating that regular attendance at meetings is the norm.

Directors collectively acknowledge that, while each member carries

Corporate Governance Statement continued

individual responsibility towards the Company, they share joint accountability for the Board's decisions. The Board typically adopts a consensus-driven approach to decision-making.

Directors' attendance at scheduled Board and Board Committee meetings in 2025

Total Number of scheduled meetings	Board	Audit and Risk Committee	Corporate Governance, Nominations and Remuneration Committee	Credit Committee	Strategy Committee
	4	**8**	**4**	**4**	**4**
Members	**Attended**	**Attended**	**Attended**	**Attended**	**Attended**
Mohammed Nyaoga*	2(2)		2(2)		
Louis Otieno**	4(4)	2(2)	3(3)		4(4)
Charles Murito	4(4)			4(4)	4(4)
Fulvio Tonelli	4(4)	8(8)		4(4)	4(4)
Abdi Mohamed	4(4)				
Yusuf Omari	4(4)				
Christine Sabwa	4(4)	8(8)		4(4)	
Kedibone Imathiu	4(4)	8(8)	4(4)		
Marion Mwangi***	4(4)	8(8)	3(3)		
Caroline Armstrong****	1(1)				1(1)
Charles Muchene*****	3(3)		3(3)		3(3)
Patricia Ithau******	1(1)	2(2)	1(1)		
Japheth Olende*******	1(1)		1(1)	2(2)	1(1)

Numbers in brackets denote the number of meetings which these members were eligible to attend.

*Mohammed Nyaoga was appointed effective from 1 August 2025

** Louis Otieno exited the Audit and Risk Committee effective 31 March 2025

*** Marion Mwangi joined the CGNRC effective 1 April 2025

****Caroline Armstrong was appointed effective from 19 September 2025

*****Charles Muchene Retired from the board effective from 30 September 2025

******Patricia Ithau retired from the Board effective from 31 March 2025

*******Japheth Olende retired from the board effective from 22 May 2025

All the Directors in office at the time of the AGM held on 22 May 2025 attended the annual general meeting.

Corporate Governance Statement continued

Board Committee Reports

Audit and Risk Committee

Christine Sabwa
Committee Chair

I am pleased to present the report of the Audit and Risk Committee.

Committee members

The members who were in office during 2025 are listed below. All members are Non- Executive Directors, and all except Mr. Fulvio Tonelli are determined as being Independent. Their profiles are set out on page 99-100 of the integrated report while their attendance at meetings has been reported on page 113.

Christine Sabwa (Chair)
Patricia Ithau (retired 31 March 2025)
Louis Otieno (exited/moved 31 March 2025)
Fulvio Tonelli
Kedibone Imathiu
Marion Mwangi

Role and mandate of the Committee

The Audit and Risk Committee was established to assist the Board of Directors in discharging its oversight role in matters relating to the Company's financial reporting and internal control system, capital and liquidity management, compliance, risk governance and to complement the work of the Corporate Governance, Nominations and Remuneration Committee in providing oversight over the Corporate Governance Framework.

In carrying out its primary role of ensuring integrity in financial reporting and audit and overseeing the maintenance of sound internal control and risk management systems, the Committee's work involves establishing and overseeing the internal audit function, which is headed by the chief internal auditor, reporting directly to the committee, approving the Work Plan of the internal auditor, considering the adequacy of the scope of the external audit plan, the effective adoption of a combined assurance approach by the responsible business units and oversight of the Company's Sustainability programme.

In addition to overseeing controls and financial reporting, the Committee also oversees the enterprise-wide view of risks and controls and assesses the overall risk appetite and risk profile of the business. It meets quarterly to oversee all matters about credit, market, operations, legal, environmental, compliance, sustainability and other risks. The Committee is also responsible for ensuring that the Company has a robust Business Continuity Plan that is tested annually and reviewed quarterly.

The Committee is further responsible for ensuring that the Company maintains sufficient capital to absorb unexpected losses and meets regulatory capital requirements, establishing Board-level systems for compliance oversight and receiving assurance that the Company has adopted appropriate corporate governance principles and strategies in line with the provisions of section 770 of the Companies Act, 2015.

The Committee has unrestricted access to Company information falling within the Committee's mandate and liaises with Management on the information it requires to carry out its responsibilities.

Key activities in FY 2025

In 2025, the Committee met eight (8) times during the year for the following activities, among others;

- Reviewed quarterly, half yearly and full year financial results.
- Received reports on the findings of the Internal Auditor in relation to the activities set out in the internal audit Work Plan for the year under review.
- Approved the 2025 external audit plan.
- Reviewed the Committee Charter, the Internal Audit Charter and the annual attestation of independence of the Internal Auditor in the year.
- Approved the 2026 Internal Audit Plan.
- Considered and approved the Bank's 2025 Risk Appetite statement and the Internal Capital Adequacy Assessment process (ICAAP).
- Reviewed the operational risk management policies and risk frameworks.
- Considered the overall status of the statutory and policy compliance by the Company.
- Received a report on the Bank's sustainability programme and reviewed the 2024 Sustainability and Climate Report.
- Considered the Bank's litigation status report.
- Received the Cyber and Technology Control Reports quarterly.
- Considered and approved the Bank's recovery plan.
- Reviewed and approved the annual review of the Bank's Business Continuity Plans.
- Reviewed and approved the Enterprise Risk Management reports quarterly.
- Received the regular reports on Anti Money Laundering and Whistle Blowing.
- Received the key control positions report.
- Received and discussed External Auditor's, KPMG East Africa Limited, Audit reports together with their findings and recommendations.
- Assessment of internal auditors and external auditors (performance effectiveness and independence)
- Assessment of the effectiveness of the internal control function, risk function, finance function, compliance function.
- Reviewed the Committee's Terms of Reference and the 2026 Annual Work Plan.

Corporate Governance Statement continued

Looking forward

In FY 2026, the Committee will continue to oversee the implementation of actions and initiatives that will ensure that the business remains resilient and sustainable. At the same time, there will be continued focus on risk management and the overall internal control environment. The key priorities in 2026 are to;

- Oversee the maintenance of sound internal control and risk management systems and ensure that the Bank's internal control systems are robust and effective.
- Oversee the enterprise-wide view of risks and controls and assess the overall risk appetite and risk profile of the business.
- Oversee the control functions and activities, effectiveness of the risk function, Compliance function and Finance function.
- Oversee the implementation of combined assurance approach.
- Oversee the compliance with laws and regulations.
- Oversight of the Company's sustainability programme.
- Oversee the operations of the finance function and safeguard the integrity of the financial reporting process controls and financial reporting.
- Ensure that the Company has a robust Business Continuity Plan that is tested annually.
- To receive assurance that ABK has adopted appropriate corporate governance principles and strategies in line with the provisions of S.770 of the Companies Act, 2015.
- Ensure the development of frameworks, policies and procedures for risk management and oversight that are consistent with ABK's strategic objectives and risk appetite.
- Ensure that ABK's internal control systems are robust and effective
- Oversight of the relationship between the Bank and the External Auditor

Corporate Governance, Nominations and Remuneration Committee

Kedibone Imathiu
Committee Chair

I am pleased to present the report of the Corporate Governance, Nominations and Remuneration Committee.

Committee members

The members who were in office during 2025 are listed below. All members are Independent Non- Executive Directors. Their profiles are set out on page 99-100 of this report while their attendance at meetings has been reported on page 113.

Kedibone Imathiu (Chairperson)

Mohammed Nyaoga (appointed 1 August 2025)

Marion Mwangi (appointed 1 April 2025)

Louis Otieno (appointed 1 April 2025)

Japheth Olende (retired 22 May 2025)

Charles Muchene (retired 30 September 2025)

Patricia Ithau (retired 31 March 2025)

Role and mandate of the Committee

The Corporate Governance Nominations and Remuneration Committee was established to assist the Board in discharging its oversight role in matters relating to Corporate Governance, Stakeholder Engagement, Directors Affairs, Compensation and Oversight of the management of human capital. The Committee's overall strategic objectives are to implement best-in-class governance practices, to procure the best talent for the Board, develop and obtain the highest value from them, to monitor the Company and its subsidiaries' human resource practices at a strategic level and to promote the right Board culture.

In carrying out its role, the Committee is responsible for developing a Board succession pipeline, Board development, top talent management and succession planning, development of the Remuneration Policy and oversight of the remuneration philosophy which involves overseeing the Company's compensation system's design and operation against strategic objectives and desired culture and reviewing the compensation arrangements and incentives against the risks posed to the Company.

Key activities in FY 2025

In 2025, the Committee met four (4) times during the year for the following activities, among others;

- Reviewed proposals on the remuneration to be paid to non-executive directors and the Chairman. A report of the Directors' Remuneration is presented to the Shareholders in the Annual General meeting for their approval as required by the Companies Act and is also disclosed in the annual financial statements audited of the Company. The directors' remuneration report is contained in this report.
- Received and reviewed the CMA Assessment Report (2024) and its recommendations and the progress report on the Governance Audit Report (2023).
- Reviewed the staff performance evaluation and remuneration, noted key vacancies at CMC level and talent management efforts in general and also received a report on reputational matters affecting the Company.
- Approved the 2026 staff salary mandate.
- Reviewed a report of the serving Directors which identified and evaluated the Directors to be recommended to the shareholders for re-election at the 2025 AGM, the renewal of terms of office of non-executive directors, the continuation in service of a Director who had reached the retirement age limit and any matters relating to the continuation in office of any Director.
- Reviewed the Board Skills Matrix and the board composition and succession planning of the Board of the Bank and its subsidiaries.
- Reviewed the Board Charter, the Board Committee's Terms of Reference and also reviewed and approved the 2026 Board calendar.
- Received progress reports and reviewed the 2024 Board Evaluation recommendations tracker.
- Oversaw the enhancement of the pipeline of board members and recruitment of ABK subsidiaries Board members.
- Reviewed the Committee's Terms of Reference and the 2026 Annual Work Plan.

Looking forward

In FY 2026, the Committee will continue to ensure that the Company and its subsidiaries adhere to the highest standards of governance. The key priorities in 2026 are to;

- Oversee the Bank's governance framework, ensuring that it adheres to legal and regulatory requirements, best practices, emerging trends and ethical standards, while mitigating risks related to corporate governance.
- Ensuring that the Bank has adopted best policies and practices in relation to its engagements with stakeholders.
- Oversee Board and Directors affairs including nomination and appointment and renumeration, size and composition of the Board, evaluation of the Board, induction, Board development and succession planning of the Bank and its subsidiaries.
- Oversight of Human Capital and ensure that human resources is positioned as a strategic asset, driving the organisation's long-term success through its people.
- Establish and oversee the Bank's compensation philosophy, ensuring it supports the attraction and retention of top talent while aligning with the Company's performance and strategic goals and culture.

Corporate Governance Statement continued

Credit Committee

Charles Murito
Committee Chair

I am pleased to present the report of the Credit Committee.

Committee members

The members who were in office during 2025 are listed below. All members are Non- Executive Directors, with all except one being Independent. Their profiles are set out on page 99-100 of this report while their attendance at meetings has been reported on page 113.

Charles Murito (Chairperson)

Fulvio Tonelli

Christine Sabwa

Japheth Olende (retired on 22 May 2025)

Role and mandate of the Committee

The Board Credit Committee ("the BCC or the Committee") was established to assist the Board in discharging its oversight role in governance of Credit in order to improve the quality of credit assessment and in maintaining a credit risk appetite that is aligned to the long-term strategic objectives of the Company.

The key objectives of the Committee are to provide a continuing forum to discuss and review the Company's Credit policy and strategy, monitor and advise on credit risk appetite and tolerances, track compliance with statutory and regulatory requirements on lending limits, capital adequacy and statutory ratios, give input on non-credit risk issues, including political environmental and social economic matters that should be taken into account in making sanctioning decisions, offer guidance on lending to persons and institutions who may impact the Company's reputation and relationships with key stakeholders and monitor the overall health of the Company's lending book.

To achieve its objectives, the Credit Committee plays a critical role in the formulation and review of lending policies while ensuring they are in compliance with regulatory requirements and assesses the credit quality and risk profile of the Bank's lending book by sector and by product.

Key activities in FY 2025

In 2025, the Committee met four (4) times during the year for the following activities, among others

- Considered the quarterly credit reports.
- Reviewed and approved quarterly retail credit paper.
- Reviewed the performance of Absa Business support and Corporate Recoveries Accounts, the Insurance Panel, the Wholesale Credit Policies and noted the business support – write offs. The Committee also approved the Wholesale Credit Committee Terms of Reference.
- Approved several policies including the primary credit risk policy, wholesale credit standard, retail credit standards and policies and the retail credit risk standard.
- Reviewed the roles and responsibilities of the Country Credit Director and the Chief Risk Officer.
- Reviewed Bank's Revised Risk-Based Credit Pricing Model together with the relevant Risk Based Credit Pricing Model Frameworks.
- Reviewed the stress test on a significant and topical area of credit risk.
- Reviewed the Committee's Terms of Reference and the 2026 Annual Work Plan.

Looking forward

In FY 2026, the Committee will continue to ensure that the Company adopts best practice in lending. The key priorities in 2026 are to;

- Maintain sound credit policy, lending and approval limits, and lending strategy that are aligned to the overall strategy of the Bank and are in line with legal and regulatory requirements thereby increasing stakeholders' confidence in the credibility and standing of the Bank.
- Ensure that the credit risk appetite and tolerance limits are aligned to the strategic objectives and overall risk appetite and tolerance limits of the Bank and that the same ensure long term value for stakeholders.
- Reviews ABK's internal control procedures in relation to credit risk and credit risk assets and ensure that they are sufficient to safeguard the quality of ABK's risk assets.
- Oversee the implementation of the Credit policy and lending strategy of ABK and ensure that the same take into consideration the overall operating environment.
- Review and monitor the implementation of Basel 2 Advanced Internal Ratings Based (AIRB) Methodology of credit risk assessment (or any other rating standards as adopted time to time) and to assess its impact on ABK with regard to capital requirements, risk appetite, data quality, and credit risk systems and controls.

Corporate Governance Statement continued

Strategy Committee

Louis Otieno
Committee Chair

I am pleased to present this report of the Strategy Committee.

Committee members

The members who were in office during 2024 are listed below. All members are Non- Executive Directors, and all except Mr. Fulvio Tonelli are determined as being Independent. Their profiles are set out on page 99-100 of this report while their attendance at meetings has been reported on page 113.

Louis Otieno (Chair)
Fulvio Tonelli
Charles Murito
Caroline Armstrong (appointed 19 September 2025)
Mohammed Nyaoga (appointed 01 December 2025)
Charles Muchene (retired 30 September 2025)
Japheth Olende (retired 22 May 2025)

Role and mandate of the Committee

The Board Strategy Committee ("the BSC" or the "Committee") was established to assist the Board in discharging its oversight and monitoring role in matters relating to the development and implementation of the strategic plan and evaluating mitigations to the risks associated with such a plan.

To achieve its objectives, the Strategy Committee considers Management's proposals on the various strategic options available to the Company and makes recommendations to the Board regarding the development of the Company's long-term strategic plans. The Committee reviews capital allocation and planning to ensure an acceptable return on capital while ensuring the timely exit of businesses that do not provide an acceptable return or have limited growth prospects; reviews Management's proposals on new business areas and systems, partnerships, acquisition targets and the potential impact on the growth of the business; encourages the Company to actively promote and reward a culture of innovation across the Company in a manner that benefits customers and Shareholders, among many others.

Key activities in FY 2025

In 2025, the Committee met four (4) times during the year for the following activities, among others;

- Regularly reviewed quarterly reports on the progress of implementation of the Company's Strategy.
- Reviewed the strategy development process, the strategy execution risks and mitigations thereof.
- Reviewed execution of the change book of work.
- Reviewed the Committee's Terms of Reference 2026 Annual Work Plan.
- Reviewed and considered the financial year forecasts in alignment of strategy to the MTP and 2026 strategy.
- Reviewed the 2026 strategic initiatives and score card.
- Reviewed the implementation of the sustainability strategy.
- Reviewed the overall progress on the strategy KPIs quarterly.
- Reviewed the strategies for the Bank's subsidiaries.

Looking forward

In FY 2026, the Committee will continue to ensure that the Company continues to monitor the implementation of the strategy, while at the same time ensuring that the same takes in to account changes in the operating environment. The key priorities in 2026 are to;

- Oversee the Company's strategic planning and implementation process and ensuring alignment to the Company's mission, values, overall business objectives, and long-term vision.
- Oversee Management in prioritising digital transformation and the adoption of innovative technologies and transformational initiatives to enhance operational efficiency, effectiveness and customer experience.
- Ensuring that technology enables and supports the Bank's strategic objectives while collaborating with the Audit and Risk Committee to manage associated risks.
- Oversee the embedding and implementation of environmental, social and governance (ESG) considerations into the strategic planning process, policies and day-to-day practices of the Company.
- Oversee on behalf of the Board the development and implementation of the investments, capital expenditure required to effect both continuing activities as well as strategic initiatives.

Corporate Governance Statement continued

Ad Hoc Crises Response Committee

Louis Otieno
Committee Chair

The committee membership is made up of the Lead Independent Director as the committee Chair, with the Board Chair and the Committee Chairs as members.

Committee members

The members who were in office during 2025 are listed below. All members are Non- Executive Directors. Their profiles are set out on page 99-100 of this report.

Louis Otieno (Chair)

Christine Sabwa

Charles Muchene (retired 30 September 2025)

Japheth Olende (retired 22 May 2025)

Patricia Ithau (retired 31 March 2025)

Role and mandate of the Committee

This ad hoc Committee's role is to assist the Board in oversight of the Bank and its subsidiaries' Business Continuity Plans in the event of any significant crisis, such as pandemics or force majeure events as assessed by the Board. The mandate of the Committee involves overseeing the identification, management and mitigation of crisis risks in a comprehensive and integrated manner, providing strategic leadership and making appropriate recommendations in response to the emerging crisis, overseeing the allocation and approval of sufficient resources towards development and testing of the crisis management strategy, policy, and framework, among others.

The Committee did not meet during the year.

Looking forward

During the year, the Board ensured that the Company was managed and operated in line with the Corporate Governance Framework. The Board is committed to ensuring that the Company continues to adhere to, and comply with, the best Corporate Governance practices, applicable laws, regulations and standards, in order to continue creating long-term value for all stakeholders and fulfil its purpose of Empowering Africa's tomorrow, together, one story at a time.

Corporate Governance Statement continued

Governance Auditor's Report

DORION Associates LLP
The Governance People

The Code of Corporate Governance for Issuers of Securities to the Public, 2015 ("the Code"), requires the Board of a listed Company to subject the Company to an annual Governance Audit to check the level of compliance with sound governance practices.

The Code specifically requires the Annual Governance Audit to be conducted by a competent and recognised professional accredited for that purpose by the Institute of Certified Secretaries (ICS). In compliance with the Code, Absa Kenya PLC. retained Ms. Catherine Musakali of Dorion Associates ("the Auditor") to conduct a Governance Audit of the governance structures, procedures and processes of the Company in order to assure the Board that its goals, structure and operations are consistent with the law, the Code, as well as the latest developments in Corporate Governance; and that the Company has adopted best practices in Corporate Governance as a means of ensuring sustainability. The Code further requires that after undergoing the Governance Audit, the Board should provide an explicit statement on the level of compliance.

The scope of the Audit is derived from the Code, the Companies Act, 2015 and the Governance Audit Tool developed by the ICS. More specifically, the Audit covers the following broad areas:

1. Leadership and strategic management;

2. Transparency and disclosure;

3. Compliance with laws and regulations;

4. Communication with stakeholders;

5. Board independence and governance;

6. Board systems and procedures;

7. Consistent shareholder and stakeholders' value enhancement; and

8. Corporate social responsibility and investment.

9.Sustainability

Governance Auditor's Responsibility

Our responsibility is to express an opinion on the existence and effectiveness of governance instruments, policies, structures, systems and practices in the Company in accordance with best governance practices as envisaged within the legal and regulatory framework. We conducted our Audit in accordance with the Institute of Certified Secretaries' Governance Audit Standards and Guidelines, which conform to global Standards. These standards require that we plan and perform the Governance Audit to obtain reasonable assurance on the adequacy and effectiveness of the Company's policies, systems, practices and processes. The Audit involved obtaining audit evidence on a sample basis. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Opinion

In our opinion, the Board has established a sound governance framework that complies with the requirements of the legal and regulatory governance requirements and in this regard, we issue an unqualified opinion

Catherine Musakali

FCS. Catherine Musakali, ICPSK GA. No 006
Dorion Associates
Maralal Oasis, 3rd Floor, Argwings Kodhek Rd., Nairobi.
Tel No.: +254202353383/+254 722616119

25 March 2026

Maralal Oasis, 3rd Floor, Argwings Kodhek Road. P.O BOX 29737,00202, Nairobi. info@dorion.co.ke

Capital Markets Authority (CMA)

Corporate Governance Assessment Report for the year ended 31 December 2024

The Company complies with the provisions of the Capital Markets Act and all the rules, regulations, and guidelines there under with monthly reports made to CMA and material information shared in line with all disclosure requirements in the Capital Markets Act.

During the year, CMA assessed the Company's status of implementation of the Code for the year ended 2024 based on a review of the following areas: -

a) Commitment to Good Corporate Governance (Leadership rating of 95%)
b) Board Operations and Control (Leadership rating of 91%, up from 79%)
c) Rights of Shareholders (Leadership rating of 93%, up from 80%)
d) Stakeholder Relations (Good rating of 86%, up from 73%)
e) Ethics and Social Responsibility (Leadership rating of 92%)
f) Accountability, Risk Management and Internal Control (Leadership rating of 90%)
g) Transparency and Disclosure (Leadership rating of 86%, up from 83%)

The overall rating awarded to the Bank was a leadership rating of 90% which solidifies the Board's commitment to sound corporate governance practices.

The Directors are satisfied that the Bank complies with the corporate governance principles and spirit of the Code. In addition, the Directors are also committed to continuous implementation of the provisions of the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023.

Corporate Governance Statement continued

Key policies

All the Company's policies are reviewed periodically to assess their effectiveness and identify areas of improvement, to ensure that they are aligned with the latest legal requirements, to adapt them to the evolving needs of the Company, to ensure that emerging risks are identified and addressed promptly and for quality assurance.

During the year 2025, a total of over seventy policies and frameworks were reviewed, among them the following notable frameworks and policies. While some remained unchanged, minor changes were made to others to enhance their effectiveness:

- Strategic Sustainability and Reputational Framework.
- ICT Policies (including Technology Risk Policy, Information Security and Cyber Risk Policy, Cloud Computing Policy, Physical Security Risk Policy)
- Conflict of Interest Policy
- Reward (Remuneration) Policy
- Enterprise Risk Management Framework
- Procurement Policy
- Transfer Pricing Policy
- Stakeholder Engagement Policy
- Anti-Money Laundering Policy
- Data Privacy and Protection Policy
- Anti-Bribery and Anti-Corruption Policy
- Sustainability Policy

These policies apply to all employees and Directors of the Company, and to anyone working on the Company's behalf, including contractors and consultants. The Company adopts zero tolerance to all forms of corruption, bribery, and unethical business practices.

The Board's approach to continuous stakeholder engagement

The Board is committed to balancing the need to maintain commercial success against meeting stakeholder expectations, maintaining the license to operate, and building and maintaining trust. The Board values continuous stakeholder engagement as a cornerstone of its governance approach and accordingly prioritize ongoing dialogue and collaboration with stakeholders. Through active engagement, the Board seeks to understand their expectations and respond to them effectively with the aim of promoting transparency and driving sustainable value creation.

Due to the influence and importance of the varying stakeholder groups, the Board must always make balanced decisions. To support it make decisions in the context of what is relevant and important to each stakeholder, the Board engages stakeholders to obtain feedback and identify emerging issues. This allows the Board to build an understanding of how the company's actions or plans could impact stakeholders.

The Board receives certain information about stakeholders' perspectives from the work of the Audit and Risk Committees as part of its oversight role over sustainability and by collection of investor feedback and communication via the investor relations function. The Corporate Governance Nominations and Remuneration Committee is responsible for communication with stakeholders and handles all aspects of stakeholder engagements. Board members also regularly receive the Managing Director's report to the Board, updates on developments in the macroeconomic environment and the legal and regulatory space as well as regulatory corporate governance reports which provide additional information on stakeholders.

Engagements such as the Annual General Meeting, employee surveys and experts presenting to the Board, or its Committees also provide additional sources of investor and other stakeholder feedback. Directors are also encouraged to report to the Board on their own personal experiences where these are relevant or material.

The Company has implemented its Stakeholder Engagement and Communication Policy to guide it in identifying and managing relationships with the key stakeholder groups. The policy outlines the Company's stakeholder engagement principles which include consistency, dialogue collaboration, transparency, commitment, and responsiveness. The policy is available on the Bank's website.

The Board is aware that continuous assessment and monitoring of the Company's stakeholder engagement efforts is critical in ensuring that the Company remains responsive to stakeholder needs and interests. To this end, it has engaged assessment tools such as surveys, client feedback channels, relationship managers, social media, seminars, conferences and one-on-one meetings to collect any relevant feedback from the stakeholders.

To disseminate its own information to the stakeholders, which includes the shareholders, the Company employs diverse channels and mechanisms which include the Company's Annual Integrated Report, its Sustainability Report and availing full year, half-yearly and quarterly financial results on the Company's website and through quarterly investor briefings. On its website and media platforms, the Company disseminates crucial information on its approach to corporate citizenship and significant impact on education and skills. The Company also provides crucial information on entrepreneurial development, financial inclusion and some of the key challenges facing the society. The website further provides updates and detailed information on what the business is doing in terms of sustainable finance, social, environmental, and economic responsibility as well as governance and reporting.

The Company also files monthly investor returns to meet the continuing obligations as prescribed by the Capital Markets Authority (CMA) and the Nairobi Securities Exchange (NSE). The complete list of Shareholders is also filed annually with the Registrar of Companies as prescribed by the Companies Act.

The Company releases material information to CBK, CMA and NSE in line with all disclosure requirements in the CBK Prudential Guidelines, the Capital Markets Act, and applicable regulations such as the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2023, the Banking Act, as well as all other relevant regulations. Where appropriate, the Company uses media and other communication channels to disseminate pertinent information on its governance or performance to investors, shareholders and other stakeholders. Among the significant communications made during the year were the appointment of the Change of the Company Secretary, appointment of a new Chairman to the Board and a Non-Executive Director and various retirements of Non-executive Directors including the former Chairman.

Our shareholders

The Board seeks to engage directly with private retail and institutional Shareholders through regular communications and the Annual General Meeting. During the year the Bank's senior management also gave quarterly investor briefings to institutional investors, analysts, and the media.

The Board of Directors is cognizant and committed to upholding their fiduciary duty to the company and its minority Shareholders to act in the best interests of the company. This is achieved through its commitment to adhere to exemplary corporate governance practices by ensuring that the Board remains comprised of a strong majority of independent non-executive directors. By maintaining this balance and ensuring that there is an adequate proportion of Independent non-executive directors on all its Committees, the Board structure satisfies the representation of minority shareholders as required by the code.

The Annual General Meeting

The 2025 Annual General Meeting (AGM), held on 22 May 2025 in compliance with the requirements of the Companies Act 2015, was virtual and was attended by institutional Shareholders, individual Shareholders, and a number of proxies. Members present at the commencement of the proceedings exceeded 677. Members registered in person and by proxies represented over 77.32% of the issued share capital.

Reasonable opportunity was given for the Shareholders to ask questions in advance of the meeting and an online portal was availed to allow Shareholders to register, attend and vote on all resolutions put to the meeting. To enhance accessibility, the portal was made available online, through USSD and special arrangements were made for registration of Shareholders outside Kenya at the time of the meeting.

The key agenda items deliberated on at the 2025 Annual General Meeting were the 2024 audited financial statements, consideration of the final dividend, election of Directors retiring by rotation, appointment of the Members of the Audit and Risk Committee, Directors' remuneration, appointment and remuneration of the Auditors, approval of the amended Articles of Association of the Company, and approval of shareholders' specific policies in compliance with the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2023, namely: the Board Remuneration, Attraction and Retention Policy; Corporate Disclosure Policy; Dispute Resolution Policy; and Stakeholder Engagement and Communication Policy.

Investment community

The Company is committed to engagement with the investment community and consistently shares its story and communicates its strategy through its website *https://www.absabank.co.ke/investorrelations/*. The investor relations program includes liaising with institutional and retail investors, brokers, analysts, and rating agencies including making presentations to them during announcement of quarterly and annual results. The investor relations team is responsible for drafting certain market announcements, providing feedback to management and the Board on market views and perceptions about the Company and coordinates roadshows including half-year and full-year results announcements.

The investor relations team has the primary responsibility for managing and developing the Company's external relationships with existing and potential institutional equity investors. Supported by the Managing Director and the Chief Financial Officer, the investor relations team achieves this through a combination of briefings with analysts and institutional and retail investors.

All Shareholders queries, application for registration of transfer of shares of the Company, immobilization of shares, dividend queries and dividend cheques are handled by the Company's appointed share registrar – **Custody and Registrars Limited** (C&R Group) who can be reached at their offices on the **1st Floor, Tower B, IKM Place, 5th Ngong Avenue, P. O. Box 8484 00100, Nairobi** or through their e-mail address **info@candr.africa** and also through their telephone numbers **+254207909276.**

Audits and assessments

During the year, the Board of Directors commissioned the governance audit to check the level of compliance with sound governance practices. The report and recommendations are under consideration. The Company did not have an Independent Legal and Compliance Audit during the year but continued to resolve the issues raised in the prior audit. In addition, during the year, CMA assessed the Company's status of implementation of the CMA Governance Code. The assessment report is set out on page 121.

Conclusion

As demonstrated in this statement, during the year, the Board ensured that the Company was managed and operated in line with the corporate governance framework and best corporate governance practices. The Board is committed to ensuring that the Company continues to adhere to, and comply with, the best corporate governance practices, applicable laws, regulations and standards, in order to continue creating long-term value for all stakeholders and fulfil its purpose of Empowering Africa's tomorrow, together, one story at a time.

Directors remuneration report

The directors' remuneration report sets out the policy that the company has applied to remunerate executive and non-executive Directors. The report has been prepared in accordance with the relevant provisions of the CMA Code of Corporate Governance and the requirements of the Kenyan Companies Act, 2015 and the Companies (General) (Amendment) (No.2) Regulations, 2017. The report covers the remuneration governance arrangements and the 2025 outcomes for the Executive Directors and Non-Executive Directors.

Shareholder engagement

The directors' remuneration report and policy as at 31 December 2024 was approved by shareholders during the 46th Annual General Meeting held on 22 May 2025. The 2025 Directors' Report will be presented to shareholders for approval during the 47th Annual General Meeting to be held on 19 May 2026.

Fair and responsible remuneration

Our remuneration principles and practices are designed to deliver remuneration that is competitive and fair, incentivises performance, assists in retaining talent, reflects regulatory requirements and is aligned with the risk and conduct expectations of the Group. The Bank's Board and management ensure the need to deliver value to shareholders and to pay for performance is taken into account when considering management remuneration.

Fair remuneration

- Impartial, free from discrimination, prejudice, favouritism or self-interest;
- Rational (not subject to emotion); and
- Purposeful in addressing unfair remuneration differentials.

Responsible remuneration

- Approved within appropriate levels of authority;
- Subject to independent oversight;
- Linked to positive outcomes and value creation; and
- Sustainable.

Our reward philosophy

Our reward philosophy underpins our growth strategy, entrepreneurial culture and risk management approach. Its objective is to direct the Group's resources in delivering our strategy of creating sustainable value for all our stakeholders in a fair and responsible way.

Our reward principles

1. **Support the realisation of our stakeholder aspirations,** with a specific focus on rewarding our employees for the achievement of our strategy within our risk appetite relative to performance and shareholder returns.

2. **Align the long-term interests of our executives and shareholders** by ensuring transparent remuneration outcomes aligned to the value we create in the short, medium and long term. This entails a specific emphasis on the contribution of longer-term incentives for senior and executive employees, which are aligned with market practice.

3. **Attract, retain and engage** high-calibre individuals with the skills, ambition and talent to deliver our strategy.

4. **Drive our culture** while taking ownership and accountability for responsible, sustainable business growth and success. We aim to achieve this by:
    - ensuring that employees share in the Group's success, differentiated based on their contribution, in both the short and long term; and
    - ensuring that our employees' ethical behaviour, values and adherence to our risk management principles are recognised in their performance ratings.

5. **Pay-for-performance** by aligning incentive outcomes to performance and value created. Within this context, we apply deferrals, malus, and clawback provisions to ensure the effective alignment of risk and reward within the context of Group performance outcomes and to discourage inappropriate behaviour.

6. **Deliver fair and responsible** remuneration through regular reviews of remuneration differentials and appropriate decisions that impact our most junior employees. This includes a concerted emphasis on addressing differentials in reward, considering diversity.

7. **Continuously build confidence** and trust in our reward outcomes through high-quality reward governance, engagement in our disclosure with shareholders, and internal transparency and effective communication.

Performance Management philosophy: The 3Cs

The performance management philosophy is centred around a conscious connection between the Group strategy, business priorities and individual objectives. Performance conversations adopt a coaching-focused approach, emphasising continuous improvement. Performance management practices are driven at a cadence that creates value for the employee and organisation.

Performance management is an integral part of our short-term planning and strategy execution process. To ensure a robust process, there is rigorous focus on high-quality objective setting, the mid-year review and management of poor performance.

The Absa values form part of the objective-setting and feedback processes, and of performance evaluation. Performance management outcomes are a critical underpin to the implementation of our pay-for-performance principle.

2025 elements of remuneration

The Absa Group Remuneration Committee made no changes to the Group Remuneration Policy in 2025. This maintains its focus on pay for performance in support of sustainable business performance, long-term stakeholder value creation and ensuring that Absa's reward practices continue to be market related.

In considering the 2025 remuneration outcomes from a policy perspective, we maintained an emphasis on performance-based variable remuneration as a significant proportion of the total remuneration mix potential for the most senior employees.

We deliver on our strategy and create shareholder value by ensuring retention and high performance of top-quality colleagues. We aim to apply a consistent remuneration framework and structure across the Bank. While targeting a market median position on total remuneration, we may pay above the market median for our top performers and scarce and critical skills.

2025 elements of remuneration (continued)

Market positioning is reviewed relative to appropriate market benchmarks, to ensure that outliers, either above or below the overall target market positioning receive attention. This is in line with our commitment to be competitive, fair and to improve overall consistency in our remuneration practice. Remuneration that is not aligned to market levels can be addressed over time by, among other actions, above-average increases in fixed remuneration or slowing or stopping fixed pay progression for above market positioning. Our remuneration mix comprises fixed remuneration (total guaranteed package), short-term incentives (cash and deferred awards, where deferral applies) and long-term incentives (where applicable). Deferred awards and long-term incentives are in the form of Absa Group Limited shares.

Long-term incentives

Long-term incentive awards may be awarded to eligible senior colleagues based on criteria set by the Group Remuneration Committee and in accordance with the Policy from time to time. These aim to:

- Align shareholder and executive interests over the long-term through short, medium and long term actions, with reference to the Absa Group share price and achievement of Group performance targets.
- Align key employees at a senior level who can materially influence the delivery of the Group strategy and those who are key talent or possess scarce and critical skills in terms of long-term, sustainable future performance. Accordingly, our long-term incentive awards consist of the following two structures:
- Awards that vest subject to the achievement of Group performance targets. This applies to 100% of the award to those whose roles impact strategic delivery.
- For other participants, 50% of the awards vest based on Group performance targets measured over a three-year performance period.
- Vesting of awards takes place, subject to achievement of the Group performance targets as described above and continued employment, on the third anniversary of the award date for all participants.

Information subject to audit (Auditable part)

Information subject to audit comprise of amounts of each of Directors' emolument and compensation in the relevant years.

Implementation of remuneration policy for financial year 2025

(a) Executive Directors' Remuneration

Executive Directors are remunerated in accordance with the company's staff remuneration policy. They receive remuneration appropriate to their scope of responsibility and contribution to operating and financial performance, taking into account industry norms, external market and country benchmarks.

The determination of the pay is based on the established salary scale. The remuneration of Executive Directors consists of fixed and variable components that are designed to ensure a substantial portion of the remuneration package is linked to the achievement of the company's strategic objectives thereby aligning incentives awarded to the creation of sustainable shareholder value.

Executive Directors' contracts and termination arrangements

The Appointment dates for the executive directors during the year were as follows:

Name	Date of appointment	Type of contract	Notice period
Abdi Mohamed	1 May 2023	Permanent	Six (6) months
Yusuf Omari	1 June 2009	Permanent	Three (3) months

Remuneration

The total Executive Directors' remuneration adjustments in 2025 were, majorly, informed by the overall performance and external market competitiveness. In the year under review, the executive remuneration for the executive directors were as follows compared to 2024

Abdi Mohamed, Managing Director	2025 Shs	2024 Shs
Base Salary	**53 399 838**	50 445 591
Retirement benefits	**5 339 984**	5 044 559
Other employee benefits	**22 903 454**	22 021 754
Total fixed remuneration	**81 643 276**	77 511 904
Cash bonus (non-deferred)	**22 855 445**	19 801 301
Deferred bonus / Cash Value Plan (CVP)	**15 599 748**	12 468 699
Total variable remuneration	**38 455 193**	32 270 000
Total remuneration (cost to company)	**120 098 469**	109 781 904

Corporate Governance Statement continued

Implementation of remuneration policy for financial year 2025 (continued)

(a) Executive Directors' Remuneration (continued)

Yusuf Omari, Chief Financial Officer	2025 Shs	2024 Shs
Base salary	**40 447 590**	38 343 060
Retirement benefits	**4 044 759**	3 834 306
Other employee benefits	**7 032 465**	8 677 620
Total fixed remuneration	**51 524 814**	50 854 986
Cash bonus (non-deferred)	**16 127 848**	13 941 302
Deferred bonus / CVP	**8 872 152**	6 608 698
Total variable remuneration	**25 000 000**	20 550 000
Total remuneration (cost to company)	**76 524 814**	71 404 986

Long-Term Incentive Plans

	Abdi Mohamed		Yusuf Omari	
Executive Directors	**Shs 2025**	Shs 2024	**Shs 2025**	Shs 2024
Share Incentive Plan Deferred Award	**12 033 220**	11 553 130	**6 377 580**	9 041 958
Share Incentive Plan Performance Award	**42 460 113**	31 611 040	**32 450 434**	25 991 830
Total Emoluments	**54 493 333**	43 164 170	**38 828 014**	35 033 788

These awards are subject to group performance conditions which apply over a minimum performance period of three years and a continued employment conditions.

(b) Non-executive Directors' fees

The non-executive directors' fees are determined through a survey conducted by Absa Group Limited to look at competitive rewards. The same is recommended to the Board of Absa Bank Kenya PLC who proceed to approve. The following is considered when setting the fees for our non-executive directors

- Benchmark against the fees paid by large, listed companies
- General level of inflationary increase applied to our employees
- Time commitment expected from our Directors

Non-executive directors do not have employment contracts with the company and therefore do not participate in any of the company's incentive plans. The non-executive director's fees are reviewed every two years and revised appropriately. The current fees were effective 1 January 2024 and were approved by the Board retrospectively in a meeting held on 25 June 2024. The Board Chairman is entitled to an annual retainer of Shs 10,650,400 for performing all the duties of the chairman of the board and is not entitled to any additional retainer for his membership of any of the committees of the Company. Other non-executive directors are entitled to an annual retainer, payable quarterly in arrears, depending on their roles on the Board, its committees and on the boards of subsidiary companies, as outlined below;

	2025		2024	
Capacity	**Chairman**	**Member**	Chairman	Member
Board of Directors	**-**	**3 428 100**	-	3 428 100
Audit and Risk Committee	**1 761 800**	**880 900**	1 761 800	880 900
Credit Committee	**1 122 200**	**561 200**	1 122 200	561 200
Strategy Committee	**1 122 200**	**561 200**	1 122 200	561 200
CG and Nomination Committee	**1 122 200**	**561 200**	1 122 200	561 200
Subsidiary Board	**2 200 000**	**766 100**	2 200 000	766 100
Subsidiary Audit and Risk	**348 400**	**174 200**	348 400	174 200

Implementation of remuneration policy for financial year 2025 (continued)

(b) Non-executive Directors' fees (continued)

In the third quarter, 2025, there were workstreams that required significant Non-Executive Directors involvement outside of the scheduled board and/or committee meetings and relevant approvals were sought and granted to pay ad-hoc fees to Board members (including the Chairman) for these meetings in accordance with the non-executive director's remuneration framework.

The amounts paid to individual board members during the year were as follows:

	Date of Appointment	Total Emoluments 2025 Shs	Total Emoluments 2024 Shs
Charles Muchene*	22 August 2016	**8 307 800**	11 390 400
Japhet Olende**	7 March 2018	**5 242 646**	8 974 200
Patricia Ithau***	23 February 2016	**3 558 000**	8 427 400
Louis Otieno	7 March 2018	**8 377 325**	8 102 250
Christine Sabwa	9 February 2022	**6 791 400**	6 679 400
Fulvio Tonelli	1 October 2020	**5 531 400**	5 551 400
Kedibone Imahtu	3 November 2022	**5 630 950**	5 210 200
Charles Murito	24 June 2024	**5 071 250**	4 630 500
Marion Mwangi	2 October 2024	**5 029 900**	1 077 250
Caroline Armstrong****	19 September 2025	**1 127 410**	-
Mohammed Nyaoga*****	1 October 2025	**3 323 870**	-
Total		**57 991 951**	60 043 000

*Retired effective 30 September 2025

**Retired effective 22 May 2025

***Retired effective 31 March 2025

****Appointed effective 19 September 2025

*****Appointed director effective 1 August 2025 and as Chairman effective 1 October 2025

Statement regarding compliance with remuneration policy

The Board's responsibility under this policy is oversight and through its Corporate Governance and Nominations Committee, has satisfied itself that the remuneration policy as detailed in the 2025 remuneration report was complied with, and there were no substantial deviations from the policy during the year.

Approval of remuneration report by the Board of Directors

This directors' remuneration report was approved by the Board of Directors on 4 March 2026.

Mohammed Nyaoga
Chairman


absa

Financial statements

Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 31 December 2025 in accordance with Section 22 of the Banking Act and Section 650(1) of the Kenyan Companies Act, 2015 which discloses the state of affairs of Absa Bank Kenya PLC (the "Company"/" Bank") and its subsidiaries (together the "Group").

Company registration number	C.18208	
Country of incorporation and domicile	Kenya	
Nature of business and principal activities	The Company is registered as a bank under the Banking Act. The Group is engaged in the business of banking and the provision of related services.	
Directors	The directors who served during the year and to date of this report are:	
	JM Nyaoga	Chairman Appointed as board member effective 1 August 2025 Appointed as Chairman effective 1 October 2025
	AM Mohamed*	Managing Director
	YK Omari*	Chief Financial Officer
	C K Muchene	Retired 30 September 2025
	PE Ithau	Retired 31 March 2025
	JO Olende	Retired 22 May 2025
	LO Otieno	
	C N Murito	
	F Tonelli**	
	CM Sabwa	
	K Imathiu**	
	M Mwangi	
	CE Armstrong	Appointed 19 September 2025
	*Executive directors **South African	
Registered office	Absa Bank Headquarters Waiyaki Way PO Box 30120 – 00100 Nairobi	
Parent company	Absa Group Limited	
Auditor	KPMG Kenya 8th Floor, ABC Towers Waiyaki Way P.O. Box 40612 - 00100 Nairobi	
Company secretary	Anne Nyongesa	
Dividend	An interim dividend of Shs 0.20 per share (2024: Shs 0.20 per) was paid during the year amounting to Shs.1 086 million (2024: Shs 1 086 million. The directors recommend the approval of a final dividend for the year ended 31 December 2025 of Shs 1.85 per share (2024: Shs 1.55 per) amounting to Shs 10 048 million to be paid on or about 19 May 2026.	

Report of the Directors continued

Results/business review	Group		Bank	
	2025	2024	**2025**	2024
Summary results	**Shs'million**	Shs'million	**Shs'million**	Shs'million
Profit for the year	**22 905**	20 876	**20 946**	19 638
Total comprehensive income	**24 705**	24 378	**22 723**	23 126
Income tax expense	**(9 825)**	(8 844)	**(8 975)**	(8 336)
Dividends declared and paid				
-Interim declared and paid	**1 086**	1 086	**1 086**	1 086
-Final proposed	**10 048**	8 419	**10 048**	8 419
Net assets	**100 520**	85 205	**93 515**	80 177

The financial results of the Group and the Bank are as set out within this document. A summary has been included above. The principle risks and uncertainties facing the Group and Bank as well as the risk management framework are outlined in note 41 of the Consolidated and Bank financial statements.

Authorised and issued share capital

There were no changes to the authorised or issued share capital for the year under review. The share capital is disclosed in note 34.

Events after the reporting date

Subsequent to the reporting date, the Bank implemented a Voluntary Exit Programme affecting 82 employees, with all exits completed by 31 January 2026, at a total cost of Shs 717 million. This restructuring decision was made after 31 December 2025 and therefore qualifies as a non-adjusting event, as it reflects conditions that arose after year-end. In line with IAS 10, the Bank has disclosed the nature and estimated financial effect of this material event.

The directors are not aware of any other events (as defined per IAS 10 Events after the Reporting Period) after the reporting date of 31 December 2025 and the date of authorisation of these consolidated annual financial statements.

Auditors

The Company's auditors, KPMG Kenya, have indicated their willingness to continue in office in accordance with Section 721 (2) of the Kenyan Companies Act, 2015 and Section 24 (1) of the Banking Act.

Going concern

The annual financial statements have been prepared based on accounting policies applicable to a going concern.

Relevant audit information

The Directors in office at the date of this report confirm that:

(i) There is no relevant audit information of which the Company's auditor is unaware; and

(ii) Each director has taken all the steps that they ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approval of financial statements

The consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 4 March 2026.

Anne Nyongesa
Company Secretary

Statement of Directors' responsibilities

for the year ended 31 December 2025

The Directors are responsible for the preparation and presentation of the Consolidated and Bank financial statements of Absa Bank Kenya PLC ("the Bank") and its subsidiaries (together, "the Group") set out on pages 138 to 262, which comprise the consolidated and Bank statements of financial position at 31 December 2025 and the consolidated and Bank statements of comprehensive income, consolidated and Bank statements of changes in equity and consolidated and Bank statements of cash flows for the year then ended and the notes to the annual financial statements, including a summary of material accounting policies and the information identified as subject to audit in the directors' remuneration report.

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the consolidated and separate financial statements in the circumstances, preparation and presentation of the consolidated and separate financial statements in accordance with IFRS® Accounting Standards as issued by International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015 and for such internal control as the Directors determine is necessary to enable the preparation of Consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015, the Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Bank as at the end of the financial year and of the operating results of the Group and Bank for that year. It also requires the Directors to ensure the Group and the Bank keep proper accounting records which disclose with reasonable accuracy the financial position and profit or loss of the Group and the Bank.

The Directors accept responsibility for the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS® Accounting Standards and in the manner required by the Kenyan Companies Act, 2015. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Group and the Bank and of the Group's and Bank's profit or loss.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of consolidated and separate financial statements, as well as adequate systems of internal financial control.

The Directors have made an assessment of the Bank and its subsidiaries' ability to continue as a going concern and have no reason to believe the Company will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The consolidated and separate financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on 4 March 2026.

Mohammed Nyaoga
Chairman

Abdi Mohamed
Managing Director

Independent Auditor's report

to the members of Absa Bank Kenya PLC

Report on the audit of the consolidated and separate financial statements

We have audited the consolidated and separate financial statements of Absa Bank Kenya PLC ("the Group and Bank") set out on pages 138 to 262, which comprise the consolidated and bank statements of financial position as at 31 December 2025, and the consolidated and bank statements of comprehensive income, the 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 annual 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 Group and Bank 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 the requirements of the Kenyan Companies Act, 2015.

Basis for opinion

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

Expected credit losses on loans and advances to customers in the consolidated and separate financial statements
The disclosure associated with expected credit losses on loans and advances to customers is set out in the consolidated and separate financial statements in the following notes: • Note 2.14.4 – Expected credit losses on financial assets • Note 3.7 – Expected credit losses on loans and advances • Note 21 – Loans and advances to customers • Note 41.2 – Credit risk

Independent Auditor's report continued

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

Key audit matters (continued)

Expected credit losses on loans and advances to customers in the consolidated and separate financial statements (continued)	
The key audit matter	**How the matter was addressed in our audit**
We identified the audit of expected credit losses on loans and advances to customers as a key audit matter which required significant audit effort due to the following: • The Group's and Bank's loans and advances to customers are significant to the consolidated and separate financial statements; • Economic scenario forecasts, incorporating forward-looking information (FLI) which are used to estimate the ECL on loans and advances to customers require estimation and incorporation of multiple forward-looking macroeconomic scenarios and weightings into the ECL calculation; • There is a high degree of estimation uncertainty and significant judgements and assumptions are applied in estimating modelled ECL on loans and advances to customers. Any impacts not captured by the statistical model are accounted for via further management adjustments, some of which are judgemental in nature. Such adjustments are also posted where current and forward-looking risks are not fully reflected in the historic data used to calibrate models; • Significant increase in credit risk (SICR) – the criteria selected to identify a significant increase in credit risk is a key area of judgement within the Group's and Bank's ECL calculation as these criteria determine whether a 12 month or lifetime ECL is recorded; • We have focused on the following areas of significant judgement and estimation which required the use of specialists:	Our audit procedures in this area included: • We obtained an understanding of management's process over credit origination, credit monitoring and credit remediation and evaluated the design, implementation and operating effectiveness of the relevant controls identified within these processes. • We evaluated the appropriateness of the ECL methodologies applied and the ECL disclosures in terms of the requirements of IFRS 9, *Financial Instruments*. • We assessed the appropriateness of the Group's and Bank's SICR methodologies and with the assistance of our actuarial specialists reperformed stage allocations for a sample of portfolio and individual exposures.
Modelled ECL Expected credit losses • A significant portion of ECL is calculated on a modelled basis which incorporates observable data, assumptions, and estimations. The development and execution of these models require significant management judgement, including estimation of the probability of default (PD); exposure at default (EAD) and loss given default (LGD).	**Modelled ECL Expected credit losses** • With the assistance of our actuarial specialists, we have assessed the design and implementation of the ECL models, including assessing the significant assumptions applied with reference to the requirements of IFRS 9 and have tested the operating effectiveness of management's ECL modelling controls which support the assumptions used in determining the probability of default (PD), exposure at default (EAD) and loss given default (LGD) parameters used in the ECL models.

Independent Auditor's report continued

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

Key audit matters (continued)

Expected credit losses on loans and advances to customers in the consolidated and separate financial statements (continued)	
The key audit matter	**How the matter was addressed in our audit**
Modelled ECL Expected credit losses (continued) • Significant increase in credit risk (SICR) is assessed based on the current risk of default of an account relative to its risk of default at origination. This assessment, and the determination of credit impaired loans and advances to customers, incorporates judgement and estimation by management.	**Modelled ECL Expected credit losses (continued)** • With the assistance of our actuarial specialists, we have reperformed the ECL model calculations using assumptions as per the model documentation, and independently reperformed the PD, EAD and LGD parameters, to evaluate the appropriateness of the ECL calculations. • We assessed the appropriateness of the SICR methodologies and model calibrations and tested the resultant stage allocations and application of cure rules for a sample of individual exposures. For all retail exposures, we tested the performance of the SICR approach by assessing historic volumes of accounts moving into arrears and the forward looking view of default risk. • We tested the completeness and accuracy of data inputs into the models by agreeing a sample of data inputs such as account numbers, account balance, original and maturity dates, early watchlist classifications, discount factor, number of days past due, interest rates, and write off flags, to supporting information sourced by management from internal systems.
Estimation and incorporation of multiple forward-looking macroeconomic scenarios and weightings into the ECL calculation • These scenario forecasts are developed by the Group's and Bank's economics unit and require management judgement, given the uncertain macroeconomic environment and the complexity of incorporating these scenario forecasts and probability weightings into the estimation of ECL.	**Estimation and incorporation of multiple forward-looking macroeconomic scenarios and weightings into the ECL calculation** • We tested the design, implementation and operating effectiveness of relevant controls over the approval of updated macroeconomic forecasts used within the ECL models. • With assistance from our actuarial specialists, we assessed the appropriateness of the economic modelling and incorporation of macroeconomic forecasts into the ECL models. We also assessed the appropriateness of the macroeconomic scenario forecasts and probability weightings by benchmarking these against external evidence and economic data.
Management adjustments • Where the Group's and Bank's ECL models are not fully calibrated to consider the impact of the current levels of economic volatility, complex model adjustments are made by management which are subject to a high degree of management judgement and estimation uncertainity.	**Management adjustments** • We evaluated the governance processes over management adjustments through obtaining an understanding of management's processes and testing relevant controls over judgements used to determine management adjustments. • We reperformed a sample of management adjustments to test their accuracy, including testing the accuracy of the inputs used to assess whether the adjustments are in accordance with the Group's and Bank's methodologies. • Using our understanding of the elements in the macroeconomic information adjustments and applying our own independent data, we assessed management's rationale for the macroeconomic information model adjustments. • We tested the performance and sensitivity of the forward-looking models to evaluate whether the chosen macroeconomic variables and model structure provides a reasonable representation of the impact of macroeconomic changes on the ECL under each macroeconomic scenario.

Independent Auditor's report continued

KPMG

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

Key audit matters (continued)

Expected credit losses on loans and advances to customers in the consolidated and separate financial statements (continued)	
The key audit matter	**How the matter was addressed in our audit**
Stage 3 ECL assessed on an individual basis A significant portion of loans and advances to customers are assessed for recoverability on an individual basis, primarily in the Wholesale portfolios. Significant judgements, estimates and assumptions are applied by management to: • Determine if the loans and advances are credit impaired; • Evaluate the valuation and recoverability of collateral; • Determine the expected future cash flows to be collected; and • Estimate the timing of the future cash flows.	**Stage 3 ECL assessed on an individual basis** We obtained an understanding of management's processes and tested the design, implementation and operating effectiveness of relevant controls over judgements used to determine whether specific exposures are credit impaired. For a sample of stage 3 exposures, we performed independent credit reviews, and our procedures incorporated probability weighted scenarios in assessing the reasonability of the estimate of the recoverable amount and timing of expected future cash flows used in measuring ECL. We have performed the following for a sample of stage 3 exposures: • Where exposures are collateralised, we tested the Group's and Bank's legal right to the collateral by inspecting legal agreements and bond registration information, as well as the reasonability of the valuation of the collateral by evaluating key assumptions against available market and internal information. • Where future cash flows are estimated based on the loan counterparty's enterprise value, we have tested these valuations with reference to available market information and counterparty specific information.
Disclosures related to credit risk • Credit risk disclosures are significant as they rely on material data inputs and disclose management's judgement applied, estimates and assumptions used in determining the ECL, including management adjustments and sensitivity analyses. Due to the extensive nature of these disclosures which are non-routine and very specific to the economic conditions, this required significant audit effort.	**Disclosures related to credit risk** • We evaluated whether the credit risk disclosures are consistent with the ECL information tested, which include the ECL data, models, assumptions, management adjustments and macroeconomic forecasts, and are in terms of the requirements of IFRS 7, *Financial Instruments: Disclosures*.

Other information

The directors are responsible for the other information. The other information comprises the Report of the directors, directors' remuneration report and Statement of directors' responsibilities 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 Absa Bank Kenya PLC 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.

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 the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's report continued

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for 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.

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 132 is consistent with the consolidated and separate financial statements.
- The Auditable part of the directors' remuneration report on pages 132 to 136, 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 No. P/2102.

For and on behalf of:

KPMG Kenya
Certified Public Accountants
PO Box 40612 – 00100
Nairobi

Date: 25 March 2026.

UNIQUE CODE: 26253260325

Consolidated statement of comprehensive income

for the year ended 31 December 2025

	Notes	2025 Shs'million	2024 Shs'million
Interest revenue calculated using the effective interest method	4	**57 672**	64 727
Interest expense and similar charges	5	**(14 384)**	(18 499)
Net interest income		**43 288**	46 228
Fee and commission income	6	**9 448**	8 074
Fee and commission expense	6	**(599)**	(628)
Net fee and commission income		**8 849**	7 446
Net trading income	7	**7 871**	7 272
Other operating income	8	**16**	43
Total income		**60 024**	60 989
Expected credit losses on financial instruments	9	**(4 871)**	(7 761)
Net operating income		**55 153**	53 228
Employee benefits	10	**(13 805)**	(13 274)
Infrastructure costs	11	**(2 334)**	(2 419)
Other operating expenses	12	**(5 124)**	(6 667)
Depreciation of property and equipment	25	**(848)**	(926)
Amortisation of intangible assets	26	**(312)**	(222)
Operating expenses		**(22 423)**	(23 508)
Profit before tax		**32 730**	29 720
Income tax expense	13	**(9 825)**	(8 844)
Profit for the year		**22 905**	20 876
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit liability	28	**14**	(123)
Deferred income tax	29	**(4)**	37
		10	(86)
Items that may be reclassified subsequently to profit or loss:			
Movement in fair value of debt instruments at FVOCI			
Fair value gains arising during the reporting period	19	**2 557**	5 125
Deferred income tax	29	**(767)**	(1 537)
		1 790	3 588
Total other comprehensive income for the year, net of tax		**1 800**	3 502
Total comprehensive income for the year, net of tax		**24 705**	24 378
Earnings per share			
Basic and diluted (Shillings per share)	14	**4.22**	3.84

The notes set out on page 148 to 262 form an integral part of these consolidated and separate financial statements.

Bank statement of comprehensive income

for the year ended 31 December 2025

	Notes	2025 Shs'million	2024 Shs'million
Interest revenue calculated using the effective interest method	4	**57 591**	64 654
Interest expense and similar charges	5	**(15 005)**	(19 049)
Net interest income		**42 586**	45 605
Fee and commission income	6	**6 858**	6 539
Fee and commission expense	6	**(599)**	(628)
Net fee and commission income		**6 259**	5 911
Net trading income	7	**7 871**	7 272
Other operating income	8	**114**	61
Total income		**56 830**	58 849
Expected credit losses on financial instruments	9	**(4 877)**	(7 756)
Net operating income		**51 953**	51 093
Employee benefits	10	**(13 526)**	(13 032)
Infrastructure costs	11	**(2 311)**	(2 413)
Other operating expenses	12	**(5 042)**	(6 539)
Depreciation of property and equipment	25	**(847)**	(925)
Amortisation of intangible assets	26	**(306)**	(210)
Operating expenses		**(22 032)**	(23 119)
Profit before tax		**29 921**	27 974
Income tax expense	13	**(8 975)**	(8 336)
Profit for the year		**20 946**	19 638
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit liability	28	**14**	(123)
Deferred income tax	29	**(4)**	37
		10	(86)
Items that may be reclassified subsequently to profit or loss:			
Movement in fair value of debt instruments at FVOCI			
Fair value gains arising during the reporting period	19	**2 524**	5 105
Deferred income tax	29	**(757)**	(1 531)
		1 767	3 574
Total other comprehensive income for the year, net of tax		**1 777**	3 488
Total comprehensive income for the year, net of tax		**22 723**	23 126
Earnings per share			
Basic and diluted (Shillings per share)	14	**3.86**	3.62

The notes set out on page 148 to 262 form an integral part of these consolidated and separate financial statements.

Consolidated statement of financial position

as at 31 December 2025

	Notes	2025 Shs'million	2024 Shs'million
Assets			
Cash and balances with Central Bank of Kenya	15	**19 318**	24 416
Loans and advances to banks	16	**5 600**	8 069
Financial assets at fair value through profit or loss	17	**42 513**	33 470
Derivative financial instruments	18	**1 052**	2 010
Financial assets at fair value through other comprehensive income	19	**109 042**	96 068
Financial assets at amortised cost	20	**8 220**	1 049
Due from group companies	46	**17 803**	7 289
Loans and advances to customers	21	**312 166**	309 098
Other assets and prepaid expenses	22	**9 799**	12 420
Current income tax	37	**1 905**	814
Non-current assets held for sale	24	**47**	47
Property and equipment	25	**2 638**	2 884
Other intangible assets	26	**1 395**	1 209
Leasehold land	27	**29**	30
Deferred income tax	29	**6 121**	7 603
Total assets		**537 648**	506 476
Equity and liabilities			
Liabilities			
Deposits from banks	30	**13 250**	7 045
Derivative financial instruments	18	**1 059**	1 653
Due to group companies	46	**14 974**	6 054
Deposits from customers	31	**372 383**	367 115
Borrowings	32	**16 646**	19 730
Other liabilities and accrued expenses	33	**18 772**	19 586
Retirement benefit liability	28	**44**	88
Total liabilities		**437 128**	421 271
Capital and reserves			
Share capital	34	**2 716**	2 716
Retained earnings	35	**86 703**	74 922
Fair value reserve	35	**636**	(1 181)
Share-based payment reserve	35	**417**	329
Proposed dividends	48	**10 048**	8 419
Total equity		**100 520**	85 205
Total equity and liabilities		**537 648**	506 476

The financial statements on pages 138 to 262 were approved and authorised for issue by the Board of Directors on 4 March 2026 and signed on its behalf by:

Chairman: Mohammed Nyaoga

Managing Director: Abdi Mohamed

Chief Financial Officer: Yusuf Omari

Company Secretary: Anne Nyongesa

The notes set out on page 148 to 262 form an integral part of these consolidated and separate financial statements.

Bank statement of financial position

for the year ended 31 December 2025

	Notes	2025 Shs'million	2024 Shs'million
Assets			
Cash and balances with Central Bank of Kenya	15	**19 318**	24 416
Loans and advances to banks	16	**5 600**	8 069
Financial assets at fair value through profit or loss	17	**42 513**	33 470
Derivative financial instruments	18	**1 052**	2 010
Financial assets at fair value through other comprehensive income	19	**107 908**	95 360
Financial assets at amortised cost	20	**8 220**	1 049
Due from group companies	46	**17 891**	7 626
Loans and advances to customers	21	**312 166**	309 098
Other assets and prepaid expenses	22	**9 637**	12 383
Investment in subsidiaries	23	**463**	463
Current income tax	37	**1 848**	598
Non-current assets held for sale	24	**47**	47
Property and equipment	25	**2 634**	2 879
Other intangible assets	26	**1 352**	1 109
Leasehold land	27	**29**	30
Deferred income tax	29	**6 056**	7 522
Total assets		**536 734**	506 129
Equity and liabilities			
Liabilities			
Deposits from banks	30	**13 250**	7 045
Derivative financial instruments	18	**1 059**	1 653
Due to group companies	46	**15 127**	6 068
Deposits from customers	31	**378 425**	371 874
Borrowings	32	**16 646**	19 730
Other liabilities and accrued expenses	33	**18 668**	19 494
Retirement benefit liability	28	**44**	88
Total liabilities		**443 219**	425 952
Capital and reserves			
Share capital	34	**2 716**	2 716
Retained earnings	35	**79 699**	69 877
Fair value reserve	35	**636**	(1 164)
Share-based payment reserve	35	**416**	329
Proposed dividends	48	**10 048**	8 419
Total equity		**93 515**	80 177
Total equity and liabilities		**536 734**	506 129

The financial statements on pages 138 to 262 were approved and authorised for issue by the Board of Directors on 4 March 2026 and signed on its behalf by:

Chairman: Mohammed Nyaoga

Managing Director: Abdi Mohamed

Chief Financial Officer: Yusuf Omari

Company Secretary: Anne Nyongesa

The notes set out on page 148 to 262 form an integral part of these consolidated and separate financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2025

	Share capital Shs'million
Year ended 31 December 2024	
Balance at 1 January 2024	2 716
Profit for the year	-
Other comprehensive loss for the year	-
Total comprehensive income for the year	-
Net changes in expected credit losses on financial assets at fair value through other comprehensive income	-
Recognition of share-based payments	-
Final dividend for 2023 paid	-
Interim dividend paid	-
Proposed final dividend 2024 (Note 48)	-
Balance at 31 December 2024	2 716
Year ended 31 December 2025	
Balance at 1 January 2025	**2 716**
Profit for the year	**-**
Other comprehensive income/(loss) for the year	**-**
Total comprehensive income for the year	**-**
Net changes in expected credit losses on financial assets at fair value through other comprehensive income (Note 9)	**-**
Recognition of share-based payments	**-**
Final dividend for 2024 paid	**-**
Interim dividend paid	**-**
Proposed final dividend 2025 (Note 48)	**-**
Balance at 31 December 2025	**2 716**

The notes set out on page 148 to 262 form an integral part of these consolidated and separate financial statements.

Fair value reserve Shs'million	Share-based payment reserve Shs'million	Retained profit Shs'million	Proposed dividends Shs'million	Total equity Shs'million
(4 758)	267	63 637	7 333	69 195
-	-	20 876	-	20 876
3 588	-	(86)	-	3 502
3 588	-	20 790	-	24 378
(11)	-	-	-	(11)
-	62	-	-	62
-	-	-	(7 333)	(7 333)
-	-	(1 086)	-	(1 086)
-	-	(8 419)	8 419	-
(1 181)	329	74 922	8 419	85 205
(1 181)	**329**	**74 922**	**8 419**	**85 205**
-	**-**	**22 905**	**-**	**22 905**
1 790	**-**	**10**	**-**	**1 800**
1 790	**-**	**22 915**	**-**	**24 705**
27	**-**	**-**	**-**	**27**
-	**88**	**-**	**-**	**88**
-	**-**	**-**	**(8 419)**	**(8 419)**
-	**-**	**(1 086)**	**-**	**(1 086)**
-	**-**	**(10 048)**	**10 048**	**-**
636	**417**	**86 703**	**10 048**	**100 520**

Bank statement of changes in equity

for the year ended 31 December 2025

Year ended 31 December 2024	Share capital Shs'million
Balance at 1 January 2024	2 716
Profit for the year	-
Other comprehensive loss for the year	-
Total comprehensive income for the year	-
Net changes in expected credit losses on financial assets at fair value through other comprehensive income (Note 9)	-
Recognition of share-based payments	-
Final dividend for 2023 paid	-
Interim dividend paid	-
Dividend waiver	-
Proposed final dividend 2024 (Note 48)	-
Balance at 31 December 2024	2 716
Year ended 31 December 2025	
Balance at 1 January 2025	**2 716**
Profit for the year	**-**
Other comprehensive income/(loss) for the year	**-**
Total comprehensive income for the year	**-**
Net changes in expected credit losses on financial assets at fair value through other comprehensive income (Note 9)	**-**
Recognition of share-based payments	**-**
Final dividend for 2024 paid	**-**
Interim dividend paid	**-**
Proposed final dividend 2025 (Note 48)	**-**
Balance at 31 December 2025	**2 716**

The notes set out on page 148 to 262 form an integral part of these consolidated and separate financial statements.

Fair value reserve Shs'million	Share-based payment reserve Shs'million	Retained profit Shs'million	Proposed dividends Shs'million	Total equity Shs'million
(4 722)	267	59 830	7 333	65 424
-	-	19 638	-	19 638
3 574	-	(86)	-	3 488
3 574	-	19 552	-	23 126
(16)	-	-	-	(16)
-	62	-	-	62
-	-	-	(7 333)	(7 333)
-	-	(1 086)	-	(1 086)
-	-	-	-	-
-	-	(8 419)	8 419	-
(1 164)	329	69 877	8 419	80 177
(1 164)	**329**	**69 877**	**8 419**	**80 177**
-	**-**	**20 946**	**-**	**20 946**
1 767	**-**	**10**	**-**	**1 777**
1 767	**-**	**20 956**	**-**	**22 723**
33	**-**	**-**	**-**	**33**
-	**87**	**-**	**-**	**87**
-	**-**	**-**	**(8 419)**	**(8 419)**
-	**-**	**(1 086)**	**-**	**(1 086)**
-	**-**	**(10 048)**	**10 048**	**-**
636	**416**	**79 699**	**10 048**	**93 515**

Consolidated statement of cash flows

for the year ended 31 December 2025

	Notes	2025 Shs'million	Restated 2024 Shs'million
Cash flows from operating activities			
Cash used in operations	36	**(32 558)**	(20 714)
Interest received		**52 914**	59 246
Interest paid		**(12 224)**	(15 202)
Income taxes paid	37	**(10 205)**	(10 626)
Net cash (used) in/generated from operating activities		**(2 073)**	12 704
Cash flows from investing activities			
Purchase of property and equipment	25	**(322)**	(347)
Purchase of intangible assets	26	**(556)**	(761)
Net cash used in investing activities		**(878)**	(1 108)
Cash flows from financing activities			
Proceeds from borrowings	32	**1 036**	-
Repayments of borrowings	32	**(4 052)**	(527)
Repayment of principal portion of lease liabilities	33	**(467)**	(445)
Dividends paid to owners of the company	38	**(9 505)**	(8 419)
Net cash used in financing activities		**(12 988)**	(9 391)
Net (decrease)/increase in cash and cash equivalents		**(15 939)**	2 205
Cash and cash equivalents at the beginning of the year[1]		**45 781**	43 345
Effect of exchange rate fluctuations on cash and cash equivalents held		**519**	231
Cash and cash equivalents at the end of the year	39	**30 361**	45 781

The notes set out on page 148 to 262 form an integral part of these consolidated and separate financial statements.

[1]*Prior year numbers have been restated, refer to note 2.25.1 for further details.*

Bank statement of cash flows

for the year ended 31 December 2025

	Notes	2025 Shs'million	Restated 2024 Shs'million
Cash flows from operating activities			
Cash used in operations	36	**(32 585)**	(20 698)
Interest received		**52 872**	59 195
Interest paid		**(12 845)**	(15 752)
Income taxes paid	37	**(9 520)**	(10 111)
Net cash (used in)/generated from operating activities		**(2 078)**	12 634
Cash flows from investing activities			
Purchase of property and equipment	25	**(322)**	(345)
Payments of intangible assets	26	**(551)**	(693)
Net cash used in investing activities		**(873)**	(1 038)
Cash flows from financing activities			
Proceeds from borrowings	32	**1 036**	-
Repayment of borrowings	32	**(4 052)**	(527)
Repayment of principal portion of lease liabilities	33	**(467)**	(445)
Dividends paid to owners of the company	38	**(9 505)**	(8 419)
Net cash used financing activities		**(12 988)**	(9 391)
Net (decrease)/increase in cash and cash equivalents		**(15 939)**	2 205
Cash and cash equivalents at the beginning of the year[1]		**45 781**	43 345
Effect of exchange rate fluctuations on cash and cash equivalents held		**519**	231
Cash and cash equivalents at the end of the year	39	**30 361**	45 781

The notes set out on page 148 to 262 form an integral part of these consolidated and separate financial statements.

[1]*Prior year numbers have been restated, refer to note 2.25.1 for further details.*

Notes to the annual financial statements

for the year ended 31 December 2025

1. General information and statement of compliance

Absa Bank Kenya PLC (the "Bank"/"the Group") provides consumer and corporate banking services. Absa Group Limited is the ultimate parent of the Group.

Absa Bank Kenya PLC (the "Bank"/"the Group") is a public limited company, incorporated and domiciled in Kenya. Its shares are listed on the Nairobi Securities Exchange. The address of its registered office is:

Absa Bank Headquarters

Waiyaki Way

PO Box 30120-00100

Nairobi

The consolidated and Bank financial statements which comprise the Group and the Bank (collectively, "the Group) and the separate financial statement which comprise the Bank have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Kenyan Companies Act, 2015.

For the Kenyan Companies Act, 2015 reporting purposes, the balance sheet is represented by the statement of financial position and profit or loss account by the statement of comprehensive income in these financial statements. There are no other differences between IFRS® Accounting Standards and the Kenyan Companies Act, 2015.

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Group operates) which is the Kenya Shilling.

The consolidated and separate financial statements are presented in millions of Kenya Shilling (Shs' millions), the presentation currency of the Bank and the Group.

2. Material accounting policies

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

2.1 Adoption of new and revised accounting standards

During the current year, the Group has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRIC that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2025. For details of the new and revised accounting policies refer to note 50.

2.2 Basis of preparation

The consolidated and separate financial statements have been prepared under the historical cost convention modified to include the fair valuation of particular financial instruments to the extent required or permitted under IFRS® Accounting Standards as set out in the relevant accounting policies. The financial statements have been prepared using the accrual basis of accounting.

The consolidated and separate financial statements have been prepared based on accounting policies applicable to a going concern.

The Group presents its statement of financial position in order of liquidity based on the Group's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 42.

Financial assets and financial liabilities are generally reported gross in the consolidated statement of financial position except when IFRS® Accounting Standards netting criteria has been met.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries (together the "Group"). Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

When assessing whether it has power over an investee and therefore controls the variability of its returns, the Bank considers all relevant facts and circumstances, including:

- The purpose and design of the investee
- The relevant activities and how decisions about those activities are made and whether the Bank can direct those activities
- Contractual arrangements such as call rights, put rights and liquidation rights
- Whether the Bank is exposed or has rights, to variable returns from its involvement with the investee and has power to affect the variability of such returns

The Bank will only consider potential voting rights that are substantive when assessing whether it controls another entity. In order for the right to be substantive, the holder must have the practical ability to exercise that right.

Notes to the annual financial statements

for the year ended 31 December 2025

2. Material accounting policies (continued)

2.3 Basis of consolidation (continued)

Subsidiaries (including controlled structured entities) are fully consolidated from the date on which control is transferred to the Bank. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Bank loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, NCI and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value at the date of loss of control. Investment in subsidiaries are accounted for at cost less impairment in the separate financial statements of the Bank.

Income and expenses of subsidiaries acquired or disposed during the year are included in the statement of profit or loss from the effective date of acquisition and up to the effective date of loss of control, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Bank 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 those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation and consistent accounting policies are used throughout the group for the purposes of the consolidation.

2.4 Non-current assets held for sale

Non-current assets (or disposal group's comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale and an active programme to locate a buyer and complete the plan must have been initiated. The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification. Immediately before classification as held for sale, the assets (or components of a disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter the assets (or disposal group) are measured at the lower of their carrying amount or fair value, less cost to sell. Any impairment loss on a disposal group is first allocated to reduce goodwill and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets, investment properties, insurance assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies.

Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss until finally sold. Property, equipment and intangible assets, once classified as held for sale, are not depreciated or amortised.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2.5 Revenue recognition

Net interest income

Effective interest on loans and advances at amortised cost, financial assets at amortised cost and debt instruments at fair value through other comprehensive income, as well as the interest expense on financial liabilities held at amortised cost, are calculated using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset. The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. This results in the allocation of interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities.

The effective interest rate method requires the Group to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities. Due to the large number of products and types (both assets and liabilities), there are no individual estimates that are material to the results or financial position.

Interest income/expense on all trading financial assets/liabilities is recognised as part of the fair value change in net trading income.

The Bank calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial assets.

When a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', the Bank first suspends the recognition of contractual interest, and second, multiplies the net carrying value by the EIR. Unrecognised interest (which is referred to as interest in suspense (IIS)) is the difference between the interest calculated on the gross carrying amount of the financial asset (that is, the interest charged), and the net interest amount, calculated based on the net carrying amount of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Notes to the annual financial statements

for the year ended 31 December 2025

2. Material accounting policies (continued)

2.5 Revenue recognition

Net trading income

Trading positions and assets or liabilities in the trading portfolio are held at fair value and the resulting gains and losses are included in profit or loss, together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

Income arises from both the sale and purchase of trading positions, margins which are achieved through market-making and customer business and from changes in fair value caused by movements in interest and exchange rates, equity prices and other market variables.

Net fee and commission income

Net fee and commission income is calculated by subtracting fee and commission charges from fee and commission income. Fee and commission income relates to revenue earned for the rendering of services and is recognised net of any trade discounts, volume rebates and amounts received on behalf of third parties, such as value added taxes. When the Bank is acting as an agent, amounts collected on behalf of the principal are not income. Only the net commission retained by the Bank is, in this case, recognised as income. Fees and commission income earned in respect of services mainly relates to transaction charges and are recognised at a point in time when the performance obligation is discharged.

Under IFRS 15 Revenue from Contracts with Customers, entities are required to recognise revenue in a manner which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Fees and commission income earned in respect of services rendered are recognised on an accrual basis when the service is rendered. Fees earned on the execution of a performance obligation are recognised when the performance obligation act has been completed.

Fee and commission expenses are expenses which are direct and incremental to the generation of fee and commission income.

2.6 Foreign currencies

In preparing the consolidated annual financial statements, transactions in currencies other than the functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Differences arising on settlement or translation of monetary items are recognised in profit or loss. However, foreign exchange differences that arise on monetary items forming part of a net investment in a foreign operation are recognised in OCI until the related net investment is disposed of, at which point the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to these exchange differences on such monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. 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).

2.7 Employee benefits

Staff costs

Short-term employee benefits, including salaries, accrued performance costs, salary deductions and taxes are recognised over the reporting period in which the employees provide the services to which the payments relate. Performance costs are recognised to the extent that the Group has a present obligation to its employees that can be measured reliably and are recognised on an undiscounted basis over the period of service that employees are required to work to qualify for the services.

Defined benefit scheme

The Group recognises its obligation (determined using the projected unit credit method) to members of the scheme at the reporting date, less the fair value of the scheme assets. Scheme assets are stated at fair value as at the reporting date.

Costs arising from current service cost, interest on net defined benefit liability or asset, past service cost settlements are recognised in profit or loss.

All actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling are recognised through other comprehensive income in order for the net defined benefit scheme asset or liability recognised in the statement of financial position to reflect the full value of the plan surplus or deficit, taking into account the asset ceiling.

Remeasurements of the net defined benefit liability (or asset, as the case may be) comprise experience adjustments (differences between previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions.

Notes to the annual financial statements

for the year ended 31 December 2025

2. Material accounting policies (continued)

2.7 Employee benefits (continued)

Defined benefit scheme (continued)

Interest is calculated by applying the discount rate to the opening net defined benefit liability or asset, taking into account any changes in the net defined liability or asset during the period as a result of contribution and benefit payments.

Gains and losses on curtailments are recognised when the curtailment occurs, which may be when a demonstrable commitment to a reduction in benefits, or reduction in eligible employees, occurs. The gain or loss comprises any change in the present value of the obligation and the fair value of the assets. Where a scheme's assets exceed its obligation, an asset is recognised to the extent that it does not exceed the present value of future contribution holidays or refunds of contributions.

Defined contribution scheme

The Group operates a defined contribution scheme for majority of its employees. The assets of the scheme are held in a separate trustee administered fund that is funded by contribution from both the Group and employees. The Group and its employees also contribute to the National Social Security Fund as determined by local statutes.

The Group recognises contributions due in respect of the reporting period in profit or loss. Any contributions unpaid at the reporting date are included as a liability.

2.8 Share-based payments

The Group operates equity-settled and cash-settled share-based payment plans.

Employee services settled in equity instruments

The cost of the employee services received in respect of the shares or share options granted is recognised in profit or loss, with a corresponding increase in equity, over the period that employees provide services, generally the period in which the award is granted or notified and the vesting date of the shares or options. The overall cost of the award is calculated using the number of shares and options expected to vest and the fair value of the shares or options at the date of grant.

The number of shares and options expected to vest takes into account the likelihood that performance and service conditions included in the terms of the awards will be met. Failure to meet non-vesting condition is treated as a cancellation, resulting in an acceleration of recognition of the cost of the employee services.

The fair value of shares is the market price ruling on the grant date, in some cases adjusted to reflect restrictions on transferability. The fair value of options granted is determined using option pricing models to estimate the numbers of shares likely to vest. These take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Market conditions that must be met in order for the award to vest are also reflected in the fair value of the award, as are any other non-vesting conditions.

The accounting treatment under IFRS 2 Share-based Payment, as determined to be required in the separate financial statements of the Group, applies regardless of any intra-group recharge arrangements that might be in place. Any recharge arrangements are accounted for separately from the share-based payment as an adjustment to the increase in equity recognised in respect of the share-based payment (as described above).

Employee services settled in cash

The fair value of the amount payable to employees in terms of a cash-settled share-based payment is recognised as an expense, with a corresponding increase in liabilities, over the vesting period. The liability is re-measured at each reporting date and at settlement date.

Any changes in the fair value of the liability are recognised as staff costs in profit or loss. No amount is recognised for services received if the awards granted do not vest because of a failure to satisfy a vesting condition. Refer to Note 34 for the carrying amount of liabilities arising from cash-settled arrangements.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Income tax payable on taxable profits ("current taxation") is recognised as an expense in the reporting period in which the profits arise.

Income tax recoverable on allowable tax losses is recognised as a current tax asset only to the extent that it is regarded as recoverable and offset against taxable profits arising in the current or prior reporting period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Notes to the annual financial statements

for the year ended 31 December 2025

2. Material accounting policies (continued)

2.9 Taxation (continued)

Deferred taxation

Deferred income tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred income tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred income tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax

Current and deferred tax movements are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the asset or expense; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Levies and similar charges

The Group recognises the liability arising from levies and similar charges when it becomes legally enforceable (i.e., when the obligating event arises) which is on 31 December each year.

2.10 Property and equipment

Property and equipment is stated at cost, which includes direct and incremental acquisition costs less accumulated depreciation and provisions for impairment, if required. Subsequent costs are capitalised if these result in an enhancement to the asset. All other repair and maintenance costs are recognised in profit or loss as incurred.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the annual financial statements

for the year ended 31 December 2025

2. Material accounting policies (continued)

2.10 Property and equipment (continued)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Buildings comprise mainly of branches and offices.

Useful lives of property and equipment	Useful lives Years
Property and equipment	
Buildings;	
Leases over 50 years	50
Leases under 50 years	Over the remaining life
Rented premises	6
Freehold buildings	50
Leasehold improvements	Over the remaining lease period
Fixtures, fittings and equipment	5
Motor vehicles	5

2.11 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Useful lives of Intangible assets	Useful lives Years
Flexcube (Core banking application)	10
Other software	5

De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.12 Impairment of tangible and intangible assets (excluding goodwill)

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the annual financial statements

for the year ended 31 December 2025

2. Material accounting policies (continued)

2.13 Provisions, contingent liabilities and undrawn commitments

Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the statement of financial position but are disclosed unless the outflow of economic resources is remote.

Undrawn commitments

Under IFRS 9 Financial Instruments, the ECL calculated on financial guarantees and letters of credit are presented as other liabilities and accrued expenses on the statement of financial position. In the case of undrawn loan commitments, the inherent credit risk is managed and monitored by the Bank together with the drawn component as a single exposure. The EAD on the entire facility is therefore used to calculate the cumulative ECL. As a result, the total ECL is recognised in the ECL allowance in respect of the financial asset unless the total allowance exceeds the gross carrying amount of the financial asset. If this is the case, the excess ECL is recognised as a provision on the face of the statement of financial position.

2.14 Financial instruments

2.14.1 Initial recognition of financial assets and financial liabilities

The Group recognises financial assets and financial liabilities when it becomes party to the contractual provisions of the instrument. For regular-way transactions, recognition occurs on the trade date. All financial instruments are measured initially at fair value plus/minus transaction costs, except in the case of financial assets and liabilities recorded at fair value through profit or loss, where transaction costs are expensed upfront.

2.14.2 Day one profits or losses

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument or is based on a valuation technique whose inputs include only data from observable markets then the instrument should be recognised at the fair value derived from such observable market data. 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.

For valuations that have made use of significant unobservable inputs, the difference between the model valuation and the initial transaction price (Day one profit) is recognised in profit or loss either on a straight-line basis over the term of the transaction, or over the reporting period until all model inputs will become observable where appropriate or released in full when previously unobservable inputs become observable.

On initial recognition, the Group classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income; or
- Fair value through profit or loss;

The classification and subsequent measurement of financial assets depends on:

- The business model within which the financial assets are managed; and
- The contractual cash flow characteristics of the asset (that is, whether the cash flows represent solely payments of principal and interest).

Notes to the annual financial statements

for the year ended 31 December 2025

2. Material accounting policies (continued)

2.14 Financial instruments (continued)

2.14.2 Day one profits or losses (continued)

Business model assessment

The business model reflects how the Group manages the financial assets in order to generate cash flows and returns. The Group assesses the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The factors considered in determining the business model include (i) how the financial assets' performance is evaluated and reported to management, (ii) how the risks within the portfolio are assessed and managed and (iii) the frequency, volume, timing for past sales, sales expectations in future periods, and the reasons for such sales. The Group reclassifies debt instruments when, and only when, the business model for managing those assets changes. Such changes are highly unlikely and therefore expected to be very infrequent.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI):

In assessing whether the contractual cash flows have SPPI characteristics, the Group considers whether the cash flows are consistent with a basic lending arrangement. That is, the contractual cash flows recovered must represent solely the payment of principal and interest. Principal is the fair value of the financial asset on initial recognition. Interest typically includes only consideration for the time value of money and credit risk but may also include consideration for other basic lending risks and costs, such as liquidity risk and administrative costs, together with a profit margin. Where the contractual terms include exposure to risk or volatility that is inconsistent with a basic lending arrangement, the cash flows would not be considered SPPI and the assets would be mandatorily measured at fair value through profit or loss, as described below. In making the assessment, the Group considers, inter alia, contingent events that would change the amount and timing of cash flows, prepayment and extension terms, leverage features, terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements), and features that modify consideration of the time value of money (e.g. tenor mismatch). Contractual cash flows are assessed against the SPPI test in the currency in which the financial asset is denominated.

2.14.3 Classification and measurement of financial instruments

2.14.3.1 Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds. The Group classifies its debt instruments as follows:

- Amortised cost - Financial assets are classified within this measurement category if they are held within a portfolio whose primary objective is the collection of contractual cash flows, where the contractual cash flows on the instrument are SPPI, and that are not designated at fair value through profit or loss. These financial assets are subsequently measured at amortised cost where interest is recognised as effective interest within interest and similar income using the effective interest rate method. The carrying amount is adjusted by the cumulative expected credit losses recognised.
- Fair value through other comprehensive income - This classification applies to financial assets which meet the SPPI test and are held within a portfolio whose objectives include both the collection of contractual cash flows and the selling of financial assets. These financial assets are subsequently measured at fair value with movements in the fair value recognised in other comprehensive income, with the exception of interest income, expected credit losses and foreign exchange gains and losses that are recognised within profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to Net trading income in profit or loss. Interest income from these financial assets is included as effective interest within Interest and similar income using the effective interest rate method.
- Fair value through profit or loss - Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are mandatorily measured at fair value through profit or loss. Gains and losses on these instruments are recognised in net trading income in profit or loss. The Group may also irrevocably designate financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income, as at fair value through profit or loss, if doing so would eliminate or significantly reduce an accounting mismatch that would otherwise arise. These will be subsequently measured at fair value through profit or loss with gains and losses recognised as gains and losses from banking and trading activities or gains and losses from investment activities in profit or loss.

2.14.3.2 Financial liabilities

Most financial liabilities are held at amortised cost. That is, the initial fair value (which is normally the amount borrowed) is adjusted for premiums, discounts, repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the liability. Most financial liabilities are held at amortised cost, in accordance with the effective interest rate method. Financial liabilities classified as held for trading are subsequently measured at fair value through profit or loss, with changes in fair value being recognised in profit or loss.

Notes to the annual financial statements

for the year ended 31 December 2025

2. Material accounting policies (continued)

2.14 Financial instruments (continued)

2.14.3 Classification and measurement of financial instruments (continued)

2.14.3.2 Financial liabilities (continued)

A financial liability may be designated at fair value through profit or loss if (i) measuring the instrument at fair value eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or (ii) if the instrument belongs to a group of financial assets or financial liabilities that are managed on a fair value basis, in accordance with a documented risk management or investment strategy. Own credit gains or losses arising from the valuation of financial liabilities designated at fair value through profit or loss are recognised in other comprehensive income and are not subsequently recognised in profit or loss.

2.14.3.3 Derivatives

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward rate agreements, futures, options and combinations of these instruments and primarily affect the Bank's net interest income, net trading income, and derivative assets and liabilities.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

The Group classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen in the table below:

Category	Classification	Financial statement caption	Class
Financial assets	Fair value through profit or loss	Financial assets at fair value through profit or loss	Debt securities
		Derivative assets	
	Amortised cost	Loans and advances to banks	
		Due from group companies	
		Loans and advances to customers	
		Other assets	
		Cash and balances with Central Bank of Kenya	
		Financial assets at amortised cost	
	Fair value through other comprehensive income	Financial assets at fair value through other comprehensive income	Investment securities designated at FVOCI
Financial liabilities	Financial liabilities at amortised cost	Deposits from banks	
		Due to Central Bank of Kenya	
		Deposits from customers	
		Borrowings	
		Due to group companies	
		Other liabilities and accrued expense	
	Fair value through profit or loss	Financial liabilities at fair value through profit or loss	
		Derivative liabilities	
Off-balance sheet financial instruments	Loan commitments		
	Guarantees, acceptances and other financial liabilities		

Notes to the annual financial statements

for the year ended 31 December 2025

2. Material accounting policies (continued)

2.14 Financial instruments (continued)

2.14.4 Expected credit losses (ECL) on financial assets

The Group uses a mixed approach to impairment where parameters are modelled at an individual financial instrument level or on a portfolio basis when they are only evident at this higher level. Collective assessment is primarily applied to retail loans, whereas individually assessment is applied to wholesale loans large exposures. A collective approach will only be carried out when financial instruments share similar risk characteristics, which could include factors such as instrument type, collateral type, industry, geography and credit risk ratings. Credit losses are the present value of the difference between:

- all contractual cash flows that are due to an entity in accordance with the contract; and
- all the cash flows that the entity expects to receive.

Three-stage approach to ECL

IFRS 9 requires entities to recognise ECL based on a stage allocation methodology, with such categorisation informing the level of provisioning required. The ECL allowance calculated on stage 1 assets reflects the lifetime losses associated with events of default that are expected to occur within 12 months of the reporting date (hereafter referred to as 12-month ECL). Assets classified within stage 2 and stage 3 carry an ECL allowance calculated based on the lifetime losses associated with defaults that are expected to occur over the lifetime of the exposure (hereafter referred to as lifetime ECL). In determining the forecast credit losses over the duration of an exposure, recoveries expected to be received post the designated point of write-off are excluded.

Interest is calculated on stage 1 and stage 2 assets based on the gross carrying amount of the asset, whilst interest income on stage 3 assets is calculated based on the net carrying value (that is, net of the credit allowance). The remaining contractual interest on stage 3 assets is recognised as part of the impairment allowance raised against these assets. The stage allocation is required to be performed as follows:

Stage 1 This stage comprises exposures which are performing in line with the Group's credit expectations as at the date of origination. That is to say, the credit exposures which are assigned to stage 1 have not experienced a significant increase in credit risk since the date of initial recognition. Financial assets that are not purchased or originated with a credit impaired status are required to be classified on initial recognition within stage 1. Exposures which were previously classified within stage 2 or stage 3, may also cure back to stage 1 in line with the Group's credit risk management cure criteria. Whilst the standard does permit an accounting policy election to classify low credit risk assets within stage 1, such election has not been made by the Group.

Stage 2 Exposures are required to be classified within stage 2 when a significant increase in credit risk is observed, although the exposure is not yet credit impaired. The assessment of whether an exposure should be transferred from stage 1 to stage 2, is a relative measure, where the credit risk at the reporting date is compared to the risk that existed at initial recognition. The factors which trigger a reclassification from stage 1 to stage 2 have been defined so as to meet the specific requirements of IFRS 9, and in order to align with the Group's credit risk management practices.

These factors have been set out in note 41.2. Stage 2 assets are considered to be cured (i.e. reclassified back into stage 1), when there is no longer evidence of a significant increase in credit risk, and in accordance with the Group's credit risk management cure criteria. The definition of high risk is, from a credit management perspective, central to controlling the flow of exposures back to stage 1 and gives effect to any cure periods deemed necessary.

For these exposures lifetime expected credit losses should be recognised (i.e. credit losses from default events that are possible over the life of the instrument). The Group will assess whether a significant increase in credit risk has occurred based on (i) qualitative drivers including being marked as high risk or reflected on management's watch list; and (ii) quantitative drivers such as the change in the asset's cumulative weighted average lifetime probability of default (PD). Any exposure that is more than 30 days past due will also be included in this stage.

Stage 3 Credit exposures are classified within stage 3 when they are credit impaired, which is defined in alignment to the regulatory definition of default which includes unlikeliness to pay indicators as well as any assets that are more than 90 days past due. An instrument is credit impaired when there is objective evidence of impairment at the reporting date. Purchased or originated credit impaired lending facilities are classified on origination within stage 3. Defaulted assets are considered to be cured once the original event triggering default no longer applies, and the defined probation period (that is, the required consecutive months of performance) has been met.

Notes to the annual financial statements

for the year ended 31 December 2025

2. Material accounting policies (continued)

2.14 Financial instruments (continued)

2.14.4 Expected credit losses (ECL) on financial assets (continued)

Expected credit loss calculation

The measurement of expected credit losses must reflect:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money (represented by the effective interest rate); and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

Expected credit losses comprise the unbiased probability weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. Expected credit losses are calculated (for both 12 month-ECL and lifetime losses) as a function of the exposure at default (EAD); PD and loss given default (LGD). These terms are interpreted as follows per the requirements of IFRS 9:

- EAD is the estimated amount at risk in the event of a default (before any recoveries) including behavioural expectation of limit usage by customers in the various stages of credit risk.
- PD is the probability of default at a particular point in time, which may be calculated, based on the defaults that are possible to occur within the next 12 months; or over the remaining life; depending on the stage allocation of the exposure.
- LGD is the difference between the contractual cash flows due and the cash flows expected to be received, discounted to the reporting date at the effective interest rate. The expectation of cash flows take into account cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The estimate reflects the amount and timing of cash flows expected from the enforcement of collateral less the costs of obtaining and selling the collateral. The collection of any cash flows expected beyond the contractual maturity of the contract is also included.

Lifetime of financial instruments

For exposures in stage 2 and stage 3, the maximum lifetime over which expected credit losses should be measured, is the maximum contractual period over which the Group is exposed to credit risk. The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument. In rare cases when it is not possible to reliably estimate the expected life of a financial instrument, the Group use the remaining contractual term of the financial instrument.

Certain credit exposures include both a drawn and an undrawn component and the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the exposure to credit losses to the contractual notice period. In this case, expected credit losses are measured over the period that the Group is exposed to credit risk, even if that period extends beyond the maximum contractual period. Within the Group, this applies to overdrafts, credit cards and other revolving products.

These contracts are cancellable at very short notice and they have no fixed term but credit may continue to be extended for a longer period and may only be withdrawn after the credit risk of the borrower increases, which could be too late to prevent losses. For these types of products the expected life is based on the behavioural life, i.e. the period over which there is exposure to credit risk which is not expected to be mitigated by credit actions (e.g. limit decreases) even though the contract permits immediate limit decrease.

Forward looking information

Forward-looking information is factored into the measurement of expected losses through the use of multiple expected macro-economic scenarios that are either reflected in estimates of PD and LGD for material portfolios; or adjusted through expert credit judgement where the effects could not be statistically modelled.

Notes to the annual financial statements

for the year ended 31 December 2025

2. Material accounting policies (continued)

2.14 Financial instruments (continued)

2.14.4 Expected credit losses (ECL) on financial assets (continued)

Write-off

The gross carrying amount of a financial asset shall be directly reduced (that is, written off)) when the entity has no reasonable expectations of recovering it in its entirety, or a portion thereof. A write-off constitutes a de-recognition event for accounting purposes. Depending on the nature of the account, balances are written off when:

There has been less than one qualifying payment received within the last 12 months; or

- It is no longer economically viable to keep the debt on the statement of financial position.
- A qualifying payment, for use in the write-off assessment, is defined as the minimum monthly contractual payment due.

Indicators which suggest that an account is not economically viable to retain on the statement of financial position are as follows (but do not represent an exhaustive list):

- The exposure is unsecured, i.e. there is no tangible security the Group can claim against (excluding suretyships);
- The debt has prescribed;
- The exposure would attract reputational risk should the Group pursue further legal action due to the valuation/exposure ratio, for example where the exposure is low and the valuation is very high in relation to the low exposure; and
- Where the cost to recover is high in relation to the valuation of the asset, for example legal, realisation and safe-guarding cost and rates and taxes.

Under IFRS 9, the Group applies the write-off assumptions consistently at both an individual account level and on a collective modelling basis. This means that the Group's LGD model includes only the present value of forecast recoveries on a pool of loans up until the designated point of write-off. Recoveries of amounts previously written off are recognised as an ECL gain in the statement of comprehensive income as and when the cash is received.

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.

2.14.5 De-recognition of financial instruments

De-recognition of financial assets

In the course of its normal banking activities, the Group makes transfers of financial assets, either legally (where legal rights to the cash flows from the asset are passed to the counterparty) or beneficially (where the Group retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty). Depending on the nature of the transaction, this may result in derecognition of the assets in their entirety, partial derecognition or no derecognition of the assets subject to the transfer.

Full derecognition only occurs when the rights to receive cash flows from the asset have been discharged, cancelled or have expired, or the Group transfers both its contractual right to receive cash flows from the financial assets (or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment) and substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk. When an asset is transferred, in some circumstances, the Group may retain an interest in it (continuing involvement) requiring the Group to repurchase it in certain circumstances for other than its fair value on that date.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. On derecognition of a financial instrument, any difference between the carrying amount thereof and the consideration received is recognised in profit or loss.

2.14.6 Modification of financial assets and financial liabilities

Modification of financial assets

In accordance with IFRS 9, the assessment of whether a modification to a financial asset result in derecognition or not, is relevant as it impacts the assessment of the initial credit risk of a financial asset against which any subsequent significant deterioration in credit risk would be assessed. The Group assesses modifications to financial assets in the following manner:

A loan modification is a permanent change to one or more of the terms of the loan. Enforcing or adopting terms that were present in the original terms of the facility is not a modification. The treatment of a renegotiation or modification of the contractual cash flows of a financial asset depend on whether the modification is done for commercial reasons or because of financial difficulty of the borrower.

- Contractual modifications on commercial terms are treated as a new transaction resulting in derecognition of the original financial asset and the recognition of a 'new' financial asset. Any difference between the carrying amount of the derecognised asset and the fair value of the new asset is recognised in profit or loss.

Notes to the annual financial statements

for the year ended 31 December 2025

2. Material accounting policies (continued)

2.14 Financial instruments (continued)

2.14.6 Modification of financial assets and financial liabilities (continued)

Modification of financial assets

- When the Group modifies the contractual conditions due to financial difficulties of the borrower, the asset is not derecognised unless the terms of the contract are substantively changed (such as the inclusion of an equity participation or a substantial change in counterparty). If the asset is not substantially modified, then the gross carrying amount of the financial asset is recalculated to be the present value of the modified cash flows discounted at the original EIR and any gain or loss is recognised in profit or loss as part of the total impairment loss. Modification gain or losses typically occur on stage 2 and 3 assets.

Modification of financial liabilities

Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified (taking into account both quantitative and qualitative factors), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Where the terms of an existing liability are not substantially modified, the liability is not derecognised. Costs incurred on such transactions are treated as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.14.7 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts are initially recognised in the financial statements at fair value at the date that the guarantee was given.

Other than where the fair value option is applied subsequent to initial recognition, the entity's liabilities under such contracts are measured at the higher of the initial measurement, less amortisation calculated to recognise in profit or loss any fee income earned over the reporting period, and the amount of the loss allowance expected from the guarantee at the reporting date. Any increase in the liability relating to guarantees is recognised in profit or loss. For financial guarantee contracts the cash shortfalls are future payments to reimburse the holder for a credit loss that it incurs less any amounts that the entity would expect to receive from the holder, the debtor or any other party.

2.14.8 Loan commitments

The Group enters into commitments to lend to its customers subject to certain conditions. Such loan commitments are made either for a fixed period or are cancellable by the Group subject to notice conditions.

Loan commitments are measured with reference to the quantum of ECL required to be recognised. In the case of undrawn loan commitments, the inherent credit risk is managed and monitored by the Bank together with the drawn component as a single exposure. The EAD on the entire facility is therefore used to calculate the cumulative ECL.

As a result, the total ECL is recognised in the ECL allowance in respect of the financial asset unless the total allowance exceeds the gross carrying amount of the financial asset. If this is the case, the excess ECL is recognised as a provision on the face of the statement of financial position.

2.14.9 Credit enhancement: Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, receivables, other non-financial assets and credit enhancements such as netting agreements.

Cash flows expected from credit enhancements which are not required to be recognised separately by IFRS® Accounting Standards and which are considered integral to the contractual terms of a debt instrument which is subject to ECL, are included in the measurement of those ECL. On this basis, the fair value of collateral affects the calculation of ECL. Collateral is generally assessed at a minimum, at inception and re-assessed on a regular basis.

To the extent possible, the Bank uses active market data for valuing both financial and non-financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral are valued based on data provided by third parties and other independent sources.

Notes to the annual financial statements

for the year ended 31 December 2025

2. Material accounting policies (continued)

2.15 Letters of credit acceptances

Letters of credit acceptances arise in two ways:

(i) Issuing bank

At initial recognition where the Group is the issuing bank it recognises a contingent liability for the amount that it may be required to pay out to the confirming bank or beneficiary should the terms and conditions of the underlying contract be met.

On the date that all terms and conditions underlying the contract are met, the Group recognises a financial asset (at fair value) on the statement of financial position as part of loans and advances for the contractual right to receive cash from the applicant. Concurrently, the Group recognises a financial liability (at fair value) on the statement of financial position as part of liabilities for the contractual obligation to pay the beneficiary or the confirming bank, depending on the structure of the arrangement.

(ii) Confirming bank

On the date that all terms and conditions underlying the contract are met the Group recognises a financial asset (at fair value) on the statement of financial position as part of loans and advances for the contractual right to receive cash from the issuing bank and concurrently recognises a financial liability (at fair value) on the statement of financial position as part of liabilities for the contractual obligation to pay the beneficiary.

2.16 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 in the principal (or most advantageous) market between market participants at the measurement date under current market conditions.

When a price for an identical asset or liability is not observable, fair value is measured using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at measurement date.

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument, or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument, or determined using valuation models that utilise non-observable market data as inputs. The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Subsequent to initial recognition, fair value is measured based on quoted market prices or dealer price quotations for the assets and liabilities that are traded in active markets and where those quoted prices represent fair value at the measurement date.

If the market for an asset or liability is not active or the instrument is unlisted, the fair value is determined using other applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants. Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and a market related discount rate at the reporting date for an asset or liability with similar terms and conditions.

If an asset or a liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

The Group has elected the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities. This exception permits a group of financial assets and financial liabilities to be measured at fair value on a net basis. This election is applied where the Group:

- manages the group of financial assets and financial liabilities on the basis of the Group's net exposure to a particular market risk (or risks) or to the credit risk of a particular counterparty in accordance with the Group's documented risk management or investment strategy;
- provides information on that basis about the group of financial assets and financial liabilities to the Group's key management personnel; and
- is required to or has elected to measure those financial assets and financial liabilities at fair value at the end of each reporting period.

Notes to the annual financial statements

for the year ended 31 December 2025

2. Material accounting policies (continued)

2.16 Fair value (continued)

Fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

2.17 Ordinary share capital

Proceeds are included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised as a reduction in equity and when declared by the board.

2.18 Offsetting

In accordance with IAS 32 Financial Instruments: Presentation, the Group reports financial assets and financial liabilities on a net basis on the statement of financial position only if there is a current legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.19 Cash and cash equivalents

For the purposes of the statement of cash flows, cash comprises cash on hand, balances with Central Bank of Kenya, deposits due from banking institutions, mobile money wallets and short-term treasury bills. Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less. Cash and cash equivalents are measured at amortised cost. Repurchase and reverse repurchase agreements are not considered to be part of cash equivalents.

2.20 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Group and the number of basic weighted average number of ordinary shares excluding treasury shares held in employee benefit trusts or held for trading. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effects of all dilutive potential ordinary shares held.

2.21 Segmental reporting

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

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining business segment performance. In accordance with IFRS 8 Operating Segments, the Group has the following business segments: Consumer banking and Corporate banking.

2.22 Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

2.23 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.

(a) The Group is the lessee

Where the Group is a lessee, the right-of-use assets are recognised 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 asset is included within "property and equipment" in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if readily determinable, or the lessee's incremental borrowing rate. After the commencement date, a lessee shall measure the lease liability by increasing the carrying amount to reflect interest on the lease liability determined and reducing the carrying amount to reflect the lease payments made.

Notes to the annual financial statements

for the year ended 31 December 2025

2. Material accounting policies (continued)

2.23 Leases (continued)

(a) The Group is the lessee (continued)

Any revisions to in-substance fixed lease payments, reassessment or lease modifications will be reflected by re-measuring the carrying amount. Interest is recognised within net interest income and the lease liability is included within "other liabilities" in the statement of financial position.

The lease payments in relation to short term leases (leases with a lease term of 12 months or less at commencement date) and leases in which the underlying asset is of low value are recognised as an expense on a straight-line basis over the lease term.

(b) The Group is the lessor

Finance lease

A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. Where the Group is the lessor, the leased asset is not held on the statement of financial position; instead a finance lease receivable is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease. Finance income on the receivable is allocated over the lease term on a systematic basis so as to reflect a constant periodic rate of return on the lessor's net investment in the finance lease.

Operating leases

An operating lease is a lease in which substantially all of the risks and rewards of the leased assets remain with the lessor. Where the Group is the lessor, lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The Group recognises leased assets on the statement of financial position within property and equipment.

2.24 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Group did not have any qualifying assets during the year.

2.25 Reporting changes overview

The financial reporting changes that have had an impact on the Group's and Bank's results for the comparative periods ended 31 December 2025 include:

2.25.1 Correction of prior period error

(a) CBK Mandatory Cash Reserve Ratio

Commercial banks in Kenya are required to maintain a mandatory Cash Reserve Ratio (CRR) with the Central Bank of Kenya (CBK), set at 3.25% of deposit liabilities. The IFRS Interpretations Committee (IFRIC) explained in 2022 that such restrictions do not change the nature of a demand deposit. In January 2026, Institute of Certified Public Accountants of Kenya (ICPAK) further clarified that banks are required to include the CRR restricted balance as part of cash and cash equivalents in the statement of cash flows as the contractual restriction on the use of the CRR do not change the nature of the deposit and the bank can access the amount. Previously this had been erroneously excluded from cash and cash equivalents. As a result, the Statement of Cash Flows has been restated. The restatement does not have an impact on profit or loss, equity or the statement of financial position and therefore no impact on the earnings per share.

Notes to the annual financial statements

for the year ended 31 December 2025

2. Material accounting policies (continued)

2.25.1 Correction of prior period error

(a) CBK Mandatory cash reserve ratio (continued)

The impact of the above restatement is as follows:

Statement of cash flows	As previously reported	Restricted CRR	Restated
Group	**Shs'million**	**Shs'million**	**Shs'million**
Cash and cash equivalents – opening balance	32 529	10 816	43 345
Cash and cash equivalents – closing balance	35 057	10 724	45 781
Cash used in operations	(20 622)	(92)	(20 714)
Cash generated from operating activities	12 796	(92)	12 704
Bank			
Cash and cash equivalents – opening balance	32 529	10 816	43 345
Cash and cash equivalents – closing balance	35 057	10 724	45 781
Cash used in operations	(20 606)	(92)	(20 698)
Cash generated from operating activities	12 726	(92)	12 634

(b) Guarantees with Group

The Group conducts business involving acceptances, guarantees, performance bonds and indemnities. Part of these arrangements includes Guarantees with Absa Bank Limited that were previously classified as Letters of credit. As a result, the Contingent liabilities and off-balance sheet disclosure has been restated. The restatement does not have an impact on profit or loss, the statement of financial position, equity or the statement of cashflows and therefore no impact on the earnings per share. The impact of the above restatement is as follows:

Contingent liabilities	As previously reported Shs'million	Adjustments Shs'million	Restated Shs'million
Group and Bank			
Financial guarantee contracts	27,434	17 197	44 631
Irrevocable debt facilities	62,805	-	62 805
Letters of credit	20,876	(17 197)	3 679
	111 115	**-**	**111 115**

3. Judgements and estimates

In the preparation of the annual financial statements, management is required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period.

Judgements made by management that could have a significant effect on the amounts recognised in the financial statements include:

3.1 Fair value of financial instruments

The 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. Fair values should be first calculated with reference to observable inputs where these are available in the market. Only where these are unavailable should fair value techniques be applied which employ less observable inputs.

Notes to the annual financial statements

for the year ended 31 December 2025

3. Judgements and estimates (continued)

3.1 Fair value of financial instruments (continued)

Unobservable inputs may only be used where observable inputs or less observable inputs are unavailable. IFRS 13 Fair Value Measurement does not mandate the use of a particular valuation technique but rather sets out a principle requiring an entity to determine a valuation technique that is appropriate in the circumstances for which sufficient data is available and for which the use of relevant observable inputs can be maximised. Where management is required to place greater reliance on unobservable inputs, the fair values may be more sensitive to assumption changes and different valuation methodologies that may be applied. For this reason, there is a direct correlation between the extent of disclosures required by IFRS 13 and the degree to which data applied in the valuation is unobservable.

Valuation inputs

IFRS 13 requires an entity to classify fair values according to a hierarchy that reflects the significance of observable market inputs. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities, and the lowest priority to unobservable inputs. In some cases, the inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input which is considered to be significant to the entire measurement. The three levels of the fair value hierarchy are specifically defined as follows:

Quoted market prices – Level 1 Fair values are classified as Level 1 if they have been determined using unadjusted quoted prices in active markets for identical assets and liabilities that the entity can access at the measurement date. The quoted prices are required to represent actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs – Level 2 Inputs classified as Level 2 are observable for the asset or liability, either directly (i.e. as prices), or indirectly (i.e. derived from prices), but do not constitute quoted prices that are included within Level 1. A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

Valuation technique using significant unobservable inputs – Level 3 Fair values are classified as Level 3 if their determination incorporates significant inputs that are not based on observable market data (that is, they are unobservable inputs). An input is deemed to be significant if it is shown to contribute more than 10% to the fair value of an item. Unobservable input levels are generally determined based on observable inputs of a similar nature, historical observations as well through employing other analytical techniques

Loans and advances

The fair value of loans and advances is determined by discounting contractual cash flows. Discount factors are determined using the relevant forward base rates (as at valuation date) plus the originally priced spread. Where a significant change in credit risk has occurred, an updated spread is used to reflect valuation date pricing. Behavioural cash flow profiles, instead of contractual cash flow profiles, are used to determine expected cash flows where contractual cash flow profiles would provide an inaccurate fair value.

Bid-offer valuation adjustments

For assets and liabilities where the Group is not a market maker, mid-prices are adjusted to bid and offer prices respectively unless the relevant mid-prices are reflective of the appropriate exit price as a practical expedient given the nature of the underlying instruments. Bid-offer adjustments reflect expected close out strategy and, for derivatives, the fact that they are managed on a portfolio basis.

The methodology for determining the bid-offer adjustment for a derivative portfolio will generally involve netting between long and short positions and the bucketing of risk by strike and term in accordance with the hedging strategy. Bid-offer levels are derived from market sources, such as broker data. For those assets and liabilities where the Group is a market maker and has the ability to transact at, or better than, mid-price (which is the case for certain equity, bond and vanilla derivative markets), the mid-price is used.

Model valuation adjustments

Valuation models are reviewed under the Group's model governance framework. This process identifies the assumptions used and any model limitations (for example, if the model does not incorporate volatility skew). Where necessary, fair value adjustments will be applied to take these factors into account. Model valuation adjustments are dependent on the size of the portfolio, complexity of the model, whether the model is market standard and to what extent it incorporates all known risk factors. All models and model valuation adjustments are subject to review at least annually.

The fair value hierarchy for these financial instruments is shown in Note 43.

Notes to the annual financial statements

for the year ended 31 December 2025

3. Judgements and estimates (continued)

3.2 Effective interest rate

The Bank's EIR method 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 as expected changes to the base rate and other fee income/expense that are integral parts of the instrument. Note 2.5 and 4 disclose the interest income recognised using the EIR method.

3.3 Provisions

In terms of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, a provision is recognised when the Group has a present obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation. Further, a reliable estimate of the amount of the obligation is required to be made. Various assumptions are therefore required in order to determine if a provision is required to be recognised, and further, the carrying amount thereof. With regards to the assessment of matters of a significant nature, including potential litigation and claims, management relies on the advice of the Group's legal counsel.

Note 47 discloses the recognition and measurement of contingencies.

3.4 Share-based payments

The initial fair value of awards is determined at grant date and is measured after taking into account all terms and conditions of the share incentive scheme, excluding non-market vesting conditions. In the case of certain schemes, options are granted to employees with a zero-strike price. In this case the Group may consider the share price on the grant date to be the best indication of the grant date fair value. Where management determines this valuation approach to be less appropriate, based on the specific terms and conditions, then a Black Scholes option pricing model is applied. Significant inputs into this pricing model include the risk-free discount rate, share price volatility, as well as an expectation of future dividends.

The cumulative expense recognised at each reporting date will reflect the extent to which the vesting period has expired as well as the Group's best estimate of the number of equity instruments that will ultimately vest. A key assumption applied is staff turnover and expected forfeitures. Management calibrates this assumption based on historical data.

In the case of cash-settled share-based payment schemes, where fair value is required to be determined at each reporting date, a consistent fair value methodology is applied. The fair value of the awards at each reporting date will impact the expense recognised over each reporting period.

Note 35 includes details of the Group's share awards. Refer to note 35.3 for the carrying amount of liabilities arising from cash-settled arrangements.

3.5 Income taxes

The Group is subject to income taxes and the calculation of the Group's tax charge and liabilities for income taxes necessarily involves a degree of estimation and judgement. There are many transactions and calculations for which the ultimate tax treatment is uncertain or in respect of which the relevant tax authority may indicate disagreement with the Group's treatment and accordingly the final tax charge cannot be determined until resolution has been reached with the relevant tax authority.

The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes tax liabilities, where appropriate, on the basis of amounts expected to be paid to the tax authorities. The carrying amount of any resulting liabilities will be sensitive to the manner in which tax matters are expected to be resolved, and the stage of negotiations or discussion with the relevant tax authority. There may be significant uncertainty around the final outcome of tax proceedings, which in many instances, will only be concluded after a number of years. Management estimates are informed by a number of factors including, inter alia, the progress made in discussions or negotiations with the tax authority, the advice of expert legal counsel, precedent set by the outcome of any previous claims, as well as the nature of the relevant tax environment.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the reporting period in which such determination is made. These risks are managed in accordance with the Group's Tax Risk Framework.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Management's judgement surrounding the probability and sufficiency of future taxable profits, future reversals of existing taxable differences and ongoing developments will determine the recognition of deferred tax. The most significant management assumption in determining the deferred tax asset to be recognised is the forecasts used to support the probability assessment that sufficient taxable profits will be generated by the entities in the Group in order to utilise the deferred tax assets in the medium term. Refer to Note 13, 29, 37 and 47.3 which further disclose the tax exposures of the Group.

Notes to the annual financial statements

for the year ended 31 December 2025

3. Judgements and estimates (continued)

3.6 Retirement benefits

The valuation of and contribution towards the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. The year-end balances of subsidiaries' post-retirement benefit obligations are also affected by the closing foreign currency exchange rates. Due to the long-term nature of the plan, such estimates are subject to significant uncertainty.

Exposure to actuarial risks

The defined benefit fund exposes the Group to the risk that the benefits promised in the fund cost more than the accumulated assets set aside to meet such benefits and ultimately will require additional funding from the Bank (or its subsidiaries).

This risk can be categorised into a number of actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The actuarial funding valuation make assumptions about the returns that may be available on invested assets. If the return on pension plan assets is below this rate, it may lead to a strain on the fund, which over time, may result in a pension plan deficit. Typically, the fund has a relatively balanced investment in equity securities, debt securities, cash and real estate to mitigate any concentration risk. Due to the long-term nature of the pension plan liabilities, the board of the pension fund consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to improve the return generated by the fund. This may in turn result in improved discretionary benefits to members or reduced costs for the sponsoring entity

Longevity risk

If pensioners live longer than expected then that will, all else equal, increase the funds' liabilities as benefits are paid for a longer term.

Salary risk

An increase in the salary of the plan participants will increase the plan's liability. This risk has been limited with the introduction of a defined contribution plan. There are now a limited number of active defined benefit members.

Measurement risk

The IAS 19 Employee Benefits liabilities are determined using various assumptions about future experience.

One of the most important assumptions is the discount rate derived from prevailing bond yields where these are available (where these are not available, the inflation rate plus a reasonable risk-free real return is used as a proxy). A decrease in the discount rate will, with all else equal, increase the plan liability; this may be partially offset by an increase in the value of assets, to the extent that the funds' investments are matched against its liabilities.

Other important assumptions are the inflation assumption, pension increase assumption and the longevity assumption and changes in those could affect the measured value of liabilities significantly. Changes in other assumptions used could also affect the measured liabilities.

Regulatory risk

The funds' benefits are governed by the rules of those funds, operating within the regulatory framework in Kenya. To the extent that governments can change that regulatory framework, the Group is exposed to a risk. In particular, regulations introducing issues like minimum benefits or minimum pension increases may result in higher benefits to members and a higher associated cost.

Refer to note 28 for the specific assumptions used and carrying amounts of retirement benefits.

3.7 Expected credit losses on loans and advances

The measurement of expected credit losses both under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining expected credit 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 ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

Refer to:

- Note 2.14: classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.
- Note 41: establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.

Notes to the annual financial statements

for the year ended 31 December 2025

	Group		Bank	
	2025	2024	**2025**	2024
4. Interest revenue calculated using the effective interest method	**Shs'million**	Shs'million	**Shs'million**	Shs'million
Financial assets held at fair value through OCI	**12 932**	9 228	**12 851**	9 155
Financial assets held at amortised cost	**327**	173	**327**	173
Loans and advances to banks and group companies	**1 577**	1 952	**1 577**	1 952
Loans and advances to customers	**42 836**	53 374	**42 836**	53 374
Total interest and similar income	**57 672**	64 727	**57 591**	64 654

	Group		Bank	
	2025	2024	**2025**	2024
5. Interest expense and similar charges	**Shs'million**	Shs'million	**Shs'million**	Shs'million
Deposits from banks and group companies	**(344)**	1 406	**(344)**	1 406
Customer accounts	**(12 392)**	(17 958)	**(13 013)**	(18 508)
Subordinated debt and other borrowed funds	**(1 434)**	(1 691)	**(1 434)**	(1 691)
Interest expense on lease liabilities (Note 33.2)	**(214)**	(256)	**(214)**	(256)
Total interest and similar expense	**(14 384)**	(18 499)	**(15 005)**	(19 049)

6. Net fee and commission income

In the following table, fees and commission income from contracts with customers in scope of IFRS 15 is disaggregated into major service lines.

	2025			2024		
Group	**Corporate Banking Shs'million**	**Consumer Banking Shs'million**	**Total Shs'million**	Corporate Banking	Consumer Banking	Total
Fee and commission income						
Service fees	**867**	**5 523**	**6 390**	754	4 848	5 602
Credit related fee and commissions	**1 059**	**376**	**1 435**	1 015	393	1 408
Insurance agency commissions	**34**	**1 589**	**1 623**	34	1 030	1 064
Fee and commission income	**1 960**	**7 488**	**9 448**	1 803	6 271	8 074
Fee and commission expense						
Fee and commission expense	**(242)**	**(357)**	**(599)**	(193)	(435)	(628)
Net fee and commission income	**1 718**	**7 131**	**8 849**	1 610	5 836	7 446
Bank						
Fee and commission income						
Service fees	**722**	**4 701**	**5 423**	667	4 465	5 132
Credit related fee and commissions	**1 059**	**376**	**1 435**	1 014	393	1 407
Fee and commission income	**1 781**	**5 077**	**6 858**	1 681	4 858	6 539
Fee and commission expense						
Fee and commission expense	**(242)**	**(357)**	**(599)**	(193)	(435)	(628)
Net fee and commission income	**1 539**	**4 720**	**6 259**	1 488	4 423	5 911

The fee and commission presented include income of Shs 9 190 million (2024: Shs 7 948 million) and expense of Shs 477 million (2024: Shs 628 million) related to financial assets and financial liabilities not measured at FVTPL. These figures excluded amounts incorporated in determining the effective interest rate on such financial assets and financial liabilities

There are no contract receivables and contract liabilities from contracts with customers as the service fees are billed instantaneously. Revenues related to transactions are recognised at a point in time when the transactions take place.

Notes to the annual financial statements

for the year ended 31 December 2025

7. Net trading income

	Group and Bank 2025 Shs'million	Group and Bank 2024 Shs'million
Debt securities	**1 929**	1 227
Foreign exchange	**5 942**	6 045
Net trading income	**7 871**	7 272

Debt securities income includes the results of buying and selling and changes in the fair value of debt securities measured at fair value through profit or loss and debt securities sold short as well as the related interest income and expense. Included in debt securities is the cumulative gain or loss previously recognised in other comprehensive income reclassified from equity to net trading income, gain of Shs 27 million (2024: Shs (47) million) relating to derecognised FVOCI.

Foreign exchange income includes gains and losses from spot and forward contracts and other currency derivatives. Other foreign exchange differences arising on non–trading activities are taken to other operating income/expense in the income statement.

8. Other operating income

	Group 2025 Shs'million	Group 2024 Shs'million	Bank 2025 Shs'million	Bank 2024 Shs'million
Rental income	**49**	31	**49**	31
Sundry (loss)/income	**(33)**	12	**65**	30
Total other operating income	**16**	43	**114**	61

The sundry (loss)/income relates to income or loss not earned in the normal course of business.

9. Expected credit losses on financial instruments

2025 Group	Stage 1 Shs'million	Stage 2 Shs'million	Stage 3 Shs'million	Total Shs'million
Total impairment loss	**(1 055)**	**1 652**	**(5 468)**	**(4 871)**
	Collectively assessed			
Loans and advances to customers	**(719)**	**1 227**	**(5 990)**	**(5 482)**
Recoveries of loans and advances	**–**	**–**	**1 216**	**1 216**
Total impairment loss	**(719)**	**1 227**	**(4 774)**	**(4 266)**
	Individually assessed			
Loans and advances to banks	**(29)**	**16**	**–**	**(13)**
Cash and balances with Central Bank of Kenya	**–**	**–**	**–**	**–**
Loans and advances to customers	**(118)**	**205**	**(734)**	**(647)**
Debt instruments measured at FVOCI	**(27)**	**–**	**–**	**(27)**
Financial guarantees and letters of credit	**(138)**	**68**	**35**	**(35)**
Other undrawn commitments	**(24)**	**136**	**–**	**112**
	(336)	**425**	**(699)**	**(610)**
Recoveries of loans and advances	**–**	**–**	**5**	**5**
Total impairment loss	**(336)**	**425**	**(694)**	**(605)**

Notes to the annual financial statements

for the year ended 31 December 2025

9. Expected credit losses on financial instruments (continued)

2024	Stage 1 Shs'million	Stage 2 Shs'million	Stage 3 Shs'million	Total Shs'million
Total impairment loss	920	(369)	(8 312)	(7 761)
		Collectively assessed		
Loans and advances to customers	654	312	(7 885)	(6 919)
Recoveries of loans and advances	-	-	986	986
Total impairment loss	654	312	(6 899)	(5 933)
		Individually assessed		
Loans and advances to banks	(14)	-	-	(14)
Cash and balances with Central Bank of Kenya	1	-	-	1
Loans and advances to customers	213	(444)	(1 589)	(1 820)
Debt instruments measured at amortised cost	(14)	-	-	(14)
Debt instruments measured at FVOCI	11	-	-	11
Financial guarantees and letters of credit	23	(47)	(38)	(62)
Other undrawn commitments	46	(190)	-	(144)
	266	(681)	(1 627)	(2 042)
Recoveries of loans and advances	-	-	214	214
Total impairment loss	266	(681)	(1 413)	(1 828)

2025 **Bank**	**Stage 1 Shs'million**	**Stage 2 Shs'million**	**Stage 3 Shs'million**	**Total Shs'million**
Total impairment loss	**(1 061)**	**1 652**	**(5 468)**	**(4 877)**
		Collectively assessed		
Loans and advances to customers	**(719)**	**1 227**	**(5 990)**	**(5 482)**
Recoveries of loans and advances	**-**	**-**	**1 216**	**1 216**
Total impairment loss	**(719)**	**1 227**	**(4 774)**	**(4 266)**
		Individually assessed		
Loans and advances to banks	**(29)**	**16**	**-**	**(13)**
Cash and balances with Central Bank of Kenya	**-**	**-**	**-**	**-**
Loans and advances to customers	**(118)**	**205**	**(734)**	**(647)**
Debt instruments measured at FVOCI	**(33)**	**-**	**-**	**(33)**
Financial guarantees and letters of credit	**(138)**	**68**	**35**	**(35)**
Other undrawn commitments	**(24)**	**136**	**-**	**112**
	(342)	**425**	**(699)**	**(616)**
Recoveries of loans and advances	**-**	**-**	**5**	**5**
Total impairment loss	**(342)**	**425**	**(694)**	**(611)**

Notes to the annual financial statements

for the year ended 31 December 2025

9. Expected credit losses on financial instruments (continued)

2024	Stage 1 Shs'million	Stage 2 Shs'million	Stage 3 Shs'million	Total Shs'million
Total impairment loss	925	(369)	(8 312)	(7 756)
		Collectively assessed		
Loans and advances to customers	654	312	(7 885)	(6 919)
Recoveries of loans and advances	-	-	986	986
Total impairment loss	654	312	(6 899)	(5 933)
		Individually assessed		
Loans and advances to banks	(14)	-	-	(14)
Cash and balances with Central Bank of Kenya	1	-	-	1
Loans and advances to customers	213	(444)	(1 589)	(1 820)
Debt instruments measured at amortised cost	(14)	-	-	(14)
Debt instruments measured at FVOCI	16	-	-	16
Financial guarantees and letters of credit	23	(47)	(38)	(62)
Other undrawn commitments	46	(190)	-	(144)
	271	(681)	(1 627)	(2 037)
Recoveries of loans and advances	-	-	214	214
Total impairment loss	271	(681)	(1 413)	(1 823)

	Group		**Bank**	
10. Employee benefits	**2025 Shs'million**	2024 Shs'million	**2025 Shs'million**	2024 Shs'million
Salaries and allowances	**(10 334)**	(10 172)	**(10 117)**	(9 981)
Share-based payments (Note 10.1)	**(728)**	(531)	**(721)**	(531)
Training costs	**(120)**	(68)	**(118)**	(67)
Staff medical costs	**(624)**	(650)	**(613)**	(643)
Post-employment benefits:				
Defined contribution benefits scheme	**(740)**	(736)	**(725)**	(721)
Defined benefit plan (Note 28.1)	**(36)**	(30)	**(36)**	(30)
Social security cost	**(121)**	(65)	**(119)**	(63)
Other	**(1 102)**	(1 022)	**(1 077)**	(996)
Total employee benefits	**(13 805)**	(13 274)	**(13 526)**	(13 032)
Other includes temporary staff salaries and fringe benefit tax				
Average number of employees during the year	**2 217**	2 167	**2 217**	2 167
Average number of management during the year	**781**	721	**781**	721
Average number of other staff during the year	**1 436**	1 446	**1 436**	1 446
Average number of direct sales staff during the year	**751**	701	**751**	701

The direct sales staff relate to commission-based sales personnel while other staff relate to supervisory, clerical and support Staff.

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for the year ended 31 December 2025

		Group		Bank	
10.	**Employee benefits (continued)**	**2025**	2024	**2025**	2024
10.1	**Deferred cash and share-based payments**	**Shs'million**	Shs'million	**Shs'million**	Shs'million
	The statement of comprehensive income charge for share-based payments comprises the following:				
	Equity-settled arrangements	**(268)**	(147)	**(268)**	**(147)**
	Cash-settled arrangements	**(460)**	(384)	**(453)**	**(384)**
	Total deferred cash and share-based payments	**(728)**	(531)	**(721)**	**(531)**

The equity settled arrangement comprises of vested shares Shs 180 million (2024: Shs 85 million) and recognition of share-based payments charge within the year Shs 88 million (2024: Shs 62 million).

		Group		Bank	
		2025	2024	**2025**	2024
11.	**Infrastructure costs**	**Shs'million**	Shs'million	**Shs'million**	Shs'million
	Property cost	**(349)**	(330)	**(348)**	(330)
	Information technology	**(1 877)**	(2 020)	**(1 855)**	(2 014)
	Other infrastructure costs	**(108)**	(69)	**(108)**	(69)
		(2 334)	(2 419)	**(2 311)**	(2 413)

		Group		Bank	
		2025	2024	**2025**	2024
12.	**Other operating expenses**	**Shs'million**	Shs'million	**Shs'million**	Shs'million
	Auditor's remuneration:				
	Local statutory audit	**(27)**	(27)	**(25)**	(25)
	Information systems technology audit*	**(10)**	(9)	**(10)**	(9)
		(37)	(36)	**(35)**	(34)
	Consultancy, legal and professional fees	**(969)**	(809)	**(952)**	(769)
	Subscription, publications, stationery and communications	**(650)**	(587)	**(646)**	(583)
	Marketing, advertising and sponsorship	**(677)**	(598)	**(671)**	(596)
	Travel and accommodation	**(302)**	(265)	**(293)**	(260)
	Cash transportation	**(235)**	(295)	**(235)**	(295)
	Security costs	**(129)**	(151)	**(129)**	(151)
		(2 962)	(2 705)	**(2 926)**	(2 654)
	Other operating expenses	**(2 125)**	(3 926)	**(2 081)**	(3 851)
	Total other operating expenses	**(5 124)**	(6 667)	**(5 042)**	(6 539)

Other operating expenses mainly consists of group recharges (Note 46), insurance costs and motor vehicle expenses.

* Information technology audit relates to fees paid to the auditor to perform assurance work align directive issued by the Central bank of Kenya.

Notes to the annual financial statements

for the year ended 31 December 2025

		Group		Bank	
		2025	2024	2025	2024
13.	**Income taxes**	**Shs'million**	Shs'million	**Shs'million**	Shs'million
13.1	**Income tax recognised in profit or loss**				
	Current income tax	**(9 019)**	(9 231)	**(8 175)**	(8 720)
	Current income tax - prior year adjustments	**(95)**	8	**(95)**	-
	Total current income tax	**(9 114)**	(9 223)	**(8 270)**	(8 720)
	Deferred income tax (Note 29)				
	Current year credit	**(712)**	378	**(706)**	383
	Deferred income tax – prior year adjustments	**1**	1	**1**	1
	Total deferred income tax	**(711)**	379	**(705)**	384
	Total income tax expense for the year	**(9 825)**	(8 844)	**(8 975)**	(8 336)
	The effective tax rate for the year ended 31 December 2025 is 30.0% (2024: 29.8%)				
	Profit for the year	**32 730**	29 720	**29 921**	27 974
	Income tax expense calculated at 30% (2024: 30%)	**9 819**	(8 916)	**8 976**	(8 392)
	Current income tax – prior year adjustment	**95**	8	**95**	-
	Deferred income tax – prior year adjustments	**(1)**	1	**(1)**	1
	Effect of expenses that are not deductible in determining taxable profit	**(490)**	485	**(477)**	473
	Effect of income that is exempt from taxation	**402**	(422)	**382**	(418)
	Income tax expense recognised in profit or loss	**9 825**	(8 844)	**8 975**	(8 336)

Deferred income tax on fair value gains or losses on fair value through other comprehensive income (FVOCI) financial assets has been recorded in other comprehensive income.

Income that is exempt from taxation mainly includes interest income from infrastructure bond (IFB) while expenses that are not deductible in determining taxable profit includes provident fund costs, Interest expenses allocated to exempt IFB income and fringe benefit tax paid.

		Group		Bank	
		2025	2024	2025	2024
14.	**Earnings per share**	**Shs'million**	Shs'million	**Shs'million**	Shs'million
	Net profit attributable to shareholders	**22 905**	20 876	**20 946**	19 638
	Number of ordinary shares in issue	**5 432**	5 432	**5 432**	5 432
	Basic earnings per share	**4.22**	3.84	**3.86**	3.62

There were no potentially dilutive shares outstanding as at 31 December 2025 or 2024. Diluted earnings per share are therefore the same as basic earnings per share.

		Group and Bank	
		2025	2024
15.	**Cash and balances with Central Bank of Kenya**	**Shs'million**	Shs'million
	Cash in hand	**8 751**	7 900
	Balances with Central Bank of Kenya (CBK)	**10 570**	16 518
	Expected credit losses	**(3)**	(2)
		19 318	24 416

In accordance with Section 38 of the Central Bank of Kenya Act, the Bank is required to maintain minimum cash balances on deposit as reserves against its deposits and other liabilities. Both the cash in hand balances and Balances with Central Bank of Kenya are included as items of cash and cash equivalents.

In 2025, the Cash Reserve Ratio (CRR) was set at 3.25 percent (2024: 4.25 percent) of the total of the Bank's domestic and foreign currency deposit liabilities. The CRR is maintained based on a daily average level from the fifteenth of the previous month to the fourteenth of the current month.

Cash in hand and balances with Central Bank of Kenya are non-interest bearing.

Notes to the annual financial statements

for the year ended 31 December 2025

		Group and Bank	
		2025	2024
16.	**Loans and advances to banks**	**Shs'million**	Shs'million
	Loans and advances to banks	**5 630**	8 086
	Expected credit losses	**(30)**	(17)
		5 600	8 069

The weighted average effective interest rate on deposits and balances due from banking institutions at 31 December 2025 was 7.3% (2024: 9.4%). Loans and advances to banks are current, subject to insignificant risk of changes in value and held for the purpose of meeting short commitments. Loans and advances to banks are highly liquid financial assets with maturities of less than 3 months from the date of acquisition hence are regarded as part of cash and cash equivalents on Note 39.

		Group and Bank	
		2025	2024
17.	**Financial assets at fair value through profit or loss**	**Shs'million**	Shs'million
	Debt securities: Government treasury bills and bonds	**41 908**	33 470
	Debt securities: Corporate bonds	**605**	-
		42 513	33 470

In 2025, the Bank invested in Corporate bonds classified as financial assets at fair value through profit or loss Shs 605 million (2024: Shs nil).

Included in financial assets at fair value through profit or loss is short-term Government treasury bills of Shs 5 million (2024: Shs 13 million) which meet the definition of cash and cash equivalents.

18. Derivative financial instruments

Derivative financial instruments are entered into in the normal course of business to manage various financial risks. The derivative instrument contract value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps and forward rate agreements.

At the reporting date, the Bank did not have any compound financial instruments with multiple embedded derivatives in issue. The Bank only trades the following derivative instrument:

Foreign exchange derivatives

The Bank's principal exchange rate-related contracts are forward foreign exchange contracts, options and currency swaps. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency, usually on a specified future date at an agreed rate.

A currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date. As compensation for assuming the option risk, the option writer generally receives a premium at the start of the option period.

The Bank trades foreign exchange forwards and swaps (forward contracts). These are binding contracts locking in the exchange rate for the purchase or sale of a currency on a future date. The Bank's forward book is marked to market on a daily basis.

18.1 Notional amount

The gross notional amount is the sum of the absolute value of all contracts. The notional amount will not generally reflect the amount receivable or payable under a derivative contract. The notional amount should be viewed only as a means of assessing the Bank's participation in derivative contracts and not the market risk position nor the credit exposure arising on such contracts.

The absolute value of all contracts is also not indicative of the Bank's net exposure to, or position in any of the markets that the Bank trades in.

The Bank's total derivative asset and liability position as reported on the statement of financial position is as follows:

	Group and Bank		
2025	**Notional Contract amount**	**Carrying value assets**	**Carrying value liabilities**
Foreign exchange derivatives	**Shs'million**	**Shs'million**	**Shs'million**
Forward foreign exchange	**(11 528)**	**73**	**(49)**
Currency swap	**(52 091)**	**931**	**(962)**
Options	**(5 108)**	**48**	**(48)**
Total derivatives	**(68 727)**	**1 052**	**(1 059)**
2024			
Forward foreign exchange	(8 554)	141	(233)
Currency swap	(52 100)	1 789	(1 340)
Options	(7 281)	80	(80)
Total derivatives	(67 935)	2 010	(1 653)

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for the year ended 31 December 2025

19. Financial assets at fair value through other comprehensive income	Group 2025 Shs'million	Group 2024 Shs'million	Bank 2025 Shs'million	Bank 2024 Shs'million
At 1 January	**96 068**	73 644	**95 360**	73 274
Income accrued in the year	**12 932**	9 228	**12 851**	9 155
Interest received in the year	**(12 929)**	(9 797)	**(12 865)**	(9 730)
Fair value gain during the year	**2 557**	5 125	**2 524**	5 105
Additions	**76 914**	55 817	**76 276**	55 500
Maturities	**(66 500)**	(37 949)	**(66 238)**	(37 944)
	109 042	96 068	**107 908**	95 360

Treasury bills are debt securities issued by the Government of Kenya and are classified as fair value through other comprehensive income. The weighted average effective interest rate on the Government securities at 31 December 2025 was 11.8% (2024: 12.6%).

Included as part of FVOCI is Shs 1 250 million pledged as security for the Intra-Day Liquidity Facility (ILF). Refer to Note 47.2.

The Group and Bank did not have short-term Government treasury bills which meet the definition of cash and cash equivalents (2024: Shs 5 446 million).

20. Financial assets held at amortised cost	Group and Bank 2025 Shs'million	Group and Bank 2024 Shs'million
Government treasury bonds	**6 115**	1 063
Corporate bonds	**2 120**	-
Expected credit losses	**(15)**	(14)
	8 220	1 049

The weighted average effective interest rate on the Government securities at 31 December 2025 was 12.5% (2024: 16.9%). During the year the Bank invested in Corporate bonds classified as financial assets held at amortised cost Shs 2 120 million (2024: Shs Nil).

21. Loans and advances to customers	Group and Bank 2025 Shs'million	Group and Bank 2024 Shs'million
Commercial loans	**235 855**	216 175
Bills discounted	**61 547**	72 629
Post acceptance letters of credit	**2 621**	3 197
Instalment credit agreements	**10 900**	11 155
Overdrafts	**28 617**	30 354
Gross loans and advances to customers	**339 540**	333 510
Expected credit losses year-end balance		
Stage 1 expected credit losses	**(5 158)**	(4 810)
Stage 2 expected credit losses	**(2 365)**	(3 654)
Stage 3 expected credit losses	**(30 646)**	(22 244)
Amounts written off during the year as uncollectible	**10 795**	6 296
Expected credit losses	**(27 374)**	(24 412)
Net loans and advances to customers	**312 166**	309 098

Notes to the annual financial statements

for the year ended 31 December 2025

		Group		Bank	
		2025	2024	**2025**	2024
22.	**Other assets and prepaid expenses**	**Shs'million**	Shs'million	**Shs'million**	Shs'million
	Prepaid expenses	**955**	1 058	**952**	1 056
	Items in course of collection from banks	**761**	755	**761**	755
	Staff loan marked to market	**543**	544	**543**	544
	Balances due from mobile banking service providers	**5 405**	7 818	**5 405**	7 818
	Other	**2 137**	2 247	**1 976**	2 210
	Gross other assets and prepaid expenses	**9 801**	12 422	**9 637**	12 383
	Expected credit losses	**(2)**	(2)	**-**	-
	Net other assets and prepaid expenses	**9 799**	12 420	**9 637**	12 383

Items in the course of collection from banks relate to cheques being cleared. Other assets mainly consist of suspense accounts. All other assets and prepaid expenses are receivable within one year hence are current.

The fair value of the financial assets included in other assets approximates the carrying amounts due to their short-term nature.

		Proportion of ownership interest and voting power held		Carrying amount	
23.	**Investment in subsidiaries**			**Shs'million**	Shs'million
	Name of subsidiary	**2025**	2024	**2025**	2024
	Absa Securities Limited	**100%**	100%	**363**	363
	Absa Kenya Nominees Limited	**100%**	100%	**-**	-
	Absa Asset Management Limited	**100%**	100%	**95**	95
	Absa Bancassurance Intermediary Limited	**100%**	100%	**5**	5
	Absa Pension Services Limited	**100%**	100%	**-**	-
				463	463

Absa Kenya Nominees Limited and Absa Pension Services Limited are dormant companies. Absa Securities Limited, Absa Asset Management Limited and Absa Bancassurance Intermediary Limited operate in the business of brokerage services, wealth management and insurance agency respectively.

The subsidiaries, all of which are unlisted, are incorporated in Kenya and have the same year end as the Bank.

24. Non-current assets held for sale

As at 31 December 2025, the Group continued to recognise in its financial statements items of property and equipment from its closed branches (Maragua and Mombasa Road). A sale of the items had not been completed for all the items at the balance sheet date but the Bank expects a sale to be completed in the following year, 2026.

	Group	
	2025	2024
	Shs'million	Shs'million
Property and equipment	**47**	47
	47	47

The carrying value is based on the net book value of the assets at the point of recognition as held for sale. There is no impairment or reversal recorded against the non-current assets held for sale. As at 31 December 2025, the properties had a fair value of Shs 238 million (2024: Shs 170 million).

Notes to the annual financial statements

for the year ended 31 December 2025

	Group	Freehold buildings	Right of use assets	Leasehold improvements	Fixtures fittings and equipment	Motor vehicles	Work in progress	Total
25.	**Property and equipment**	**Shs'million**	**Shs'million**	**Shs'million**	**Shs'million**	**Shs'million**	**Shs'million**	**Shs'million**
	Cost – 2025							
	Balance at beginning of the year	**135**	**3 810**	**2 831**	**5 118**	**41**	**31**	**11 966**
	Additions	**–**	**282**	**63**	**71**	**39**	**149**	**604**
	Derecognition	**–**	**–**	**–**	**(75)**	**–**	**–**	**(75)**
	Transfer from WIP	**–**	**–**	**–**	**111**	**–**	**(111)**	**–**
	Balance at end of the year	**135**	**4 092**	**2 894**	**5 225**	**80**	**69**	**12 495**
	Accumulated depreciation – 2025							
	Balance at beginning of the year	**(91)**	**(2 429)**	**(2 333)**	**(4 203)**	**(26)**	**–**	**(9 082)**
	Depreciation	**(2)**	**(469)**	**(27)**	**(338)**	**(12)**	**–**	**(848)**
	Derecognition	**–**	**–**	**–**	**73**	**–**	**–**	**73**
	Balance at end of the year	**(93)**	**(2 898)**	**(2 360)**	**(4 468)**	**(38)**	**–**	**(9 857)**
	Net book value at end of year	**42**	**1 194**	**534**	**757**	**42**	**69**	**2 638**
	Cost – 2024							
	Balance at beginning of the year	135	3 638	2 786	4 956	41	20	11 576
	Additions	-	177	45	74	-	228	524
	Derecognition	-	(5)	-	(129)	-	-	(134)
	Transfer from WIP	-	-	-	217	-	(217)	-
	Balance at end of the year	135	3 810	2 831	5 118	41	31	11 966
	Accumulated depreciation - 2024							
	Balance at beginning of the year	(90)	(1 934)	(2 288)	(3 956)	(22)	-	(8 290)
	Depreciation	(1)	(500)	(45)	(376)	(4)	-	(926)
	Derecognition	-	5	-	129	-	-	134
	Balance at end of the year	(91)	(2 429)	(2 333)	(4 203)	(26)	-	(9 082)
	Net book value at end of year	44	1 381	498	915	15	31	2 884

Right-of-use asset relates to the Group's leased premises i.e. branches, head offices and Automated Teller Machine sites.
The Group has not pledged any item of property and equipment as security as at December 2025 (December 2024: Nil)
Work in progress as at 31 December 2025 related to various projects that have commenced but not completed.
As at 31 December 2025, no impairment has been recognised on property and equipment.

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for the year ended 31 December 2025

	Bank Property and equipment	Freehold buildings Shs'million	Right of use assets Shs'million	Leasehold improvements Shs'million	Fixtures fittings and equipment Shs'million	Motor vehicles Shs'million	Work in progress Shs'million	Total Shs'million
25.	**Cost – 2025**							
	Balance at beginning of the year	**135**	**3 810**	**2 831**	**5 113**	**41**	**31**	**11 961**
	Additions	**–**	**282**	**63**	**71**	**39**	**149**	**604**
	Derecognition	**–**	**–**	**–**	**(75)**	**–**	**–**	**(75)**
	Transfer from WIP	**–**	**–**	**–**	**111**	**–**	**(111)**	**-**
	Balance at end of the year	**135**	**4 092**	**2 894**	**5 220**	**80**	**69**	**12 490**
	Accumulated depreciation – 2025							
	Balance at beginning of the year	**(91)**	**(2 429)**	**(2 333)**	**(4 203)**	**(26)**	**–**	**(9 082)**
	Depreciation	**(2)**	**(469)**	**(27)**	**(337)**	**(12)**	**–**	**(847)**
	Derecognition	**–**	**–**	**–**	**73**	**–**	**–**	**73**
	Balance at end of the year	**(93)**	**(2 898)**	**(2 360)**	**(4 467)**	**(38)**	**–**	**(9 856)**
	Net book value at end of year	**42**	**1 194**	**534**	**753**	**42**	**69**	**2 634**
	Cost – 2024							
	Balance at beginning of the year	135	3 638	2 786	4 953	41	20	11 573
	Additions	-	177	45	72	-	228	522
	Derecognition	-	(5)	-	(129)	-	-	(134)
	Transfer from WIP	-	-	-	217	-	(217)	-
	Balance at end of the year	135	3 810	2 831	5 113	41	31	11 961
	Accumulated depreciation - 2024							
	Balance at beginning of the year	(90)	(1 934)	(2 288)	(3 957)	(22)	-	(8 291)
	Depreciation	(1)	(500)	(45)	(375)	(4)	-	(925)
	Derecognition	-	5	-	129	-	-	134
	Balance at end of the year	(91)	(2 429)	(2 333)	(4 203)	(26)	-	(9 082)
	Net book value at end of year	44	1 381	498	910	15	31	2 879

Right-of-use asset relates to the Group's leased premises i.e. branches, head offices and ATM sites.

The Group has not pledged any item of property and equipment as security as at December 2025 (December 2024: Nil).

Work in progress as at 31 December 2025 related to various projects that have commenced but not completed.

As at 31 December 2025, no impairment has been recognised on property and equipment.

Notes to the annual financial statements

for the year ended 31 December 2025

26. Intangible assets	Computer software Shs'million	WIP Shs'million	Total Shs'million
Group			
Cost – 2025			
At start of year	**5 202**	**252**	**5 454**
Acquisitions	**–**	**556**	**556**
Transfer from WIP	**250**	**(250)**	**–**
Derecognition	**(3)**	**(55)**	**(58)**
Balance at end of the year	**5 449**	**503**	**5 952**
Amortisation and impairment losses – 2025			
At start of year	**(4 245)**	**–**	**(4 245)**
Amortisation	**(312)**	**–**	**(312)**
Balance at end of the year	**(4 557)**	**–**	**(4 557)**
Net book value at end of year	**892**	**503**	**1 395**
Cost - 2024			
At start of year	4 498	231	4 729
Acquisitions	25	736	761
Transfer from WIP	715	(715)	-
Derecognition	(36)	-	(36)
Balance at end of the year	5 202	252	5 454
Amortisation and impairment losses - 2024			
At start of year	(4 026)	-	(4 026)
Amortisation	(222)	-	(222)
Derecognition	3	-	3
Balance at end of the year	(4 245)	-	(4 245)
Net book value at end of year	957	252	1 209

The Group has not pledged any item of intangible assets as security as at December 2025 (December 2024: Nil).

Work in progress relates to computer software for upgrades in the banking system which had not been completed as at year end.

As at 31 December 2025, no impairment has been recognised on intangible assets.

Notes to the annual financial statements

for the year ended 31 December 2025

26.	**Intangible assets**	**Computer software Shs'million**	**WIP Shs'million**	**Total Shs'million**
	Bank			
	Cost - 2025			
	At start of year	**5 095**	**201**	**5 296**
	Acquisitions	**-**	**551**	**551**
	Transfer from WIP	**249**	**(249)**	**-**
	Derecognition	**-**	**(2)**	**(2)**
	Balance at end of the year	**5 344**	**501**	**5 845**
	Amortisation and impairment losses - 2025			
	At start of year	**(4 187)**	**-**	**(4 187)**
	Amortisation	**(306)**	**-**	**(306)**
	Balance at end of the year	**(4 493)**	**-**	**(4 493)**
	Net book value at end of year	**851**	**501**	**1 352**
	Cost - 2024			
	At start of year	4 416	223	4 639
	Acquisitions	-	693	693
	Transfer from WIP	715	(715)	-
	Derecognition	(36)	-	(36)
	Balance at end of the year	5 095	201	5 296
	Amortisation and impairment losses - 2024			
	At start of year	(3 980)	-	(3 980)
	Amortisation	(210)	-	(210)
	Derecognition	3	-	3
	Balance at end of the year	(4 187)	-	(4 187)
	Net book value at end of year	908	201	1 109

The Bank has not pledged any item of intangible assets as security as at December 2025 (December 2024: Nil).

Work in progress relates to computer software for upgrades in the banking system which had not been completed as at year end.

As at 31 December 2025, no impairment has been recognised on intangible assets.

		Group and Bank	
27.	**Leasehold land**	**2025**	2024
	Leasehold land is carried at cost less depreciation over the period of the lease.	**Shs'million**	Shs'million
	At start of year	**30**	**31**
	Depreciation charge for the year	**(1)**	**(1)**
	At end of year	**29**	**30**

Prepaid operating leases relate to land purchased on 99-year lease.

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28. Retirement benefit (liability)/asset

The Absa Bank Kenya PLC Staff Pension Fund ("the Fund") is a defined benefit pension fund. Prior to 1 January 2010 the Fund consisted of both a Defined Benefit ("DB") and a Defined Contribution ("DC") component. On 1 January 2010, the Fund was split into two separate legal entities, with the liabilities of the DB section remaining in the Fund, and the DC liabilities being transferred to the Absa Bank Kenya PLC Staff Retirement Benefits (Defined Contribution) Scheme 2009 ("the DC Fund").

The operation of the Fund is regulated by the Retirement Benefits Authority ("RBA") and subject to the provisions of the Retirement Benefits Act, 1997. The Fund is governed by the Trust Deed and Rules set out in the Fourteenth Deed of Amendment dated 12 February 2010 ("Rules").

Membership data

The membership data used for the valuation of the defined benefit plan is summarised in the table below:

Category	2025 Number	2025 Annual salary/pension Shs'million	2024 Number	2024 Annual salary/pension Shs'million
Defined benefit				
Active members	**-**	**-**	1	6
Deferred pensioners	**744**	**65**	764	67
Pensioners	**1 366**	**443**	1 381	445

Summary of benefit and contribution structure

Eligibility	Existing Members who opt to remain Members of the Fund on the terms applying to DB Members.
Final Pensionable Salary	(i) If the Member has been in service for 20 years or more, the annual pensionable salary at the date of leaving. (ii) If the Member has been in service for less than 20 years, the average annual salary paid to the member during the last five years of service.
Normal Retirement Age	Males 60 Females 55 (60 for some females)
Service	Continuous service with Bank or with Barclays Bank DCO or Barclays Bank International Limited, immediately prior to the establishment of Barclays Bank of Kenya Limited. For those employees who joined the Fund aged 17 or less, service will count from the member's 17th birthday.
Normal Retirement and Late **Retirement Pension**	If service is 20 years or more then 1/720 of Final Pensionable Salary for each month of service to 31 December 2009. Thereafter, benefits accrue at a rate of 1/960 per month. If service is lower than 20 years 1/960 of Final Pensionable Salary for each month of service. This pension is reduced by an amount in respect of the social security pensions as described below and cannot exceed 2/3 of his or her pensionable salary at the date of retirement.
Ill-health retirement*	Pension based on potential service to Normal Retirement Age and Final Pensionable Salary at the date of ill-health retirement. This pension will be paid only if service is 5 years or more.

Notes to the annual financial statements

for the year ended 31 December 2025

28. Retirement benefit plans (continued)

Retirement due to unsatisfactory service	Deferred pension payable from the later of the date the Member attains age 50 or retires from Service.	
Commutation	Up to ¼ of pension (calculated on the advice of the Actuary).	
Death in service	Lump sum equal to three year's annual pensionable salary, if the member has been in service for more than five years, otherwise ¼ of the member's rate of Pensionable Salary at the date of death.	
Death in deferment	Lump sum equal to five times deferred pension amount.	
Death after retirement	Lump sum equal to the remaining pension payable within 5 years of retirement age.	
Withdrawal	Deferred Pension payable at Normal Retirement Age calculated as follows:	
	Service	**Fraction of Pensionable Salary for each month of service to 31 December 2009**
	Less than 20 years	1/960
	20 to 30 years	1/840
	30 years and over	1/720
	Benefits accrue at a rate of 1/960 per month for service post 1 January 2010.	
	In no case shall a deferred pension exceed the amount which could have been paid to the Member if he or she had stayed in service until Normal Retirement Age.	
	This pension is reduced by an amount in respect of the social security pensions as described below and cannot exceed 2/3 of his or her pensionable salary at the date of retirement.	
	A cash lump sum equal to 1/3 of the deferred pension may be taken prior to normal retirement age, with a reduced pension being payable from normal retirement age.	
Pension Increases	The Scheme Trustees may, with the consent of the Principal Employer, review pensions in payment and subject to there being sufficient funds for the purpose or the Employers paying a special additional contribution as determined by the Actuary, may increase such pensions.	
Contributions	Members are not required to contribute to the Fund, although they can elect to pay voluntary contributions.	
	The Bank contributes to the Fund, the balance of the cost of providing the benefits.	
Government Pensions	If a member has completed 40 years' service a deduction is made equal to ½ of any government pension payable to a single person (for members with less than 40 years' service a percentage of this pension is deducted). In addition, a deduction equal to the pension equivalent of any sum paid by the Bank to a DB member under any statutory enactment, order, directive, or under any agreement with a trade union or similar body.	

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28. Retirement benefit plans (continued)

28.1 Defined benefit plan

	Valuation at	
The principal assumptions used for the purposes of the actuarial valuations were as follows:	**2025**	2024
Discount rate	**13.10%**	16.2%
Expected return on assets	**13.10%**	16.2%
Expected rate of salary increase	**7.00%**	7.0%
Price inflation	**5.00%**	5.0%
Mortality rate	**PA (90)**	PA (90)
Pension increases in payment and deferment	**2.00%**	2.0%
	Shs'million	Shs'million
Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:		
Current service cost	**27**	30
Net interest income on defined benefit plan	**9**	-
	36	30
Amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:		
Actuarial (loss)/gain - financial assumptions	**(383)**	463
Actuarial (loss)- experience adjustment	**(253)**	(22)
Return on plan assets	**650**	(564)
	14	(123)

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the end of the reporting period. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

The amount included in the statement of financial position arising from the Bank's obligation in respect of its defined benefit plans is as follows:

	2025 Shs'million	2024 Shs'million
Present value of funded defined benefit obligation	**(3 058)**	(2 812)
Fair value of plan assets	**3 844**	3 998
Funded surplus	**786**	1 186
Asset restriction	**(786)**	(1 186)
Additional liability in respect of the minimum funding requirement	**(44)**	(88)
Net liability arising from defined benefit obligation	**(44)**	(88)

An economic benefit exists in the form of reductions in future contributions where the scheme is in a surplus. However, legislation stipulates that surplus above 10% of the accrued liability would be available for a contribution holiday. At the current valuation date, no surplus exists on the funding basis.

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2025 Shs'million	2024 Shs'million
Opening defined benefit obligation	**(2 812)**	(3 403)
Current service cost	**(27)**	(30)
Interest expense	**(409)**	(492)
Actuarial gains - experience	**87**	166
Actuarial gains - financial assumption	**(383)**	463
Benefits paid	**486**	484
Closing defined benefit obligation	**(3 058)**	(2 812)

Notes to the annual financial statements

for the year ended 31 December 2025

		Group and Bank	
28.	**Retirement benefit plans (continued)**	**2025**	2024
28.1	**Defined benefit plan (continued)**	**Shs'million**	Shs'million
	Movements in the present value of the plan assets in the current year were as follows:		
	Opening fair value of plan assets	**3 998**	4 015
	Benefits paid	**(486)**	(484)
	Contributions from the employer	**65**	66
	Interest income	**606**	589
	Actuarial loss OCI	**(339)**	(188)
	Closing fair value of plan assets	**3 844**	3 998
	Movements in asset restriction in the current year were as follows:		
	Opening value	**(1 273)**	(612)
	Net interest cost	**(206)**	(97)
	Decrease in asset restriction	**650**	(564)
	Closing value	**(829)**	(1 273)

Cash-flows

The cash-flows in the current and expected in the next valuation period are shown below:

	2025 Shs'million Next valuation (expected)	2024 Shs'million Current valuation (estimated)
Company contributions – normal	**-**	1
Company contributions - expenses	**21**	21
Company contributions – deficit funding	**44**	44
Pension payments	**517**	535
Other benefit payments	**-**	20
Expense payments	**16**	22

Nature of the pension fund assets

	Fair value of plan assets					
2025	**Debt instruments Shs' million**	**Equity instruments Shs' million**	**Property Shs' million**	**Cash Shs'million**	**Other instruments Shs' million**	**Total Shs'million**
Quoted fair value	**1 307**	**346**	**1 807**	**192**	**192**	**3 844**
	1 307	**346**	**1 807**	**192**	**192**	**3 844**
2024						
Quoted fair value	2 664	518	-	-	816	3 998
	2 664	518	-	-	816	3 998

Notes to the annual financial statements

for the year ended 31 December 2025

28. Retirement benefit asset (continued)

28.1 Defined benefit plan (continued)

Sensitivity analysis (continued)

The effect of certain changes to the financial and demographic assumptions on the retirement benefit obligation is analysed below:

2025	Base Shs'million	Discount rate -1.00% Shs'million	Discount rate +0.50% Shs'million	Inflation +0.50% Shs'million	PA(90) - 1 year Shs'million
Active members	–	–	–	–	–
Deferred members	**428**	**454**	**417**	**443**	**436**
Pensions in payment	**2 630**	**2 754**	**2 573**	**2 704**	**2 705**
Total liability	**3 058**	**3 208**	**2 990**	**3 147**	**3 141**
Gross service cost (excluding interest)	**18**	**18**	**18**	**18**	**18**

2024	Base Shs'million	Discount rate -1.00% Shs'million	Discount rate +0.50% Shs'million	Inflation 0.50% Shs'million	PA(90) - 1 year Shs'million
Active members	20	21	19	21	20
Deferred members	370	388	362	382	375
Pensions in payment	2 422	2 523	2 375	2 484	2 481
Total liability	2 812	2 932	2 756	2 887	2 876
Gross service cost (excluding interest)	27	27	27	27	27

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefit obligation to significant actuarial assumptions the same method (present value of the obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The weighted average duration of the defined benefit obligation is 50 years. The figure is not very sensitive to the precise time horizon given the high net discount rate.

29 Deferred income tax

Deferred tax balances

The analysis of the deferred tax assets and deferred tax liabilities is as follows:

	Group		Bank	
	2025 Shs'million	2024 Shs'million	**2025 Shs'million**	2024 Shs'million
Deferred tax assets	**6 926**	8 355	**6 861**	8 270
Deferred tax liabilities	**(805)**	(752)	**(805)**	(748)
Net deferred tax asset at the end of the year	**6 121**	7 603	**6 056**	7 522

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

The deferred income tax assets and liabilities positions shown above relate to the bank and its subsidiaries and amalgamate assets and liabilities, and thus are not specific to any particular entity.

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for the year ended 31 December 2025

29. Deferred income tax (continued)

Deferred tax balances (continued)

Consolidated deferred income tax assets and liabilities are attributable to the following:

Group	**Balance at 1 January**	**Prior year adjustment***	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Balance at 31 December**
2025	**Shs'million**	**Shs'million**	**Shs'million**	**Shs'million**	**Shs'million**
Property and equipment	**315**	**-**	**(77)**	**-**	**238**
Financial assets at FVOCI	**524**	**-**	**-**	**(767)**	**(243)**
Unrealised gains and losses	**(204)**	**-**	**11**	**-**	**(193)**
Expected credit losses on financial instruments	**4 620**	**-**	**(946)**	**-**	**3 674**
Tax losses	**64**	**-**	**(18)**	**-**	**46**
Derivatives	**(108)**	**-**	**100**	**-**	**(8)**
Share based payment transactions	**385**	**-**	**217**	**-**	**602**
Provisions	**1 639**	**-**	**-**	**-**	**1 639**
Re-measurement of defined benefit liability	**294**	**-**	**-**	**(4)**	**290**
Lease liability	**490**	**-**	**(54)**	**-**	**436**
Right of use assets	**(416)**	**-**	**56**	**-**	**(360)**
	7 603	**-**	**(711)**	**(771)**	**6 121**
2024					
Property and equipment	381	(3)	(63)	-	315
Financial assets at FVOCI	2 061	-	-	(1 537)	524
Unrealised gains and losses	(103)	22	(123)	-	(204)
Expected credit losses on financial instruments	4 270	(2)	352	-	4 620
Tax losses	75	-	(11)	-	64
Derivatives	13	2	(123)	-	(108)
Share based payment transactions	225	-	160	-	385
Provisions	1 485	(16)	170	-	1 639
Re-measurement of defined benefit liability	256	1	-	37	294
Lease liability	573	(4)	(79)	-	490
Right of use assets	(512)	-	96	-	(416)
	8 724	-	379	(1 500)	7 603

*The prior year numbers have been adjusted to align the opening numbers for the related temporary differences.

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29. Deferred income tax (continued)

Deferred tax balances (continued)

Bank 2025	Balance at 1 January Shs'million	Prior year adjustment Shs'million	Recognised in profit or loss Shs'million	Recognised in other comprehensive income Shs'million	Balance at 31 December Shs'million
Property and equipment	**314**	**-**	**(75)**	**-**	**239**
Financial assets at FVOCI	**515**	**-**	**-**	**(757)**	**(242)**
Unrealised gains and losses	**(204)**	**-**	**11**	**-**	**(193)**
Expected credit losses on financial instruments	**4 619**	**-**	**(945)**	**-**	**3 674**
Derivatives	**(108)**	**-**	**100**	**-**	**(8)**
Share based payment transactions	**385**	**-**	**216**	**-**	**601**
Provisions	**1 633**	**-**	**(14)**	**-**	**1 619**
Re-measurement of defined benefit liability	**294**	**-**	**-**	**(4)**	**290**
Lease liability	**490**	**-**	**(54)**	**-**	**436**
Right of use assets	**(416)**	**-**	**56**	**-**	**(360)**
	7 522	**-**	**(705)**	**(761)**	**6 056**
2024					
Property and equipment	376	1	(63)	-	314
Financial assets at FVOCI	2 045	1	-	(1 531)	515
Unrealised gains and losses	(99)	18	(123)	-	(204)
Expected credit losses on financial instruments	4 270	(1)	350	-	4 619
Derivatives	13	2	(123)	-	(108)
Share based payment transactions	225	-	160	-	385
Provisions	1 485	(18)	166	-	1 633
Re-measurement of defined benefit liability	256	1	-	37	294
Lease liability	573	(4)	(79)	-	490
Right of use assets	(512)	-	96	-	(416)
	8 632	-	384	(1 494)	7 522

30. Deposits from banks

	Group and Bank	
Deposits from banks	**2025** **Shs'million**	2024 Shs'million
Due to local banks	**13 027**	6 781
Due to foreign banks	**223**	264
	13 250	7 045

The weighted average effective interest rate on deposits and balances due to banking institutions at 31 December 2025 was 6.9% (2024: 8.7%). Deposits and balances due to banking institutions are current.

Notes to the annual financial statements

for the year ended 31 December 2025

		Group		Bank	
		2025	2024	**2025**	2024
31.	**Deposits from customers**	**Shs'million**	Shs'million	**Shs'million**	Shs'million
	Call deposits	**10 458**	13 350	**10 458**	13 350
	Savings and transmission accounts	**254 499**	226 511	**254 901**	226 830
	Fixed deposits	**107 426**	127 254	**113 066**	131 694
	Customer accounts	**372 383**	367 115	**378 425**	371 874

The weighted average effective interest rate on customer deposits at 31 December 2025 was 3.4% (2024: 5.2%). The carrying value of customer deposits approximates their fair value as they are either due on demand or have maturities of 3 - 6 months. The deposits with longer maturities are repriced with changes in interest rates.

Deposits with a carrying value of Shs 2 449 million (2024: Shs 3 343 million) held as collateral for loans and advances were included in deposits from customers. The deposits will be made available to the customers upon settlement of the outstanding loan amounts.

Included in deposits from customers on the Bank financial statements is deposits of Shs 6 042 million (2024: Shs 4 759 million) from Absa Bank Kenya PLC subsidiaries.

		Group and Bank	
		2025	2024
32.	**Borrowings**	**Shs'million**	Shs'million
32.1	**Long-term borrowings**		
	Absa Group Limited	**13 600**	16 225
	Kenya Mortgage Refinance	**2 437**	2 591
	Eco Business Fund	**609**	914
		16 646	19 730
32.2	**Movement in the year**		
	Opening balance	**19 730**	24 024
	Cash flow items:		
	Issuance – Kenya Mortgage Refinance loan	**1 036**	-
	Repayment – Kenya Mortgage Refinance loan paid off	**(931)**	-
	Repayment – Absa subordinated loan	**(2 586)**	-
	Repayment – Kenya Mortgage Refinance Company loan	**(231)**	(220)
	Repayment – Eco business fund loan	**(304)**	(307)
	Non – cash flow items:		
	Foreign currency translation	**(43)**	(3 742)
	Interest accrued in the year	**1 424**	1 681
	Interest paid in the year	**(1 449)**	(1 706)
		16 646	19 730

The US$15 million (Shs 1 936 million), (2024: US$25million (Shs 3 226 million)) subordinated loan from Absa Group Limited was obtained on 16 October 2019 and has a maturity date of 18 October 2029. Interest is paid quarterly in arrears at a rate of 270bps above USD SOFR which re-sets every three months.

The US$50 million (Shs 6 452 million), (2024: US$50 million (Shs 6 452 million)) subordinated loan from Absa Group Limited was obtained on 21 December 2022 and has a maturity date of 21 December 2032. Interest is paid quarterly in arrears at a rate of 472bps above USD SOFR which re-sets every three months.

The US$40 million (Shs 5 162 million), (2024: US$50 million (6 452 million)) subordinated loan from Absa Group Limited was obtained on 26 February 2020 and has a maturity date of 02 February 2030. Interest is paid quarterly in arrears at a rate of 270bps above USD SOFR which re-sets every three months.

The US$4.7 million (Shs 607 million), (2024: US$7 million (Shs 911 million) loan from Eco Business Fund S.A. SICAV-SIF, was obtained on 29 December 2022 and has a maturity date of 15 December 2027. Interest is paid quarterly in arrears at a rate of 280bps above USD SOFR which re-sets every three months.

The Shs 1 billion loan (2024: Shs 1 billion) from Kenya Mortgage Refinance Company, was obtained on 01 September 2022 and has a maturity date of 01 September 2031. Interest is paid monthly in arrears at a rate of a fixed rate of 5%.

Notes to the annual financial statements

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32. Borrowings (continued)

The Shs 0.7 billion (2024: Shs 1.6 billion) loan from Kenya Mortgage Refinance Company, was obtained on 01 December 2025 and has a maturity date of 01 September 2035. Interest is paid monthly in arrears at a fixed rate of 5%. The facility was restructured in 2025 following a lumpsum repayment of Shs 931 million.

The Shs 1 billion loan (2024: nil) from Kenya Mortgage Refinance Company, was obtained on 14 May 2025 and has a maturity date of 01 September 2035. Interest is paid monthly in arrears at a rate of a fixed rate of 5.6%.

No collateral is held against the borrowings.

During the year, the effective interest on the borrowing recorded an interest expense of Shs 1 424 million (2024: Shs 1 681 million).

The Group did not have any defaults of principal or interest or other breaches with respect to its subordinated liabilities during the years ended 31 December 2025 and 2024.

	Group		Bank	
	2025	2024	**2025**	2024
33. Other liabilities and accrued expenses	**Shs'million**	Shs'million	**Shs'million**	Shs'million
Accrued expenses	**769**	937	**767**	936
Items in the course of collection due to other banks	**1 425**	1 896	**1 425**	1 898
Outstanding bankers' cheques	**37**	46	**37**	46
Trade finance margins	**2 995**	787	**2 995**	787
Card settlements	**461**	500	**461**	500
Expected credit losses on off-balance sheet financial instruments	**703**	784	**703**	784
Other payables	**8 543**	10 263	**8 447**	10 170
Cash settled share-based payment	**729**	310	**723**	310
Lease liability (note 33.2)	**1 453**	1 633	**1 453**	1 633
Post acceptance letters of credit	**1 657**	2 430	**1 657**	2 430
	18 772	19 586	**18 668**	19 494

Other payables include items relating to excise duties payable, provision for litigation, interchange payable, uncleared payments and trade payables.

Other liabilities and accrued expenses are current.

Notes to the annual financial statements

for the year ended 31 December 2025

33. Other liabilities and accrued expenses (continued)

33.1 Financial guarantees, letters of credit and other undrawn commitments

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.

Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans.

An analysis of changes in the outstanding exposures and the corresponding allowance for expected credit losses in relation to guarantees, letters of credit and other commitments is set out below:

	Group and Bank			
	Stage 1 Exposure to credit risk Shs'million	Stage 2 Exposure to credit risk Shs'million	Stage 3 Exposure to credit risk Shs'million	Total Exposure to credit risk Shs'million
Gross carrying amount at 1 January 2025	**82 685**	**28 178**	**252**	**111 115**
Transfer to Stage 1	**1 867**	**(1 854)**	**(13)**	**-**
Transfer to Stage 2	**(2 018)**	**1 991**	**27**	**-**
Transfer to Stage 3	**(60)**	**17**	**43**	**-**
Exposures that have been derecognised	**(22 848)**	**(22 730)**	**(217)**	**(45 795)**
New exposures	**71 979**	**15 132**	**33**	**87 144**
Gross carrying amount at 31 December 2025	**131 605**	**20 734**	**125**	**152 464**
Gross carrying amount at 1 January 2024	110 710	12 148	40	122 898
Transfer to Stage 1	402	(412)	10	-
Transfer to Stage 2	(2 752)	2 671	81	-
Transfer to Stage 3	-	(4)	4	-
Exposures that have been derecognised	(55 287)	(6 450)	-	(61 737)
New exposures	29 612	20 225	117	49 954
Gross carrying amount at 31 December 2024	82 685	28 178	252	111 115

	Group and Bank			
	Stage 1 Exposure to credit risk Shs'million	Stage 2 Exposure to credit risk Shs'million	Stage 3 Exposure to credit risk Shs'million	Total Exposure to credit risk Shs'million
Expected credit losses at 1 January 2025	**359**	**385**	**40**	**784**
Transfer to Stage 1	**19**	**(19)**	**-**	**-**
Transfer to Stage 2	**(18)**	**21**	**(3)**	**-**
Transfer to Stage 3	**-**	**-**	**-**	**-**
Exposures that have been derecognised	**304**	**62**	**3**	**369**
New exposures	**(142)**	**(271)**	**(37)**	**(450)**
Expected credit losses at 31 December 2025	**522**	**178**	**3**	**703**
Expected credit losses at 1 January 2024	429	147	2	578
Transfer to Stage 1	2	(2)	-	-
Transfer to Stage 2	(107)	107	-	-
Transfer to Stage 3	(23)	-	23	-
Exposures that have been derecognised	(129)	(105)	(23)	(257)
New exposures	187	238	38	463
Expected credit losses at 31 December 2024	359	385	40	784

Notes to the annual financial statements

for the year ended 31 December 2025

33. Other liabilities and accrued expenses (continued)

33.2 Lease liability

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group and Bank	
	2025	2024
	Shs'million	Shs'million
As at 1 January	**1 633**	1 909
Additions*	**282**	177
Payments	**(681)**	(701)
Interest expense on lease liabilities (Note 5)	**214**	256
Foreign currency translation	**5**	(8)
At 31 December	**1 453**	1 633
Amounts recognised in statement of comprehensive income		
Interest expense on lease liabilities (Note 5)	**214**	256
Depreciation on right of use assets (Note 25)	**469**	500
Expenses relating to short term leases	**108**	69
	791	825
Amounts recognised in statement of cash flows		
Payments	**(681)**	(701)
Interest expense on lease liabilities (Note 5)	**214**	256
	(467)	(445)
Maturity analysis of lease liabilities – contractual undiscounted cash flows:		
Less than one year	**583**	667
Between one to five years	**1 284**	1 457
Total undiscounted lease liabilities	**1 867**	2 124
Lease liabilities included in the statement of financial position	**1 453**	1 633

The Group's leases consist mostly of property leases i.e. branches, head offices and ATM sites. None of these leases are considered individually significant to the Group. Leases are negotiated for an average term of five years, some leases will include renewal options but these are generally renewals at market rates to be negotiated at the time of renewing the contract. These rates will only be included in the lease liability once it is reasonably certain that the Group will exercise the extension option.

*The presentation of additions of lease liability were previously disclosed as additions and adjustments.

34. Share capital

	Group and Bank	
	2025	2024
Share capital	**Shs'million**	Shs'million
Authorised		
5 440 million (2024: 5 440 million) ordinary shares of Shs 0.50 each	**2 720**	2 720
Issued		
5 432 million (2024: 5 432 million) ordinary shares of Shs 0.50 each	**2 716**	2 716

During the current reporting period, the authorised share capital remained unchanged with par value of Shs 0.50 each. There were no additional shares issued during the current reporting period (2024: Nil)

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at general meetings of the Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

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35. Reserves

35.1 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets classified at fair value through other comprehensive income until the instrument is derecognised or impaired; in which case the cumulative amount recognised in other comprehensive income is released to profit or loss.

35.2 Retained earnings

This reserve includes accumulated profits over the years. The retained earnings are distributable to shareholders.

35.3 Share-based payment reserve

The Bank's senior management participate in the following Absa Group share based payment arrangement:

(a) Absa Group Limited Share Incentive Plan Performance Award (SIPP)

Qualifying participants of the Share Incentive Plan Performance Award (SIPP) will be entitled to Absa Group Limited ordinary shares settled either by way of a share award or a cash award as defined by the plan rules and must be used to purchase Absa Group Limited ordinary shares. The award will be issued by Absa Group Limited. In order for the participant to be entitled to these awards, the participant needs to render three years or five years (depending on the grant received) of service and the requisite performance conditions need to be met. Dividends may accumulate and are reinvested over the vesting period.

(b) Absa Group Limited Share Incentive Plan Retention Buyout Award (SIPRB)

The Share Incentive Plan Retention Buyout Award (SIPRB) enables the Group to attract and motivate new employees by buying out the 'in the money' portion of a participant's shares or options under their previous employers' share scheme by offering the employees Absa Group Limited awards. There is no consideration payable for the grant of an award and the vesting of the award is not subject to performance conditions. Dividends may accumulate and are reinvested over the vesting period, which will align with the vesting period of the previous employer.

(c) Absa Group Limited Share Incentive Plan Deferred Award (SIPD)

The Share Incentive Plan Deferred Award (SIPD) (and any associated notional dividends) are awarded at no cost to the participants. The awards typically vest in equal tranches after one to five years. Absa Group Limited retains the obligation to settle in cash certain SIPD awards that are prohibited from being equity-settled. The amount that is paid to the cash-settled participants is equal to the market value of a number of Absa Group Limited ordinary shares, as determined on the vesting date. On vesting, equity-settled participants are awarded Absa Group Limited ordinary shares in settlement of their awards. Dividends may accumulate and are reinvested over the vesting period.

(d) Absa Group Limited Share Incentive Plan Retention Award (SVP Cliff)

The Share Value Retention Plan (SVP Cliff) awards (and any associated notional dividends) are awarded at no cost to the participants. The awards vest after three years, subject to their own independent non-market related performance condition on vesting. The amount that is paid to the cash-settled participants is equal to the market value of a number of Absa Group Limited's ordinary shares, as determined on the vesting date, to the extent that the non-market related conditions attached to the awards are met. On vesting, equity-settled participants are awarded Absa Group Limited ordinary shares in settlement of their awards. If the Group fails to meet the minimum performance criteria, the awards made in that tranche are forfeited in total. Dividends accumulate and are reinvested over the vesting period.

(e) Absa Group Limited Colleague Phantom Share Scheme (ECSS)

The Absa Group Limited B-BBEE transaction resulted in the Colleague Phantom Share Scheme, which provides non-South Africa employees with a phantom share award. The Colleague Phantom Share Scheme is an award issued by Absa Group and provides for eligible employees to receive the cash equivalent of the Absa Group Limited Colleague Share Scheme. At the end of five years, the Scheme will vest where participants will receive the cash equivalent of the Absa Group Limited Colleague Share Scheme if they remain in the employment on 1 September 2028. Under the scheme, eligible permanent employees will be entitled to a potential trickle dividend throughout the vesting period. This Scheme is accounted for as a cash-settled share-based payment arrangement.

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35. Reserves (continued)

35.3 Share-based payment reserve (continued)

	Number	Exercise price	Total fair value at grant date (Shs' million)
SIPP	**290 640**	**1 050**	**305**
SIPD	**147 649**	**1 265**	**187**
SVP Cliff	**144 395**	**1 050**	**152**

Share appreciation rights series	Number	Exercise price	Total fair value at grant date (Shs' million)
SIPP	**22 241**	**998**	**22**
SIPD	**1 854**	**998**	**2**
ECSS	**1 578 960**	**474**	**748**

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35. Reserves (continued)

35.3 Share-based payment reserve (continued)

Movements during the period

The following reconciles the number of share options outstanding at the beginning and end of the period:

	2025			
	Opening balance	**Granted/ transferred**	**Forfeited**	**Exercised**
Equity settled				
SIPP	**290 640**	**215 508**	**(11 729)**	**(22 553)**
SIPRB	**-**	**1 330**	**-**	**-**
SIPD	**147 649**	**59 404**	**-**	**(64 049)**
SVP Cliff	**144 395**	**89 073**	**(964)**	**(33 318)**
Cash settled				
SIPRB	**22 241**	**-**	**(7 184)**	**(15 057)**
SIPP	**-**	**-**	**-**	**-**
SIPD	**1 854**	**-**	**-**	**(1 854)**
ECSS	**1 578 960**	**89 440**	**(76 540)**	**(1 720)**

Weighted average share price at exercise date during the reporting period (Shs)

	2025	2024
Equity settled:		
SIPP	**1 487**	1 050
SIPRB	**-**	973
SIPD	**1 317**	1 265
SVP Cliff	**1 487**	1 050
Cash settled		
SIPP	**1 392**	-
SIPRB	**-**	-
SIPD	**1 392**	998
ECSS	**767**	474

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	2024				
Closing balance	Opening balance	Granted/ transferred	Forfeited	Exercised	Closing balance
471 866	192 861	147 600	(12 336)	(37 485)	290 640
1 330	4 085	-	(3 957)	(128)	-
143 004	106 011	83 667	(3 567)	(38 462)	147 649
199 186	126 948	67 268	(9 897)	(39 924)	144 395
-	-	-	-	-	-
-	53 628	-	(1 915)	(29 472)	22 241
-	3 707	-	-	(1 853)	1 854
1 590 140	1 570 360	107 500	(95 460)	(3 440)	1 578 960

Weighted average contractual life of ards outstanding (years)		Weighted average fair value of options granted during the period (Shs)	
2025	2024	**2025**	2024
1	2	**1 392**	998
1	-	**1 480**	-
1	1	**1 392**	998
1	1	**1 392**	-
-	-	**-**	-
-	-	**-**	-
-	-	**-**	-
3	4	**780**	-

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	Group		Bank	
	2025	Restated 2024	2025	Restated 2024
36. Cash used in operations	**Shs'million**	Shs'million	**Shs'million**	Shs'million
Profit before tax for the year	**32 730**	29 720	**29 921**	27 974
Adjustments for:				
Interest paid	**12 224**	15 202	**12 845**	15 752
Interest received	**(52 914)**	(59 246)	**(52 872)**	(59 195)
Impairment loss recognised (Note 9)	**4 871**	7 761	**4 877**	7 756
Depreciation (Note 25)	**848**	926	**847**	925
Amortisation – intangible assets (Note 26)	**312**	222	**306**	210
Amortisation – leasehold land (Note 27)	**1**	1	**1**	1
Share based payments (Note 10.1)	**728**	531	**721**	531
Pension asset (Note 28)	**36**	30	**36**	30
Cash used in operations before working capital changes	**(1 164)**	(4 853)	**(3 318)**	(6 016)
Changes in working capital				
Decrease in derivative assets	**958**	1 188	**958**	1 188
Decrease/(increase) in other assets	**208**	(270)	**331**	(270)
(Decrease) in derivative liabilities	**(594)**	(1 597)	**(594)**	(1 597)
(Decrease)/increase in other liabilities	**(503)**	724	**(564)**	708
(increase)/decrease in loans and advances to customers	**(11 637)**	14 748	**(11 637)**	14 748
(Increase) in FVOCI securities	**(15 862)**	(14 375)	**(15 468)**	(14 063)
(Increase) in financial assets at amortised cost	**(7 171)**	-	**(7 171)**	-
(Increase)/decrease in amounts due from group companies	**(10 514)**	19 998	**(10 265)**	20 262
Increase/(decrease) in amounts due to group companies	**8 920**	(10 270)	**9 059**	(10 256)
(Increase) in financial assets at FVTPL	**(6 607)**	(12 620)	**(6 607)**	(12 620)
(Decrease) in retirement benefit liability	**(65)**	(66)	**(65)**	(66)
Increase/(decrease) in deposits from banks	**6 205**	(4 640)	**6 205**	(4 640)
(Decrease) in due to Central Bank of Kenya	**-**	(13 047)	**-**	(13 047)
Increase in customer deposits	**5 268**	4 366	**6 551**	4 971
Total changes in working capital	**(31 394)**	(15 861)	**(29 267)**	(14 682)
Cash used in operations	**(32 558)**	(20 714)	**(32 585)**	(20 698)

The CBK cash reserve requirement has been restated to zero and the entire CBK reserve balance included as part of cash and cash equivalent for both Group and Bank. Refer to Note 2.25.1 for further details.

37. Taxation paid	Group		Bank	
	2025	Restated 2024	2025	Restated 2024
	Shs'million	Shs'million	**Shs'million**	Shs'million
Tax receivable/ (payable) at start of year	**814**	(589)	**598**	(793)
Current income tax expense (Note 13)	**(9 019)**	(9 231)	**(8 175)**	(8 720)
Prior year adjustment	**(95)**	8	**(95)**	-
Tax (receivable) at the end of the year	**(1 905)**	(814)	**(1 848)**	(598)
Total income taxes paid	**(10 205)**	(10 626)	**(9 520)**	(10 111)

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for the year ended 31 December 2025

		Group and Bank	
		2025	2024
38.	**Dividends paid**	**Shs'million**	Shs'million
	Dividends payable at start of the year (2024 final proposed)	**8 419**	7 333
	Interim dividend	**1 086**	1 086
	Total dividends paid	**9 505**	8 419

39. **Cash and cash equivalents**

For the purposes of the statement of cash flow, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition as follows:

	Group		Bank	
		Restated[1]		Restated[1]
	2025	2024	2025	2024
	Shs'million	Shs'million	**Shs'million**	Shs'million
Cash on hand (Note 15)	**8 751**	7 900	**8 751**	7 900
Balances with Central Bank of Kenya (CBK)[1]	**10 570**	16 518	**10 570**	16 518
Mobile money balances (Note 22)	**5 405**	7 818	**5 405**	7 818
Loans and advances to banks (Note 16)	**5 630**	8 086	**5 630**	8 086
FVOCI securities maturing within 3 months	**–**	5 446	**–**	5 446
FVTPL securities maturing within 3 months	**5**	13	**5**	13
	30 361	45 781	**30 361**	45 781

Banks are now required to include the CRR restricted balance as part of cash and cash equivalents in the statement of cash flows as the contractual restriction on the use of CRR does not change the nature of the deposit and the bank can assess the amount. Previously the amount disclosed has been determined as a percentage of the average outstanding customer deposits over a cash reserve cycle period of one month. As a result balances with Central Bank of Kenya (CBK) (previously non-cash reserve ratio balances with CBK) has been restated from Shs 5 794 million to Shs 16 518 million for both Group and Bank. Refer to Note 2.25.1 for further details.

[1]Prior year numbers have been restated, refer to not 2.26.1.

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		Fair Value through Profit/Loss	Fair Value through OCI - Debt instruments
		Shs'million	Shs'million
40.	**Financial instruments**		
40.1.	**Categories of financial instruments**		
	Group		
	Assets as per statement of financial position – 2025		
	Cash and balances with Central Bank of Kenya	-	-
	Derivative financial assets	**1 052**	-
	Loans and advances to customers	-	-
	Debt instruments	**42 513**	**109 042**
	Loans and advances to banks	-	-
	Due from group companies	-	-
	Other assets*	-	-
		43 565	**109 042**
	Liabilities as per statement of financial position - 2025		
	Derivative financial liabilities	**1 059**	-
	Borrowings	-	-
	Deposits from banks	-	-
	Deposits from customers	-	-
	Due to group companies	-	-
	Other liabilities*	-	-
		1 059	-
	Interest income	**1 929**	**12 932**
	Interest expense	-	-
		1 929	**12 932**

*Other liabilities exclude the lease liability and accrued expenses while other assets exclude prepaid expenses which are also out of the scope of IFRS 9

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Amortised Cost – financial instruments Shs'million	Amortised cost financial liabilities Shs'million	Total Assets and Liabilities Shs'million	Off balance sheet financial instruments Shs'million
19 318	–	19 318	–
–	–	1 052	–
312 166	–	312 166	57 839
8 220	–	159 775	–
5 600	–	5 600	–
17 803	–	17 803	–
8 844	–	8 844	–
371 951	–	524 558	57 839
–	–	1 059	–
–	16 646	16 646	–
–	13 250	13 250	–
–	372 383	372 383	–
–	14 974	14 974	–
–	16 550	16 550	72 154
–	433 803	434 862	72 154
44 740	–	59 601	–
–	(14 384)	(14 384)	–
44 740	(14 384)	45 217	–

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for the year ended 31 December 2025

	Fair value through profit/loss – held for trading Shs'million	Fair Value through OCI - Debt instruments Shs'million
40. Financial instruments (continued)		
40.1. Categories of financial instruments (continued)		
Group		
Assets as per statement of financial position – 2024		
Cash and balances with Central Bank of Kenya	-	-
Derivative financial assets	2 010	-
Loans and advances to customers	-	-
Debt instruments	33 470	96 068
Loans and advances to banks	-	-
Due from group companies	-	-
Other assets*	-	-
	35 480	96 068
Liabilities as per statement of financial position - 2024		
Derivative financial liabilities	1 653	-
Borrowings	-	-
Deposits from banks	-	-
Deposits from customers	-	-
Due to group companies	-	-
Other liabilities*	-	-
	1 653	-
Interest income	1 227	9 228
Interest expense	-	-
	1 227	9 228

*Other liabilities exclude the lease liability and accrued expenses while other assets exclude prepaid expenses which are also out of the scope of IFRS 9

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for the year ended 31 December 2025

Amortised Cost – financial instruments Shs'million	Amortised cost financial liabilities Shs'million	Total Assets and Liabilities Shs'million	Off balance sheet financial instruments Shs'million
24 416	-	24 416	-
-	-	2 010	-
309 098	-	309 098	44 905
1 049	-	130 587	-
8 069	-	8 069	-
7 289	-	7 289	-
11 362	-	11 362	-
361 283	-	492 831	44 905
-	-	1 653	-
-	19 730	19 730	-
-	7 045	7 045	-
-	367 115	367 115	-
-	6 054	6 054	-
-	17 016	17 016	48 310
-	416 960	418 613	48 310
55 499	-	65 954	-
-	(18 499)	(18 499)	-
55 499	(18 499)	47 455	-

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for the year ended 31 December 2025

	Fair Value through Profit/Loss Shs'million	Fair Value through OCI - Debt instruments Shs'million
40. Financial instruments (continued)		
40.1. Categories of financial instruments (continued)		
Bank		
Assets as per statement of financial position – 2025		
Cash and balances with Central Bank of Kenya	-	-
Derivative financial assets	1 052	-
Loans and advances to customers	-	-
Debt instruments	42 513	107 908
Loans and advances to banks	-	-
Due from group companies	-	-
Other assets*	-	-
	43 565	107 908
Liabilities as per statement of financial position - 2025		
Derivative financial liabilities	1 059	-
Borrowings	-	-
Deposits from banks	-	-
Deposits from customers	-	-
Due to group companies	-	-
Other liabilities*	-	-
	1 059	-
Interest income	1 929	12 851
Interest expense	-	-
	1 929	12 851

*Other liabilities exclude the lease liability and accrued expenses while other assets exclude prepaid expenses which are also out of the scope of IFRS 9

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Amortised Cost – financial instruments Shs'million	Amortised cost financial liabilities Shs'million	Total Assets and Liabilities Shs'million	Off balance sheet financial instruments Shs'million
19 318	–	19 318	–
–	–	1 052	–
312 166	–	312 166	57 839
8 220	–	158 641	–
5 600	–	5 600	–
17 891	–	17 891	–
8 685	–	8 685	–
371 880	–	523 353	57 839
–	–	1 059	–
–	16 646	16 646	–
–	13 250	13 250	–
–	378 425	378 425	–
–	15 127	15 127	–
–	16 448	16 448	72 154
–	439 896	440 955	72 154
44 740	–	59 520	–
–	(15 005)	(15 005)	–
44 740	(15 005)	44 515	–

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		Fair value through profit/loss – held for trading Shs'million	Fair Value through OCI - Debt instruments Shs'million
40.	**Financial instruments (continued)**		
40.1.	**Categories of financial instruments (continued)**		
	Bank		
	Assets as per statement of financial position – 2024		
	Cash and balances with Central Bank of Kenya	-	-
	Derivative financial assets	2 010	-
	Loans and advances to customers	-	-
	Debt instruments	33 470	95 360
	Loans and advances to banks	-	-
	Due from group companies	-	-
	Other assets*	-	-
		35 480	95 360
	Liabilities as per statement of financial position - 2024		
	Derivative financial liabilities	1 653	-
	Borrowings	-	-
	Deposits from banks	-	-
	Deposits from customers	-	-
	Due to group companies	-	-
	Other liabilities*	-	-
		1 653	-
	Interest income	1 227	9 155
	Interest expense	-	-
		1 227	9 155

*Other liabilities exclude the lease liability and accrued expenses while other assets exclude prepaid expenses which are also out of the scope of IFRS 9

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Amortised Cost – financial instruments Shs'million	Amortised cost financial liabilities Shs'million	Total Assets and Liabilities Shs'million	Off balance sheet financial instruments Shs'million
24 416	-	24 416	-
-	-	2 010	-
309 098	-	309 098	44 905
1 049	-	129 879	-
8 069	-	8 069	-
7 626	-	7 626	-
11 327	-	11 327	-
361 585	-	492 425	44 905
-	-	1 653	-
-	19 730	19 730	-
-	7 045	7 045	-
-	371 874	371 874	-
-	6 068	6 068	
-	16 925	16 925	48 310
-	421 642	423 295	48 310
55 499	-	65 881	-
-	(19 049)	(19 049)	-
55 499	(19 049)	46 832	-

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41. Risk management

41.1 Financial risk management objectives

Effective risk management and control are essential for sustainable and profitable growth

The role of risk management is to evaluate, respond to and monitor risks (the ERM process) that arise in the execution of the strategy 'to bring possibility to life'. It is essential that business growth plans are properly supported by an effective risk management infrastructure. Risk culture is closely aligned to that of the business, whilst retaining independence in analysis and objective decision-making. The Group's business involves taking on risks in a targeted manner and managing them professionally.

The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The main sources of financial risk that the Group faces arise from financial instruments, which are fundamental to the Group's business, and constitute the core of its operations.

Financial instruments create, modify or reduce the liquidity, credit, market and operational risks of the Group's statement of financial position and constitute the most significant sources of risk. Consequently, the Group devotes considerable resources to maintain effective controls to manage, measure and mitigate each of these risks and regularly reviews its risk management procedures and systems to ensure that they continue to meet the needs of business. This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risk.

The Group has clear risk management objectives and a well-established strategy to deliver them, through core risk management processes. At a strategic level, the Group's risk management objectives are to:

- Identify the Group's significant risks;
- Formulate the Group's risk appetite and ensure that business profile and plans are consistent with it;
- Optimise risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures;
- Ensure that business growth plans are properly supported by effective risk infrastructure;
- Manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions; and
- Help executives improve the control and co-ordination of risk taking across the business.

The Group's approach is to provide direction on:

- understanding the principal risks to achieving Group strategy;
- establishing risk appetite; and
- establishing and communicating the risk management framework.

The process is then broken down into five steps: identify, assess, control, report and manage/challenge. Each of these steps is broken down further, to establish end-to-end activities within the risk management process and the infrastructure needed to support it (see panel below). The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Steps	Activity
Identify	• Establish the process for identifying and understanding business-level risks
Assess	• Agree and implement measurement and reporting standards and methodologies.
Control	• Establish key control processes and practices, including limit structures, impairment allowance criteria and reporting requirements • Monitor the operation of the controls and adherence to risk direction and limits • Provide early warning of control or appetite breaches • Ensure that risk management practices and conditions are appropriate for the business environment
Report	• Interpret and report on risk exposures, concentrations and risk-taking outcomes • Interpret and report on sensitivities and key risk indicators • Communicate with external parties
Manage and challenge	• Review and challenge all aspects of the Bank's risk profile • Assess new risk-return opportunities • Advise on optimising the Bank's risk profile • Review and challenge risk management practices

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41. Risk management (continued)

41.1 Financial risk management objectives (continued)

Risk responsibilities

The Group achieves its risk management objectives by keeping risk management at the centre of the executive agenda and building a culture that combines risk management with everyday business decision-making. The risks arising from financial instruments to which the Bank is exposed are:

Financial risks

(a) Credit risk;

(b) Liquidity risk;

(c) Market risk

On a day-to-day basis risks are managed through a number of management committees. Through this process the Bank monitors compliance within the overall risk policy framework and ensures that the framework is kept up to date.

The Board approves risk appetite and the Board Audit and Risk Committee (BARC) monitors the Bank's risk profile against this appetite. In more detail:

- The BARC has responsibility for ensuring effective risk management and control.
- Business Heads are responsible for the identification and management of risk in their businesses.
- Business risk teams are responsible for assisting Business Heads in the identification and management of their business risk profiles for implementing appropriate controls.
- Internal Audit is responsible for the independent review of risk management and the control environment.
- The Asset and Liability Committee (ALCO) is tasked with managing financial risk, specifically liquidity, interest rates, market risk, capital management and balance sheet structure.

The Committee meets at least once a month and is instrumental in ensuring that sustainable and stable returns are obtained from the deployment of the Bank's assets within a framework of financial risks and controls. ALCO is chaired by the Managing Director and its membership comprises the Chief Financial Officer, Country Treasurer, Head of Corporate Banking, Head of Consumer Banking, the Chief Operating Officer and the Chief Risk Officer.

41.2 Credit risk

Credit risk is the risk of suffering financial loss should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. The credit risk that the Group faces arises mainly from wholesale and retail loans and advances together with the counterparty credit risk arising from derivative contracts entered into with clients. Other sources of credit risk arise from trading activities, including debt securities; settlement balances with market counterparties, fair value through other comprehensive income (FVOCI) assets and reverse repurchase loans. Credit risk furthermore arises from the granting of financial guarantees or making loan commitments.

Credit risk management objectives are to:

- establish a framework of controls to ensure credit risk-taking is based on sound credit risk management principles;
- identify, assess and measure credit risk clearly and accurately across the Group and within each separate business, from the level of individual facilities up to the total portfolio;
- control and plan credit risk-taking in line with external stakeholder expectations and avoiding undesirable concentrations;
- monitor credit risk and adherence to agreed controls; and
- ensure that risk-reward objectives are met.

The Group manages credit risk by:

- Defining clear risk appetite thresholds and triggers, using applicable stress test measures.
- Ensuring maximum exposure guidelines are in place relating to the exposures to any individual customer or counterparty.
- Controlling concentrations of credit risk wherever they are identified in particular, to individual counterparties and groups of borrowers, countries, and to industry segments.
- Clearly understanding the target market.
- Establishing risk acceptance criteria.
- Undertaking sound credit origination, monitoring and account management.
- Ensuring appropriate risk infrastructure and controls.

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41. Risk management (continued)

41.2 Credit risk (continued)

The Group has an established framework, and related processes, which govern its approach to credit risk management and any resultant impairment of loans and advances. The governance process includes the existence of the Credit Risk Technical Forum, Executive Risk Committee (ERC), Retail Impairment Review Committee, Scheme Loans Review Committee, Corporate and Investment Bank Models Forum, and AVAF portfolio quality Review Committee whose remit includes:

- the development, implementation and evaluation of risk and impairment models;
- periodic assessment (at least annually) of the accuracy of the models against actual results; and
- approval of new models or changes to models, in line with the model validation framework.

The aforementioned committees also approve post model adjustments applied to models. Retail impairment allowances are subject to quarterly impairment adequacy reviews and approval by the Credit Risk Technical Forum. Wholesale impairment allowances are subject to monthly impairment adequacy reviews and approval by the Wholesale Impairment Governance Forum.

The consideration of credit risk is a fundamental process for the Group as it ultimately determines the Expected credit losses recognised from an accounting perspective. This section describes the processes and assumptions applied in estimating impairment.

Approach to credit modelling/internal ratings

The principal objective of credit measurement is to produce the most accurate possible quantitative assessment of credit risk to which the Group is exposed from the level of individual facilities up to the total portfolio level. Integral to this is the calculation of internal credit parameters which are used for credit risk management purposes and in the calculation of regulatory capital, economic capital and impairment requirements.

The key credit parameters used in this process are:

- probability of default (PD): the likelihood of a customer defaulting on its obligations within the appropriate outcome period;
- exposure at default (EAD): an estimate of the level of credit exposure should the customer default during the appropriate outcome period; and
- loss given default (LGD): an estimate of the percentage of EAD that will not be recovered on a particular credit facility should the customer default during the outcome period. LGD recognises credit risk mitigation, such as collateral or credit derivatives.

Internal and vendor-supplied credit models are used to estimate the key credit parameters of PD, LGD and EAD. The Group uses different modelling methodologies, ranging from pure statistical models and cash flow models to expert-based models, taking into account quantitative and qualitative risk drivers. PD, LGD and EAD estimates can be calculated to represent different views of the credit cycle, which are used in different applications. For example, PD estimates can be calculated on a through-the-cycle (TTC) basis, reflecting the predicted default frequency in an average 12-month period across the credit cycle, or on a point-in-time (PIT) basis, reflecting the predicted default frequency in the next 12 months for a particular period in the credit cycle. EAD and LGD estimates can be calculated as downturn measures, reflecting behaviour observed under stressed economic conditions, or as business-as-usual measures, reflecting behaviour under normal conditions.

These parameters are used for the following credit risk management purposes:

- Credit approval: PD models are used in the approval process in both retail and wholesale portfolios. In high-volume retail portfolios, application and behaviour scorecards are frequently used as decision-making tools. In wholesale and certain retail portfolios, PD models are used to direct applications to an appropriate credit sanctioning level.
- Risk-reward and pricing: PD, EAD and LGD metrics are used to assess the profitability of deals and portfolios and to allow for risk-adjusted pricing and strategy decisions.
- Risk appetite: Regulatory capital, economic capital and earnings volatility measures are used in the Group's risk appetite framework.
- Economic Capital calculations: Credit economic capital calculations use PD, LGD and EAD inputs.
- Risk profile reporting: Credit risk reports for senior management make use of model outputs to describe the Group's credit risk profile.

Validation of models

Models undergo independent validation when new models have been developed (initial validation) and on an annual basis (on-going validation). Models are approved by the Credit Models Forum. The most material models require approval by the AGL Models Committee (MC). The forum outputs are subject to oversight and ratification /approval by the Board Audit and Risk and Board credit committees with technical support and expertise from AGL.

Default grades

The Group uses two types of PDs, namely:

- The through-the-cycle (TTC) PD, which reflects the Group's assessment of the borrower's long-run average propensity to default in the next year; and
- The point-in-time (PIT) PD, which calculated factoring the current economic, industry and borrower circumstances.

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41. Risk management (continued)

41.2 Credit risk (continued)

Default grades (continued)

Both types of PDs are used extensively in the Group's decision-making processes. For communication and comparison purposes, the Group's 21 default grades (DGs), were mapped to external agency rating equivalents. DG grading represents a TTC view of the distribution of the book at a specific point in time. The indicative mapping of the DG buckets to the equivalent international rating agency and regulatory PD bands are described below:

- DG 1 – 9: financial assets falling within these DG buckets are regarded as 'investment grade' and, when converted to a rating agency equivalent, correspond to a BBB- rating or better.
- DG 10 – 19: financial assets in these grades typically require more detailed management attention where clear evidence of financial deterioration or weakness exists. Assets in this category, although currently protected, are potentially weaker credits. These assets contain some credit deficiencies. When converted to a rating agency equivalent, these ratings correspond to a BB+ to B- rating.
- DG 20 – 21: the PD of financial assets in these grades have deteriorated to such an extent that they are included for regular review. Assets so classified must have well defined weaknesses that exacerbate the PD. These assets are characterised by the distinct possibility that the borrower will default, and should the collateral pledged be insufficient to cover the asset, the Group will sustain some loss when default occurs.
- Default: assets classified as in default are characterised by the distinct possibility that the borrower will default, and should the collateral pledged be insufficient to cover the asset, the Bank will sustain some loss when default occurs.

Approach to impairment of credit exposures

The measurement of ECL involves a significant level of complexity and judgement, including estimation of probabilities of default, loss given default, a range of unbiased future economic scenarios, estimation of expected lives, and estimation of exposures at default and assessing significant increases in credit risk.

The calculation of ECL incorporates the probability that a credit loss will occur, as well as the probability that no credit loss occurs, even if the most likely outcome is no credit loss. The estimate reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. In some cases, relatively simple modelling is considered to be sufficient, without the need to consider the outcome under different scenarios. For example, the average credit losses of a large group of financial instruments with shared risk characteristics may be a reasonable estimate of the probability-weighted amount. In other situations, the identification of scenarios that specify the amount and timing of the cash flows for particular outcomes and the estimated probability of those outcomes will be needed.

Under IFRS 9, the Group recognises ECL based on a stage allocation methodology, with such categorisation informing the level of provisioning required. The ECL allowance calculated on stage 1 assets reflects the lifetime losses associated with events of default that are expected to occur within 12 months of the reporting date (12 month ECL). Assets classified within stage 2 and stage 3 carry an ECL allowance calculated based on the lifetime losses associated with defaults that are expected to occur over the lifetime of the exposure (lifetime ECL). The assessment of whether an exposure should be transferred from stage 1 to stage 2, is based on whether there has been a significant deterioration in credit risk. This is a relative measure, where the credit risk at the reporting date is compared to the risk that existed upon initial recognition of the instrument. Exposures are classified within stage 3 if they are credit impaired.

For the purposes of credit modelling under IFRS 9, the PD is calculated on a Point-in-time (PIT) basis and reflects the likelihood of default assessed on the prevailing economic conditions at the reporting date, adjusted to take into account estimates of future economic conditions that are likely to impact the risk of default. PIT PDs do not equate to a long run average. This is a key distinction between the IFRS 9 ECL models and the Group's Basel III models. Under Basel III, the PD is the average of default within the next 12 months, calculated based on the long-run historical average over the full economic cycle (that is, TTC). For IFRS 9 purposes, two distinct PD estimates are required:

- Lifetime PD: the likelihood of accounts entering default during the remaining life of the asset.
- 12 month PD: the likelihood of accounts entering default within 12 months of the reporting date.

The general approach to the IFRS 9 LGD models has been to leverage the Basel LGD models with bespoke IFRS 9 adjustments to ensure unbiased estimates. In calculating LGD, losses are discounted to the reporting date using the effective interest rate (EIR) determined at initial recognition or an approximation thereof. For debt instruments, such as loans and advances, the discount rate applied is the EIR calculated on origination or acquisition date. For financial guarantee contracts or loan commitments for which the EIR cannot be determined, losses are discounted using a rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows (to the extent that such risks have not already been taken into account by adjusting the cash shortfalls).

The EAD model estimates the exposure that an account is likely to have at any point of default in future. This incorporates both the amortising profile of a term loan, as well as behavioural patterns such as the propensity of the client to draw down on unutilised facilities in the lead up to a default event.

Expert credit judgement may, in certain instances be applied to account for situations where known or expected risk factors have not been considered in the ECL assessment or modelling process, or where uncertain future events have not been incorporated into the modelled approach. Adjustments are intended to be short term measures and will not be used to incorporate any continuous risk factors. The Group has a robust policy framework which is applied in the estimation and approval of management adjustments.

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41. Risk management (continued)

41.2 Credit risk (continued)

Retail portfolio

Ratings assigned across each retail portfolio are based on automated application and behavioural scoring systems. The underlying rating is calculated at point of application and updated monthly thereafter. The rating is used in decisions concerning underwriting and account management, and is used to calculate regulatory capital (RC), economic capital (EC) and IFRS 9 ECL.

The methodology and data employed in the risk estimation and the rating processes can be summarised as follows:

(i) Internal risk estimates of PD, EAD and LGD are grounded in historical experience and are reliant on historical data.

(ii) PDs are assigned at account level, and consist of three elements namely:

- a term structure, capturing typical default behaviour by the months since observation;
- a behavioural model which incorporates client level risk characteristics; and
- a macro-economic model that incorporates forward looking macro-economic scenarios.

(iii) EADs are assigned at an account level and are based on the EAD pool to which the account has been assigned. EAD estimates incorporate all relevant data and information including account balances as well as utilised and unutilised limits, if present.

(iv) LGDs are assigned at account level and are based on the LGD pool to which the account has been assigned. Relevant historical data used in LGD estimates include observed exposure at the point of default, recovery strategies, re-defaults, cure and write-off rates. The models make use of risk drivers such as loan-to-value (LTV) and attributes that describe the underlying asset.

Wholesale portfolio

The wholesale rating process relies both on internally developed PD, EAD and LGD rating models and vendor provided solutions. The wholesale rating process relies on quantitative and qualitative assessments that could be manual or automated. Wholesale PDs and LGDs are modelled using the parameters from regulatory models as a starting point. Parameters are adjusted for differences between requirements under Basel III and IFRS 9.

PD ratings are assigned on a customer level. Information used in the calculation of customer PD ratings includes financial statements, projected cash flows, equity price information, behavioural information; and qualitative assessments on strength of support, management, operating environment, industry, etc. In converting Basel III compliant PDs to PDs appropriate for the purposes of IFRS 9, the main adjustments effected comprise:

- a macroeconomic adjustment that changes the paradigm from a long-run average default rate to a PD that reflects the prevailing macroeconomic conditions, thereby adjusting the PD from a seven year historical average to a PD reflective of the macroeconomic environment at the reporting date; and
- an adjustment to the regulatory PD to convert it from a PD over 12 months, to a PD over the lifetime of an exposure, to be able to assess significant increases in credit risk and estimate lifetime provisions for stage 2.

LGD estimates depend on the key drivers of recovery such as collateral value, seniority and costs involved as part of the recovery process. LGD models are based on internal and external loss data and the judgement of credit experts. EAD models aim to replicate the expected utilisation of a customer's facility should a default occur. EADs are assigned for each facility using models incorporating internal and external default data as well as the experience of credit experts in relation to particular products or customer groups.

The main adjustments to LGD comprise a macroeconomic adjustment that changes the long-run LGD to reflect a given macroeconomic scenario. Lifetime projections of LGD take into account the expected balance outstanding on a loan at the time of default, as well as the value of associated collateral at that point in time.

Definition of a significant increase in credit risk:

The Group uses various quantitative, qualitative and back stop measures as indicators of a significant increase in credit risk. The thresholds applied for each portfolio will be reviewed on a regular basis to ensure they remain appropriate. Where evidence of a significant increase in credit risk is not yet available at an individual instrument level, instruments that share similar risk characteristics are assessed on a collective basis.

Key drivers of a significant increase in credit risk include:

- Where the weighted average probability of default (PD) for an individual exposure or group of exposures as at the reporting date evidences a material deterioration in credit quality, relative to that determined on initial recognition;
- Adverse changes in payment status and where accounts are more than 30 days in arrears at reporting date. In certain portfolios a more conservative arrears rule is applied where this is found to be indicative of increased credit risk (e.g. 1 day in arrears);
- Accounts in the Retail portfolio which meet the portfolio's impairment high risk criteria; and
- The Group's watch list framework applied to the Wholesale portfolio, which is used to identify customers facing financial difficulties or where there are grounds for concern regarding their financial health.

Notes to the annual financial statements

for the year ended 31 December 2025

41. Risk management (continued)

41.2 Credit risk (continued)

Wholesale portfolio (continued)

Definition of credit impaired

Assets classified within stage 3 are considered to be credit impaired and applies when an exposure is in default. Important to the Group's definition of default, is the treatment of exposures which are classified as within forbearance. Forbearance is a concession granted to counterparty for reasons of financial difficulty that would not otherwise be considered by the Group. The definition of forbearance is not limited to measures that give rise to an economic loss (that is, a reduction in the counterparty's financial obligation).

Default within Wholesale and Retail is guided by the regulatory definition, and therefore assets are classified as defaulted when either:

The Group considers that the obligor is unlikely to pay its credit obligations without recourse by the Group to actions such as realising security. Elements to be taken as indications of unlikeliness to pay include the following:

- The Group consents to a distressed restructuring / forbearance of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness of principal, interest or fees;
- The customer is under debt review, business rescue or similar protection; or,
- Advice is received of customer insolvency or death.
- The obligor is past due 90 days or more on any credit obligation to the Group.

In addition, within the Retail portfolios:

- The Group requires an exposure to reflect at least 12 consecutive months of performance, in order to be considered to have been cured from stage 3. This probation period applies to all exposures, including those that may have been classified as defaulted for reasons other than forbearance and debt review (e.g. owing to the fact that they become more than 90 days past due).

Determination of the lifetime of a credit exposure

The determination of initial recognition and asset duration (lifetime) are critical judgements in determining quantum of lifetime losses that apply. The date of initial recognition reflects the date that a transaction (or account) was first recognised on the statement of financial position. The PD recorded at this time provides the baseline used for subsequent determination of a significant increase in credit risk.

When determining the period over which the entity is expected to be exposed to credit risk, but for which the ECL would not be mitigated by the entity's normal credit risk management actions, the Group considers factors such as historical information and experience about:

- the period over which the entity was exposed to credit risk on similar financial instruments;
- the length of time for related defaults to occur on similar financial instruments following a significant increase in credit risk; and
- the credit risk management actions that an entity expects to take once the credit risk on the financial instrument has increased, such as the reduction or removal of undrawn limits.

For asset duration, the approaches which are applied (in line with IFRS 9 requirements) are:

- Term lending: the contractual maturity date, reduced for behavioural trends where appropriate (such as, expected settlement and amortisation); and
- Revolving facilities: for Retail portfolios, asset duration is based on behavioural life and this is normally greater than contractual life. For Wholesale portfolios, a sufficiently long period to cover expected life modelled and an attrition rate is applied to cater for early settlement.

Incorporation of forward-looking information into the IFRS 9 modelling

ECL estimation must reflect an unbiased and probability-weighted estimate of future losses. This is determined by evaluating a range of possible macroeconomic outcomes. Several factors are considered in developing macroeconomic scenarios, including economic growth or contraction, geopolitical uncertainty, expected inflation, sector-specific impacts, business confidence, property prices, household spending, exchange rate fluctuations, unemployment rates, key monetary and fiscal responses initiated by governments and regulatory authorities.

Notes to the annual financial statements

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41. Risk management (continued)

41.2 Credit risk (continued)

Wholesale portfolio (continued)

Determination of the lifetime of a credit exposure (continued)

The Group's probability weightings have been determined such that the baseline scenario has the highest weighting, since it is the most likely outcome, with the probabilities assigned to the upside and downside scenarios being based on qualitative considerations, taking into account that these are moderate upside and downside scenarios, which hence still could be probable.

The following table shows the key forecast assumptions used to calculate the Group's credit impairment charge for the reporting period ended 31 December 2025:

	Baseline				Mild upside				Mild downside			
	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028
Real GDP (%)	4.7	4.9	5.1	5.0	5.5	6.5	6.1	5.9	4.0	3.4	4.2	4.1
CPI (%)	4.2	5.0	5.3	5.6	4.1	4.0	4.0	4.5	4.3	6.5	7.2	8.3
Average policy rate (%)	9.9	9.0	9.0	9.0	9.9	8.3	7.3	7.0	10.2	10.0	10.5	10.5

The following table shows the key forecast assumptions for the three economic scenarios as at 31 December 2024:

	Baseline					Mild upside					Mild downside				
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028
Real GDP (%)	4.9	5.1	5.0	4.9	4.9	5.1	6.0	5.9	5.8	5.7	4.6	4.1	4.2	4.2	4.2
CPI (%)	4.6	5.0	5.2	5.3	6.2	4.5	3.3	4.0	4.5	5.7	4.7	8.1	10.3	9.6	8.5
Average policy rate (%)	12.7	9.9	9.0	9.0	9.0	12.7	9.0	7.0	7.0	7.0	12.7	11.0	12.5	13.5	13.1

In our baseline scenario, we assume a broadly supportive macroeconomic environment despite modest headwinds. A "weak" La Niña phase is expected to temper agricultural performance, but this impact is offset by improving activity in retail and wholesale trade, financial services, and a tick up in construction as the government clears outstanding arrears. GDP growth is therefore expected to remain resilient.

Inflation is projected to stabilise near 5%, remaining within the target band, while monetary policy is expected to continue easing, with the Central Bank Rate likely reaching 9% by early 2026. The Kenyan shilling is anticipated to remain broadly stable in the 129–130 range against the US dollar, supported by adequate FX reserves. Fiscal pressures are expected to persist as revenue collections remain below target and expenditure remains elevated, with a new IMF-supported programme likely only after the 2027 elections. Political spending dynamics ahead of the elections may temporarily amplify fiscal imbalances.

In our upside scenario, we reflect an improved global environment, stronger agricultural output and early agreement on a successor IMF-supported programme. These developments support stronger capital inflows, improved investor sentiment, and higher investment spending. Under this scenario, GDP growth strengthens and inflation remains subdued for longer.

Rapid disinflation allows for more pronounced monetary easing, resulting in further compression in domestic interest rates. The shilling would likely appreciate modestly if external inflows accelerate and confidence improves. Reduced US tariff pressures further support exportoriented sectors.

Incorporation of forward-looking information into the IFRS 9 modelling

In our downside scenario, we assume a weaker global outlook combined with elevated oil prices, resulting in lower financial inflows, heightened exchangerate pressures and softer domestic activity. Agricultural output is negatively affected by adverse weather, while tighter monetary conditions limit credit expansion and slow activity in retail and wholesale trade.

Under this scenario, inflation rises above the midpoint of the target range and may breach the upper bound over the medium term. Policy easing pauses and is eventually reversed as the Central Bank responds to rising inflation and FX pressures. Treasury bill rates would rise amid liquidity constraints and wider fiscal deficits. Failure to reach agreement on a new IMF-supported programme would amplify financing challenges and currency depreciation.

Notes to the annual financial statements

for the year ended 31 December 2025

41. Risk management (continued)

41.2 Credit risk (continued)

Wholesale portfolio (continued)

Sensitivity of expected credit losses

Given the level of uncertainty required in the determination of ECL, the Group has conducted a sensitivity analysis in order to indicate the impact on the ECL when assigning a probability weighting of 100% to each macroeconomic variable scenario. The analysis only reflects the impact of changing the probability assigned to both the baseline and downside scenarios to a 100% and does not include management adjustments required to provide a more appropriate assessment of risk.

Group and Bank	**2025**	2024
Expected credit losses	**Shs' million**	Shs' million
Baseline	**8 679**	7 487
Downside	**17 175**	23 998

Macro impacts decision framework overview

Below is an overview of the decision framework structure required to assess the macro impacts, determine the respective Management Adjustments (MA).

Step 1 – Assess the existing Macro-economic (MEV) model

Step 2 – Analyse the impacts from using

(i) Current MEV models used as the primary basis for the MA's

(ii) MEV model + Judgement used as a base with specific MA's to address model shortfalls.

(iii) Expert Judgement - Rebuild model with fewer/alternative variables ,Replace model scalars with more representative scalars based on assessments as an Alternative approach to incorporating MEV.

Step 3 – Sense check on outputs

Step 4 – Approval of adjustments through appropriate governance

Step 5 – Management Adjustments monitoring

The above framework is to provide a consistent approach to determine Management Adjustments and follow an auditable process with clear governance throughout the process in line with the Banks policy.

Concentrations of credit risk

The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries and countries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or banks of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

Limits on the level of credit risk by product, industry sector and country are approved quarterly by the Board of Directors.

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

Lending limits are reviewed in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

Notes to the annual financial statements

for the year ended 31 December 2025

41. Risk management (continued)

41.2 Credit risk (continued)

Wholesale portfolio (continued)

Collateral

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

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

The principal collateral types held by the Group for loans and advances are:

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

Valuation of collateral taken will be within agreed parameters and will be conservative in value. The valuation is performed by independent registered valuers only on origination or in the course of enforcement actions. Within the corporate sectors, collateral for impaired loans including guarantees and insurance is reviewed regularly and at least annually to ensure that it is still enforceable, and that the impairment allowance remains appropriate given the current valuation.

The Group will consider all relevant factors, including local market conditions and practices, before any collateral is realised.

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for the year ended 31 December 2025

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Notes to the annual financial statements

for the year ended 31 December 2025

41. Risk management (continued)

41.2 Credit risk (continued)

41.2.1 Maximum credit risk exposure

Group and Bank **2025**
Balances with Central Bank of Kenya
Financial assets at FVTPL
Derivative financial assets
Investment securities designated at FVOCI
Investment securities designated at amortised cost
Loans and advances to banks
Balances due from group companies
Other assets
Loans and advances to customers
Total gross maximum exposure to credit risk
Expected credit losses
Total financial assets per the statement of financial position
Off balance sheet exposure

Group and Bank 2024
Balances with Central Bank of Kenya
Financial assets at FVTPL
Derivative financial assets
Investment securities designated at FVOCI
Investment securities designated at amortised cost
Loans and advances to banks
Balances due from group companies
Other assets
Loans and advances to customers
Total gross maximum exposure to credit risk
Expected credit losses
Total financial assets per the statement of financial position
Off balance sheet exposure

Notes to the annual financial statements

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	Gross maximum exposure	12 months expected credit losses - stage 1			Lifetime expected credit losses - stage 2			Credit impaired - stage 3
		DG1-9	DG 10-19	DG 20-21	DG1-9	DG 10-19	DG 20-21	DG 20 – 22
	Shs'million	Shs'million	Shs'million	Shs'million	Shs'million	Shs'million	Shs'million	Shs'million
	10 570	**9 293**	**1 277**	**-**	**-**	**-**	**-**	**-**
	42 513	**42 513**	**-**	**-**	**-**	**-**	**-**	**-**
	1 052	**1 052**	**-**	**-**	**-**	**-**	**-**	**-**
	109 042	**103 634**	**5 408**	**-**	**-**	**-**	**-**	**-**
	8 235	**6 115**	**2 120**	**-**	**-**	**-**	**-**	**-**
	5 630	**5 630**	**-**	**-**	**-**	**-**	**-**	**-**
	17 803	**1 444**	**16 359**	**-**	**-**	**-**	**-**	**-**
	8 844	**8 806**	**38**	**-**	**-**	**-**	**-**	**-**
	339 540	**198 925**	**83 156**	**332**	**-**	**26 191**	**719**	**30 217**
	543 229	**377 412**	**108 358**	**332**	**-**	**26 191**	**719**	**30 217**
	(27 374)	**(26)**	**(3 727)**	**(1 215)**	**-**	**(551)**	**(1 956)**	**(19 899)**
	515 855	**377 386**	**104 631**	**(883)**	**-**	**25 640**	**(1 237)**	**10 318**
	152 464	**64 563**	**69 284**	**20**	**-**	**18 198**	**234**	**165**

	Gross maximum exposure	12 months expected credit losses - stage 1			Lifetime expected credit losses - stage 2			Credit impaired - stage 3
		DG1-9	DG10-19	DG20-21	DG1-9	DG10-19	DG 20 – 21	DG 20 – 22
	Shs'million	Shs'million	Shs'million	Shs'million	Shs'million	Shs'million	Shs'million	Shs'million
	16 517	16 517	-	-	-	-	-	-
	33 470	33 470	-	-	-	-	-	-
	2 010	2 010	-	-	-	-	-	-
	96 068	96 068	-	-	-	-	-	-
	1 049	1 049	-	-	-	-	-	-
	8 086	-	8 086	-	-	-	-	-
	7 289	-	7 289	-	-	-	-	-
	12 370	12 370	-	-	-	-	-	-
	333 510	20 982	229 482	2 963	-	37 333	11 148	31 602
	510 369	182 466	244 857	2 963	-	37 333	11 148	31 602
	(24 481)	(85)	(3 862)	(449)	-	(866)	(2 932)	(16 287)
	485 888	182 381	240 995	2 514	-	36 467	8 216	15 315
	111 115	17 205	65 650	83	-	25 663	2 514	-

Notes to the annual financial statements

for the year ended 31 December 2025

41. Risk management (continued)

41.2 Credit risk (continued)

41.2.2 Analysis of credit risk mitigation and collateral

Group and Bank		Collateral- credit impaired financial assets		
2025	**Exposure relating to on SOFP Shs' million**	**Guarantees credit insurance and credit derivatives Shs' million**	**Physical collateral Shs' million**	**Cash collateral Shs' million**
Cash and balances with Central Bank of Kenya	**10 570**	**-**	**-**	**-**
Loans and advances to banks	**5 630**	**-**	**-**	**-**
Financial assets at fair value through profit or loss	**42 513**	**-**	**-**	**-**
Derivative financial instruments	**1 052**	**-**	**-**	**-**
Financial assets at fair value through other comprehensive income	**109 042**	**-**	**-**	**-**
Financial assets at amortised cost	**8 235**	**-**	**-**	**-**
Due from group companies	**17 803**	**-**	**-**	**-**
Loans and advances to customers	**339 540**	**1 154**	**7 051**	**47**
Other assets and prepaid expenses	**8 844**	**-**	**-**	**-**
Credit exposures relating to off-balance sheet items	**152 464**	**5 295**	**11**	**-**
	695 693	**6 449**	**7 062**	**47**

Group and Bank		Collateral- credit impaired financial assets		
2024	Exposure relating to on SOFP Shs million	Guarantees credit insurance and credit derivatives Shs million	Physical collateral Shs' million	Cash collateral Shs' million
Cash and balances with Central Bank of Kenya	16 517	-	-	-
Loans and advances to banks	8 086	-	-	-
Financial assets at fair value through profit or loss	33 470	-	-	-
Derivative financial instruments	2 010	-	-	-
Financial assets at fair value through other comprehensive income	96 068	-	-	-
Financial assets at amortised cost	1 049	-	-	-
Due from group companies	7 289	-	-	-
Loans and advances to customers	333 510	1 307	7 213	52
Other assets and prepaid expenses	10 770	-	-	-
Credit exposures relating to off-balance sheet items	111 115	-	80	-
	619 884	1 307	7 293	52

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			Collateral – All other financial assets				
Other Shs' million	**Unsecured Shs' million**	**Guarantees credit insurance and credit derivatives Shs' million**	**Physical collateral Shs' million**	**Cash collateral Shs' million**	**Other Shs' million**	**Unsecured Shs' million**	**Net exposure Shs' million**
–	**–**	**–**	**–**	**–**	**–**	**10 570**	**–**
–	**–**	**–**	**–**	**–**	**–**	**5 630**	**–**
–	**–**	**–**	**–**	**–**	**–**	**42 513**	**–**
–	**–**	**–**	**–**	**–**	**–**	**1 052**	**–**
–	**–**	**–**	**–**	**–**	**–**	**109 042**	**–**
–	**–**	**–**	**–**	**–**	**–**	**8 235**	**–**
–	**–**	**–**	**–**	**–**	**–**	**17 803**	**–**
736	**13 039**	**10 803**	**31 276**	**476**	**72**	**274 886**	**–**
–	**–**	**–**	**–**	**–**	**–**	**8 844**	**–**
–	**97**	**746**	**12 444**	**236**	**1 459**	**132 176**	**–**
736	**13 136**	**11 549**	**43 720**	**712**	**1 531**	**610 751**	**–**

			Collateral - All other financial assets				
Other Shs' million	Unsecured Shs' million	Guarantees credit insurance and credit derivatives Shs' million	Physical collateral Shs' million	Cash collateral Shs' million	Other Shs' million	Unsecured Shs' million	Net exposure Shs' million
-	-	-	-	-	-	16 517	-
-	-	-	-	-	-	8 086	-
-	-	-	-	-	-	33 470	-
-	-	-	-	-	-	2 010	-
-	-	-	-	-	-	96 068	-
-	-	-	-	-	-	1 049	-
-	-	-	-	-	-	7 289	-
760	12 409	15 145	39 005	564	103	256 952	-
-	-	-	-	-	-	10 770	-
2	169	1 905	10 949	218	1 213	96 579	-
762	12 578	17 050	49 954	782	1 316	528 790	-

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for the year ended 31 December 2025

41. Risk management (continued)

41.2 Credit risk (continued)

41.2.3 Industry analysis

Group and Bank	**Financial services**	**Government**	**Manufacturing**
2025	**Shs' million**	**Shs' million**	**Shs' million**
Financial assets			
Cash and balances with Central Bank of Kenya	**-**	**19 318**	**-**
Loans and advances to banks	**5 600**	**-**	**-**
Derivative financial instruments	**689**	**-**	**-**
Financial assets at FVTPL	**-**	**42 513**	**-**
Financial assets at FVOCI	**-**	**109 042**	**-**
Financial assets at amortised cost	**-**	**8 220**	**-**
Loans and advances to customers	**9 902**	**-**	**45 358**
	16 191	**179 093**	**45 358**
2024			
Cash and balances with Central Bank of Kenya	-	24 416	-
Loans and advances to banks	8 069	-	-
Derivative financial instruments	1 867	-	-
Financial assets at FVTPL	-	33 470	-
Financial assets at FVOCI	-	96 068	-
Financial assets at amortised cost	-	1 049	-
Loans and advances to customers	9 112	-	50 586
	19 048	155 003	50 586

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Wholesale and retail trade Shs' million	Transportation and communication Shs' million	Agricultural Shs' million	Private individuals Shs' million	Energy Shs' million	Other Shs' million	Total Shs' million
–	**–**	**–**	**–**	**–**	**–**	**19 318**
–	**–**	**–**	**–**	**–**	**–**	**5 600**
84	**23**	**58**	**–**	**–**	**198**	**1 052**
–	**–**	**–**	**–**	**–**	**–**	**42 513**
–	**–**	**–**	**–**	**–**	**–**	**109 042**
–	**–**	**–**	**–**	**–**	**–**	**8 220**
80 109	**15 333**	**14 640**	**126 498**	**11 621**	**8 705**	**312 166**
80 193	**15 356**	**14 698**	**126 498**	**11 621**	**8 903**	**497 911**
–	–	–	–	–	–	24 416
–	–	–	–	–	–	8 069
–	51	25	–	–	67	2 010
–	–	–	–	–	–	33 470
–	–	–	–	–	–	96 068
–	–	–	–	–	–	1 049
75 916	13 469	14 887	123 546	13 363	8 219	309 098
75 916	13 520	14 912	123 546	13 363	8 286	474 180

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for the year ended 31 December 2025

41. Risk management (continued)

41.2 Credit risk (continued)

41.2.4 Financial assets written off during the financial period but still subject to enforcement activities

Contractual amount outstanding on financial assets that were written off during the reporting period but are still subject to enforcement activity:

	2024 Shs'million	2023 Shs'million
Assets written off during financial period still subject to enforcement activities	**10 795**	6 273

41.2.5 Loans and advances to customers

The total impairment provision for loans and advances represents both individually impaired loans and loans assessed on a portfolio basis.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances for the Group and Bank is, as follows:

	Stage 1 Shs'million	Stage 2 Shs'million	Stage 3 Shs'million	Total Shs'million
Gross carrying amount at 1 January 2025	**232 352**	**54 406**	**46 752**	**333 510**
Transfer to Stage 1	**37 786**	**(28 738)**	**(9 048)**	**-**
Transfer to Stage 2	**(285)**	**1 424**	**(1 139)**	**-**
Transfer to Stage 3	**(6 830)**	**(17 202)**	**24 032**	**-**
Financial assets that have been derecognised	**(99 129)**	**(10 174)**	**(2 707)**	**(112 010)**
Write-offs	**-**	**-**	**(10 795)**	**(10 795)**
New financial assets originated	**80 112**	**41 251**	**7 473**	**128 836**
Gross carrying amount at 31 December 2025	**244 006**	**40 967**	**54 568**	**339 541**
Gross carrying amount at 1 January 2024	284 052	38 645	34 913	357 610
Transfer to Stage 1	3 414	(3 401)	(13)	-
Transfer to Stage 2	(12 232)	12 251	(19)	-
Transfer to Stage 3	(9 387)	(4 128)	13 515	-
Financial assets that have been derecognised	(126 576)	(19 176)	(11 568)	(157 320)
Write-offs	-	-	(9 352)	(9 352)
New financial assets originated	93 081	30 215	19 276	142 572
Gross carrying amount at 31 December 2024	232 352	54 406	46 752	333 510

The weighted average effective interest rate on loans and advances at 31 December 2025 was 12.1% (2024: 15.8%).

	Collectively assessed			
	Stage 1 Shs'million	Stage 2 Shs'million	Stage 3 Shs'million	Total Shs'million
Loss allowance at 1 January 2025	**3 341**	**2 965**	**10 245**	**16 551**
Transfer to Stage 1	**2 023**	**(188)**	**(1 835)**	**-**
Transfer to Stage 2	**(294)**	**1 941**	**(1 647)**	**-**
Transfer to Stage 3	**(1 306)**	**(2 144)**	**3 450**	**-**
Financial assets that have been derecognised	**(4 103)**	**(1 452)**	**(433)**	**(5 988)**
Write-offs	**-**	**-**	**(6 480)**	**(6 480)**
New financial assets originated	**4 399**	**615**	**9 117**	**14 131**
Impairment losses at 31 December 2025	**4 060**	**1 737**	**12 417**	**18 214**
Loss allowance at 1 January 2024	3 994	3 277	7 798	15 069
Transfer to Stage 1	547	(538)	(9)	-
Transfer to Stage 2	(193)	208	(15)	-
Transfer to Stage 3	(192)	(1 487)	1 679	-
Financial assets that have been derecognised	(1 511)	(526)	(4 412)	(6 449)
Write-offs	-	-	(5 245)	(5 245)
New financial assets originated	696	2 031	10 449	13 176
Impairment losses at 31 December 2024	3 341	2 965	10 245	16 551

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for the year ended 31 December 2025

41. Risk management (continued)

41.2 Credit risk (continued)

41.2.5 Loans and advances to customers (continued)

	Stage 1 Shs'million	Stage 2 Shs'million	Stage 3 Shs'million	Total Shs'million
Expected credit losses at 1 January 2025	**985**	**834**	**6 042**	**7 861**
Transfer to Stage 1	**446**	**(446)**	**-**	**-**
Transfer to Stage 2	**(29)**	**29**	**-**	**-**
Transfer to Stage 3	**-**	**(333)**	**333**	**-**
Financial assets that have been derecognised	**(952)**	**(89)**	**(583)**	**(1 624)**
Write-offs	**-**	**-**	**(4 316)**	**(4 316)**
New financial assets originated	**648**	**633**	**5 958**	**7 239**
Impairment losses at 31 December 2025	**1 098**	**628**	**7 434**	**9 160**
Expected credit losses at 1 January 2024	1 199	391	5 237	6 827
Transfer to Stage 1	76	(76)	-	-
Transfer to Stage 2	(104)	104	-	-
Transfer to Stage 3	(75)	(283)	358	-
Financial assets that have been derecognised	(324)	(197)	(2 142)	(2 663)
Write-offs	-	-	(1 047)	(1 047)
New financial assets originated	213	895	3 636	4 744
Expected credit losses at 31 December 2024	985	834	6 042	7 861

41.2.6 Balances with Central Bank of Kenya

	Stage 1 Shs'million	Stage 2 Shs'million	Stage 3 Shs'million	Total Shs'million
Gross carrying amount at 1 January 2025	**16 518**	**-**	**-**	**16 518**
Transfer to Stage 1	**-**	**-**	**-**	**-**
Transfer to Stage 2	**-**	**-**	**-**	**-**
Transfer to Stage 3	**-**	**-**	**-**	**-**
Financial assets that have been derecognised	**(5 948)**	**-**	**-**	**(5 948)**
Write-offs	**-**	**-**	**-**	**-**
New financial assets originated	**-**	**-**	**-**	**-**
Impairment losses at 31 December 2025	**10 570**	**-**	**-**	**10 570**
Gross carrying amount at 1 January 2024	16 910	-	-	16 910
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Financial assets that have been derecognised	(392)	-	-	(392)
Write-offs	-	-	-	-
New financial assets originated	-	-	-	-
Gross carrying amount at 31 December 2024	16 518	-	-	16 518

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for the year ended 31 December 2025

41. Risk management (continued)

41.2 Credit risk (continued)

41.2.6 Balances with Central Bank of Kenya (continued)

	Stage 1 Shs'million	Stage 2 Shs'million	Stage 3 Shs'million	Total Shs'million
Expected credit losses at 1 January 2025	**2**	**–**	**–**	**2**
Transfer to Stage 1	**–**	**–**	**–**	**–**
Transfer to Stage 2	**–**	**–**	**–**	**–**
Transfer to Stage 3	**–**	**–**	**–**	**–**
Financial assets that have been derecognised	**–**	**–**	**–**	**–**
Write-offs	**–**	**–**	**–**	**–**
Credit impairment charges	**1**	**–**	**–**	**1**
Expected credit losses at 31 December 2025	**3**	**–**	**–**	**3**
Expected credit losses at 1 January 2024	3	–	–	3
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Financial assets that have been derecognised	(1)	–	–	(1)
Write-offs	–	–	–	–
New financial assets originated	–	–	–	–
Gross carrying amount at 31 December 2024	2	–	–	2

41.2.7 Loans and advances to Bank

	Stage 1 Shs'million	Stage 2 Shs'million	Stage 3 Shs'million	Total Shs'million
Gross carrying amount at 1 January 2025	**8 086**	**–**	**–**	**8 086**
Transfer to Stage 1	**–**	**–**	**–**	**–**
Transfer to Stage 2	**–**	**–**	**–**	**–**
Transfer to Stage 3	**–**	**–**	**–**	**–**
Financial assets that have been derecognised	**(2 456)**	**–**	**–**	**(2 456)**
Write-offs	**–**	**–**	**–**	**–**
New financial assets originated	**–**	**–**	**–**	**–**
Gross carrying amount at 31 December 2025	**5 630**	**–**	**–**	**5 630**
Gross carrying amount at 1 January 2024	1 724	–	–	1 724
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Financial assets that have been derecognised	–	–	–	–
Write-offs	–	–	–	–
New financial assets originated	6 362	–	–	6 362
Gross carrying amount at 31 December 2024	8 086	–	–	8 086

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for the year ended 31 December 2025

41. Risk management (continued)

41.2 Credit risk (continued)

41.2.7 Loans and advances to Bank (continued)

	Stage 1 Shs'million	Stage 2 Shs'million	Stage 3 Shs'million	Total Shs'million
Gross carrying amount at 1 January 2025	**17**	**–**	**–**	**17**
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Financial assets that have been derecognised	–	–	–	–
Write-offs	–	–	–	–
New financial assets originated	**13**	–	–	**13**
Gross carrying amount at 31 December 2025	**30**	**–**	**–**	**30**
Gross carrying amount at 1 January 2024	3	-	-	3
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Write-offs	-	-	-	-
New financial assets originated	14	-	-	14
Gross carrying amount at 31 December 2024	17	-	-	17

41.2.8 Financial assets at FVOCI

	Stage 1 Shs'million	Stage 2 Shs'million	Stage 3 Shs'million	Total Shs'million
Gross carrying amount at 1 January 2025	**96 068**	**–**	**–**	**96 068**
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Financial assets that have been derecognised	–	–	–	–
Write-offs	–	–	–	–
New financial assets originated	**12 974**	–	–	**12 974**
Gross carrying amount at 31 December 2025	**109 042**	**–**	**–**	**109 042**
Gross carrying amount at 1 January 2024	73 644	-	-	73 644
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Write-offs	-	-	-	-
New financial assets originated	22 424	-	-	22 424
Gross carrying amount at 31 December 2024	96 068	-	-	96 068

Notes to the annual financial statements

for the year ended 31 December 2025

41. Risk management (continued)

41.2 Credit risk (continued)

41.2.8 Financial assets at FVOCI (continued)

	Stage 1 Shs'million	Stage 2 Shs'million	Stage 3 Shs'million	Total Shs'million
Expected credit losses at 1 January 2025	**43**	**-**	**-**	**43**
Transfer to Stage 1	**-**	**-**	**-**	**-**
Transfer to Stage 2	**-**	**-**	**-**	**-**
Transfer to Stage 3	**-**	**-**	**-**	**-**
New financial assets originated	**27**	**-**	**-**	**27**
Expected credit losses at 31 December 2025	**70**	**-**	**-**	**70**
Expected credit losses at 1 January 2024	53	-	-	53
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Credit impairment charges	(10)	-	-	(10)
Gross carrying amount at 31 December 2024	43	-	-	43

41.2.9 Financial assets at amortised cost

	Stage 1 Shs'million	Stage 2 Shs'million	Stage 3 Shs'million	Total Shs'million
Gross carrying amount at 1 January 2025	**1 049**	**-**	**-**	**1 049**
Transfer to Stage 1	**-**	**-**	**-**	**-**
Transfer to Stage 2	**-**	**-**	**-**	**-**
Transfer to Stage 3	**-**	**-**	**-**	**-**
Financial assets that have been derecognised	**-**	**-**	**-**	**-**
Write-offs	**-**	**-**	**-**	**-**
New financial assets originated	**7 171**	**-**	**-**	**7 171**
Gross carrying amount at 31 December 2025	**8 220**	**-**	**-**	**8 220**
Gross carrying amount at 1 January 2024	1 062	-	-	1 062
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Financial assets that have been derecognised	(13)	-	-	(13)
Write-offs	-	-	-	-
New financial assets originated	-	-	-	-
Gross carrying amount at 31 December 2024	1 049	-	-	1 049

Notes to the annual financial statements

for the year ended 31 December 2025

41. Risk management (continued)

41.2 Credit risk (continued)

41.2.9 Financial assets at amortised cost (continued)

	Stage 1 Shs'million	Stage 2 Shs'million	Stage 3 Shs'million	Total Shs'million
Expected credit losses at 1 January 2025	**14**	**–**	**–**	**14**
Transfer to Stage 1	**–**	**–**	**–**	**–**
Transfer to Stage 2	**–**	**–**	**–**	**–**
Transfer to Stage 3	**–**	**–**	**–**	**–**
Financial assets that have been derecognised	**–**	**–**	**–**	**–**
New financial assets originated	**1**	**–**	**–**	**1**
Gross carrying amount at 31 December 2025	**15**	**–**	**–**	**15**
Gross carrying amount at 1 January 2024	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
New financial assets originated	14	-	-	14
Gross carrying amount at 31 December 2024	14	-	-	14

41.2.10 Other assets and prepaid expenses

	Stage 1 Shs'million	Stage 2 Shs'million	Stage 3 Shs'million	Total Shs'million
Gross carrying amount at 1 January 2025	**11 415**	**2**	**–**	**11 417**
Transfer to Stage 1	**–**	**–**	**–**	**–**
Transfer to Stage 2	**–**	**–**	**–**	**–**
Transfer to Stage 3	**–**	**–**	**–**	**–**
Financial assets that have been derecognised	**(2 571)**	**–**	**–**	**(2 571)**
Write-offs	**–**	**–**	**–**	**–**
New financial assets originated	**–**	**–**	**–**	**–**
Gross carrying amount at 31 December 2025	**8 844**	**2**	**–**	**8 846**
Gross carrying amount at 1 January 2024	13 325	6	-	13 331
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Financial assets that have been derecognised	(1 963)	-	-	(1 963)
Write-offs	-	(4)	-	(4)
New financial assets originated	-	-	-	-
Gross carrying amount at 31 December 2024	11 362	2	-	11 364

Notes to the annual financial statements

for the year ended 31 December 2025

41. Risk management (continued)

41.2 Credit risk (continued)

41.2.10 Other assets and prepaid expenses

	Stage 1 Shs'million	Stage 2 Shs'million	Stage 3 Shs'million	Total Shs'million
Gross carrying amount at 1 January 2025	**-**	**2**	**-**	**2**
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Write-offs	-	-	-	-
New financial assets originated	-	-	-	-
Gross carrying amount at 31 December 2025	**-**	**2**	**-**	**2**
Gross carrying amount at 1 January 2024	-	6	-	6
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Write-offs	-	(4)	-	(4)
New financial assets originated	-	-	-	-
Gross carrying amount at 31 December 2024	-	2	-	2

41.2.11 Credit exposures relating to off-balance sheet position items

For financial guarantees, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the guarantee was called upon. For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

	Group and Bank	
	2025 Shs'million	Restated 2024 Shs'million
Financial guarantee contracts	**68 977**	44 631
Irrevocable debt facilities *	**80 310**	62 805
Letters of credit *	**3 177**	3 679
	152 464	111 115

*Letters of credit and financial guarantee has been restated by Shs 17 197. The amounts have been summarised in the table above. Refer to note 2.25.1 for further details.

41.3 Market risk

Market risk is the risk that the Group's earnings, capital or business objectives will be adversely impacted by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates, equity prices, commodity prices and credit spread and comprises: -

Traded market risk

The risk of the Bank being impacted by changes in the level or volatility of positions in its trading books, primarily in the Investment Bank.

The risk arises primarily because of client facilitation in wholesale markets. This involves market making, risk management solutions and execution of syndications. Mismatches between client transactions and hedges result in market risk. Trading risk is measured for the trading book, as defined for regulatory purposes and certain banking books. Interest rate risk in the banking book is subjected to the same rigorous measurement and control standards as in the trading book, but the associated sensitivities are reported separately as "interest rate risk in the banking book".

Non-traded market risk

The risk of the Group being exposed to interest rate risk arising from loans, deposits and similar instruments held for longer term strategic purposes rather than for the purpose of profiting from changes in interest rates. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Bank's fair value through profit or loss and FVOCI financial assets.

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for the year ended 31 December 2025

41 Risk management (continued)

41.3 Market risk (continued)

Market risk measurement techniques

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

Value at Risk (VAR)

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

As VAR constitutes an integral part of the Bank's market risk control regime, VAR limits are established by the Board annually for all trading portfolio operations and allocated to business units. Actual exposure against limits is reviewed daily by the Bank's trading desk. The daily VAR for the Bank closed the year at Shs 21.7 million (2024: Shs 20.7 million).

Stress tests

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

41.3.1 Foreign currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Bank's exposure to foreign exchange risk as at 31 December. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency (all amounts expressed in millions of Kenyan Shillings):

	Group and Bank	
	Assets Shs'million	**Liabilities Shs'million**
The carrying amounts of the Group and Bank's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:		
2025		
USD	**181 153**	**181 258**
GBP	**7 737**	**7 739**
Euro	**27 678**	**27 648**
JPY	**3 614**	**3 609**
CHF	**355**	**342**
ZAR	**299**	**293**
Other	**431**	**175**
	221 267	**221 064**
2024		
USD	170 724	170 706
GBP	6 647	6 643
Euro	13 764	13 560
JPY	2 207	2 210
CHF	314	301
ZAR	122	119
Other	297	258
	194 075	193 797

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for the year ended 31 December 2025

41 Risk management (continued)

41.3 Market risk (continued)

41.3.1 Foreign currency risk (continued)

Foreign currency sensitivity analysis

The following table details the Bank's sensitivity to a 10% decrease in the Kenyan Shilling against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end of a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where the Shilling strengthens 10% against the relevant currency. For a 10% weakening of the Shilling against the relevant currency, there would be a comparable impact on the profit and other equity, and the balance below would be negative.

	Group and Bank	
	Assets Shs'million	**Liabilities Shs'million**
The carrying amounts of the Group and Bank's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:		
2025		
USD	**18 115**	**17 072**
GBP	**774**	**665**
Euro	**2 768**	**1 376**
JPY	**361**	**221**
CHF	**35**	**31**
ZAR	**30**	**12**
Other	**43**	**30**
2024		
USD	**(18 126)**	(17 071)
GBP	**(774)**	(664)
Euro	**(2 765)**	(1 356)
JPY	**(361)**	(221)
CHF	**(34)**	(30)
ZAR	**(29)**	(12)
Other	**(17)**	(26)
Effect of 10% change on profit before tax	**20**	27
Income tax effect at 30%	**(6)**	(8)
Effect of 10% change on equity	**14**	19

As at 31 December 2025 if the Shilling had weakened by 10% against the major trading currencies listed above, with all other variables remaining constant, the after-tax profit would have been Shs 14 million (2024: Shs 19 million). If the shilling had strengthened, it would be the reverse.

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41. Risk management (continued)

41.3 Market risk (continued)

41.3.2 Interest rate risk

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The responsibility of managing risk lies with the Assets and Liabilities Committee ("ALCO"). Through this process the Bank monitors compliance within the overall risk policy framework and ensures that the framework is kept up to date. Risk management information is provided on a regular basis to the Country Management Committee (CMC) and the Board.

Interest rate risk arises due to re-pricing differences between assets, liabilities and equity, originating from the provision of retail and wholesale banking products and services (considered core banking activities), together with certain rate insensitive exposures within the balance sheet. This risk impacts both the earnings and economic value of the Bank.

41.3.2.1 Interest rate risk in the banking book reform

Adoption of the Kenya shilling overnight interbank average

The Central Bank of Kenya (CBK) has published the revised Risk-Based Credit Pricing Model (RBCPM) taking effect from 1 December 2025. This framework identifies the Kenya Shilling Overnight Interbank Average (KESONIA) as the common reference rate to be applied for pricing all variable rate Kenya Shilling denominated loans.

KESONIA is a transaction-based benchmark rate reflecting the average interest rate at which banks in Kenya lend and borrow unsecured overnight funds in Kenyan Shillings. The new framework aims to enhance transparency, fairness, and accessibility in lending while strengthening monetary policy transmission ensuring that changes in the Central Bank's policy rate are reflected more effectively in customer loan rates. Where the use of KESONIA is not practical, the customers may use the Central Bank Rate (CBR) as the alternative reference rate. Previously, Kenyan banks priced loans using their own internally determined interbank rates, supplemented with a risk based premium. Within Absa Bank Kenya this was referred to as the Absa Bank Lending Rate (ABR).

The Bank implemented KESONIA for all new variable rate Kenya Shilling loans effective 1 December 2025 and all existing variable-rate loans are to transition to this model by 28 February 2026.

Developments made towards implementing alternative benchmark interest rates

KESONIA/CBR

Following the publication of the Central Bank of Kenya's revised Risk-Based Credit Pricing Model, all new and qualifying existing Shs-denominated variable-rate financial instruments are referenced to CBR plus a bank-specific premium from 1 December 2025. A full migration of existing variable-rate facilities to reference CBR is expected by 28 February 2026. At this stage of the transition, implementation of KESONIA is not yet considered practical due to required system changes. No hedge accounting relationships are expected to be impacted by the transition to the alternate benchmark rates.

The Group has chosen to apply the Phase 2 amendments prospectively from the effective date, without restating comparative figures

The table below provides information on financial instruments that have yet to transition to an alternative benchmark rate as at the end of the reporting period:

	Carrying values of financial instruments impacted by benchmark reform and yet to transition to KESONIA/CBR Shs'million
Non-derivative assets[1]	**108 009**
	108 009

Financial instrument modifications due to IBOR reforms

Instrument modifications due to IBOR reforms

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform if the following conditions are met: the change is necessary as a direct consequence of the reform; and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, i.e. the basis immediately before the change.

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41. Risk management (continued)

41.3 Market risk (continued)

41.3.2 Interest rate risk (continued)

41.3.2.2 Interest rate sensitivity analysis (continued)

Group 2025	Up to 1 month Shs'million	1 - 3 months Shs'million	4 - 12 months Shs'million	Over 1 year Shs'million	Non-interest bearing Shs'million	Total Shs'million
Assets						
Cash and balances with Central Bank of Kenya	-	-	-	-	19 318	19 318
Financial assets at fair value through profit or loss	6	4	9 779	32 724	1 052	43 565
Financial assets at fair value through other comprehensive income	10 750	12 000	50 154	36 138	-	109 042
Financial assets at amortised cost	-	-	-	8 220	-	8 220
Deposits and balances due from banking institutions	5 600	-	-	-	-	5 600
Due from group companies	17 803	-	-	-	-	17 803
Loans and advances to customers	274 833	1 324	4 136	31 873	-	312 166
Total assets	308 992	13 328	64 069	108 955	20 370	515 714
Liabilities						
Deposits and balances due to banking institutions	13 036	-	214	-	-	13 250
Due to group companies	1 815	13 159	-	-	-	14 974
Deposits from customers	278 839	27 626	49 228	16 690	-	372 383
Borrowings	3 226	12 905	515	-	-	16 646
Total liabilities	296 916	53 690	49 957	16 690	-	417 253
Interest rate sensitivity gap	12 076	(40 362)	14 112	92 265	20 370	98 461

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41. Risk management (continued)

41.3 Market risk (continued)

41.3.2 Interest rate risk (continued)

41.3.2.2 Interest rate sensitivity analysis (continued)

Bank 2025	Up to 1 month Shs'million	1 - 3 months Shs'million	4 - 12 months Shs'million	Over 1 year Shs'million	Non-interest bearing Shs'million	Total Shs'million
Assets						
Cash and balances with Central Bank of Kenya	–	–	–	–	19 318	19 318
Financial assets at fair value through profit or loss	6	4	9 779	32 724	1 052	43 565
Financial assets at fair value through other comprehensive income	10 750	12 000	50 154	35 004	–	107 908
Financial assets at amortised cost	–	–	–	8 220	–	8 220
Deposits and balances due from banking institutions	5 600	–	–	–	–	5 600
Due from group companies	17 891	–	–	–	–	17 891
Loans and advances to customers	274 833	1 324	4 136	31 873	–	312 166
Total assets	**309 080**	**13 328**	**64 069**	**107 821**	**20 370**	**514 668**
Liabilities						
Deposits and balances due to banking institutions	13 036	–	214	–	–	13 250
Due to group companies	1 970	13 157	–	–	–	15 127
Deposits from customers	284 881	27 626	49 228	16 690	–	378 425
Borrowings	3 226	12 905	515	–	–	16 646
Total liabilities	**303 113**	**53 688**	**49 957**	**16 690**	**–**	**423 448**
Interest rate sensitivity gap	**5 967**	**(40 360)**	**14 112**	**91 131**	**20 370**	**91 220**

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for the year ended 31 December 2025

41. Risk management (continued)

41.3 Market risk (continued)

41.3.2 Interest rate risk (continued)

41.3.2.2 Interest rate sensitivity analysis (continued)

Group 2024	Up to 1 month Shs'million	1 - 3 months Shs'million	4 - 12 months Shs'million	Over 1 year Shs'million	Non-interest bearing Shs'million	Total Shs'million
Assets						
Cash and balances with Central Bank of Kenya	-	-	-	-	24 416	24 416
Financial assets at fair value through profit or loss	20	1 046	15 837	13 591	2 976	33 470
Financial assets at fair value through other comprehensive income	2 000	11 027	49 008	34 033	-	96 068
Financial assets at amortised cost	1 049	-	-	-	-	1 049
Deposits and balances due from banking institutions	8 069	-	-	-	-	8 069
Due from group companies	6 982	-	-	-	307	7 289
Loans and advances to customers	236 791	2 788	10 337	59 182	-	309 098
Total assets	254 911	14 861	75 182	106 806	27 699	479 459
Liabilities						
Deposits and balances due to banking institutions	5 524	1 292	-	-	229	7 045
Due to group companies	3 972	-	-	713	1 369	6 054
Deposits from customers	127 006	40 012	76 155	120 691	3 251	367 115
Borrowings	-	19 640	-	-	90	19 730
Total liabilities	136 502	60 944	76 155	121 404	4 939	399 944
Interest rate sensitivity gap	118 409	(46 083)	(973)	(14 598)	22 760	79 515

Notes to the annual financial statements

for the year ended 31 December 2025

41. Risk management (continued)

41.3 Market risk (continued)

41.3.2 Interest rate risk (continued)

41.3.2.2 Interest rate sensitivity analysis (continued)

Bank 2024	**Up to 1 month Shs'million**	**1 - 3 months Shs'million**	**4 - 12 months Shs'million**	**Over 1 year Shs'million**	**Non-interest bearing Shs'million**	**Total Shs'million**
Assets						
Cash and balances with Central Bank of Kenya	-	-	-	-	24 416	24 416
Financial assets at fair value through profit or loss	20	1 046	15 837	13 591	2 976	33 470
Financial assets at fair value through other comprehensive income	2 000	11 027	49 008	33 325	-	95 360
Financial assets at amortised cost	1 049	-	-	-	-	1 049
Deposits and balances due from banking institutions	8 069	-	-	-	-	8 069
Due from group companies	6 982	-	-	-	644	7 626
Loans and advances to customers	236 791	2 788	10 337	59 182	-	309 098
Total assets	254 911	14 861	75 182	106 098	28 036	479 088
Liabilities						
Deposits and balances due to banking institutions	5 524	1 292	-	-	229	7 045
Due to group companies	3 972	-	-	713	1 383	6 068
Deposits from customers	127 006	40 012	76 155	125 450	3 251	371 874
Borrowings	-	19 640	-	-	90	19 730
Total liabilities	136 502	60 944	76 155	126 163	4 953	404 717
Interest rate sensitivity gap	118 409	(46 083)	(973)	(20 065)	23 083	74 371

Notes to the annual financial statements

for the year ended 31 December 2025

41. Risk management (continued)

41.3 Market risk (continued)

41.3.2 Interest rate risk (continued)

41.3.2.2 Interest rate sensitivity analysis (continued)

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Group	1% Increase in interest rate 2025 Shs'million	1% Decrease in interest rates 2025 Shs'million	1% Increase in interest rate 2024 Shs'million	1% Decrease in interest rates 2024 Shs'million
Changes in profit				
Increase/(decrease) in profit before tax	**1 140**	**(1 400)**	721	(1 397)
(Decrease)/increase in income tax	**(342)**	**420**	(216)	419
Increase/(decrease) in equity	**798**	**(980)**	505	(978)

As at 31 December 2025 if interest rates were to increase/decrease by 1%, with all other variables remaining constant, the after-tax profit would have been Shs 798 million.

41.4 Liquidity risk

Confidence in an organisation, and hence liquidity, can be affected by a range of institution specific and market-wide events including, amongst others, market rumours, credit events, payment system disruptions, systemic shocks, and even natural disasters.

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

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

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

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

Liquidity risk management process

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

- Liquidity stress testing;
- Liquidity planning (funding plans, contingency funding plans, recovery and resolution planning);
- Reporting and behavioural balance sheet analysis;
- Funds transfer pricing; and – defined management actions to mitigate risk.

Notes to the annual financial statements

for the year ended 31 December 2025

41. Risk management (continued)

41.4 Liquidity risk (continued)

Stress and scenario testing:

Under the Liquidity Risk Framework, the Group has established the Liquidity Risk Appetite ("LRA"), which is the level of liquidity risk the Group chooses to take in pursuit of its business objectives and in meeting its regulatory obligations.

It is measured with reference to anticipated stressed net contractual and contingent outflows for a variety of stress scenarios and is used to size the liquidity pool. Stress testing is undertaken to assess and plan for the impact of various scenarios which may put the Group's liquidity at risk. Stress tests consider both institution-specific and market-wide scenarios separately and on a combined basis. Treasury develops and monitors stress tests on the Group's projected cash flows.

These stress scenarios include the Group's specific scenarios such as unexpected operational problems and external sources such as country crises, payment system disruption and macroeconomic shocks. Stress testing also allows the Group to identify appropriate responses to crises, setting liquidity limits, sources of stress funding and liquidity buffers as well as formulating a funding strategy designed to minimise liquidity risk. The results of the stress tests are therefore used to develop the CFP (Contingency Funding Plan) and are taken into account when setting limits for the management of liquidity risk and the business planning process.

The Group maintains a range of early warning indicators ("EWIs"). These assist in informing management on deciding whether the CFP should be invoked. Each operation must adopt and conform to the Company CFP and establish local processes and procedures for managing local liquidity stresses that are consistent with the Group's level plan. The CFPs set out the specific requirements to be undertaken locally in a crisis situation. This could include monetising the liquidity pool, slowing the extension of credit, increasing the tenor of funding and securitising or selling assets.

The Group CFP is regularly tested and updated so as to ensure that it is operationally robust. Diversification Sources of liquidity are regularly reviewed by a separate team within Treasury to maintain a wide diversification by provider, product and term. In addition, to avoid reliance on a particular group of customers or market sectors the distribution of sources and the maturity profile of deposits are also carefully managed. Important factors in assuring liquidity are strength of relationships and the maintenance of depositors' confidence. Such confidence is based on the Group's reputation and relationship with those clients, the strength of earnings and the Group's financial position.

Assets held for managing liquidity risk

The Group maintains a portfolio of highly marketable assets, which includes a diverse portfolio of cash and high-quality liquid securities to support payment obligations and contingent funding in a stressed market environment. The Group's assets that may be held for managing liquidity risk may comprise cash deposits with the Central bank/monetary authority and/or holdings of high-quality eligible liquid assets, such as, for example, government bonds or other securities that would be readily acceptable in repurchase agreements.

Funds transfer pricing

Liquidity costs, benefits and risk should be clearly and transparently attributed to business lines and understood by business line management. The Group Treasury and ALCO are responsible for implementing a "funds transfer pricing" mechanism as a means of communicating and disseminating the cost of liquidity risk.

Group deploys liquidity risk funds transfer pricing processes as a means of controlling the behavioural profile of the Group's balance sheet. Funds transfer pricing incentivises business units to manage assets and liabilities in accordance with the Group liquidity risk appetite.

Structural liquidity

An important source of structural liquidity is provided by core deposits; mainly current accounts and savings accounts. Although current accounts are repayable on demand and savings accounts on short notice, the Group's broad base of customers numerically and by depositor type helps to protect against unexpected fluctuations. Such accounts form a stable funding base for the Group's operations and liquidity needs.

Notes to the annual financial statements
for the year ended 31 December 2025

41. Risk management (continued)

41.4 Liquidity risk (continued)

Sources of liquidity risk

Group has material liquidity risk exposure arising from the following sources:

- Wholesale secured and unsecured funding risk

  Wholesale funding providers are a key source of liquidity funding for the Group operations. A disruption to wholesale markets could impact the Group's ability to effectively fund certain business activities.

- Retail funding risk

  Most retail loans and advances are funded by customer deposits. A material loss of retail deposit funding could arise through a lack of confidence in the Group name or credit worthiness; and could impact the Group's ability to effectively fund retail banking operations.

- Contingent liquidity risks

  The Group could experience material cash outflows arising from contingent events such as rating downgrade triggers, off balance sheet transactions, drawdowns of unused credit facilities and the early termination of derivative transactions.

- Concentration risk

  Concentrations in the sources of funding utilised by the Group can give rise to liquidity risk if access to any of these sources is disrupted. Other funding source represent risk to the Group when these sources are subject to material counterparties, markets, currencies, tenors or instrument types. The table below represents the undiscounted cash flows payable by the Bank under non – derivative financial liabilities by remaining contractual liabilities at the reporting date.

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for the year ended 31 December 2025

41. Risk management (continued)

41.4 Liquidity risk (continued)

Group and Bank	Undiscounted maturity On demand Shs'million	Within 1 year Shs'million	1 – 5 years Shs'million	More than 5 years Shs'million	Total Shs'million	Discounted contractual maturity Total Shs'million
2025						
Non-derivative financial assets						
Cash and balances with Central Bank of Kenya	19 318	–	–	–	19 318	19 318
Financial assets at fair value through profit or loss	–	10 415	35 183	7 650	53 248	42 513
Financial assets at fair value through other comprehensive income	–	76 806	38 209	18 710	133 725	109 042
Financial assets at amortised cost	–	–	4 664	8 650	13 314	8 220
Deposits and balances due from banking institutions	5 600	–	–	–	5 600	5 600
Due from group companies	329	19 089	–	–	19 418	17 803
Loans and advances to customers	–	144 599	176 478	80 310	401 387	312 166
Other assets	–	8 844	–	–	8 844	8 844
Total non-derivative financial assets	25 247	259 753	254 534	115 320	654 854	523 506
Non-derivative financial liabilities						
Deposits and balances due to banking institutions	13 250	–	–	–	13 250	13 250
Due to group companies	14 634	371	–	–	15 005	14 974
Deposits from customers	269 657	118 178	3 135	3 867	394 837	372 383
Borrowings	–	–	1 599	20 007	21 606	16 646
Other liabilities	1 425	17 363	–	–	18 788	17 319
Other financial liabilities – Lease liabilities	–	583	1 284	–	1 867	1 453
Total non-derivative financial liabilities	298 966	136 495	6 018	23 874	465 353	436 025
Liquidity gap	(273 719)	123 258	248 516	91 446	189 501	87 481
Off - statement of financial position						
Guarantee and performance bonds	68 977	–	–	–	68 977	68 977
Loan commitments	80 310	–	–	–	80 310	80 310
Letters of credit	3 177	–	–	–	3 177	3 177
Total off - statement of financial position	152 464	–	–	–	152 464	152 464

Notes to the annual financial statements

for the year ended 31 December 2025

41. Risk management (continued)

41.4 Liquidity risk (continued)

Group and Bank	Undiscounted maturity On demand Shs'million	Within 1 year Shs'million	1 – 5 years Shs'million	More than 5 years Shs'million	Total Shs'million	Discounted contractual maturity Total Shs'million
2024						
Cash and balances with Central Bank of Kenya	24 416	-	-	-	24 416	24 416
Financial assets at fair value through profit or loss	-	20 105	9 277	16 617	45 999	33 470
Financial assets at fair value through other comprehensive income	-	78 353	39 514	14 542	132 409	96 068
Financial assets at amortised cost	-	-	1 107	-	1 107	1 049
Deposits and balances due from banking institutions	8 086	-	-	-	8 086	8 086
Due from group companies	174	7 950	-	-	8 124	7 289
Loans and advances to customers	-	149 766	210 308	81 686	441 760	309 098
Other financial assets	-	11 362	-	-	11 362	11 362
Total non-derivative financial assets	32 676	267 536	260 206	112 845	673 263	490 838
Non-derivative financial liabilities						
Deposits and balances due to banking institutions	7 045	-	-	-	7 045	7 045
Due to Central Bank of Kenya	963	5 688	-	-	6 651	6 054
Deposits from customers	234 380	144 126	10 335	-	388 841	367 115
Borrowings	-	-	1 945	32 522	34 467	19 731
Other liabilities	1 896	17 942	-	-	19 838	17 954
Other financial liabilities – Lease liabilities	-	667	1 457	-	2 124	1 633
Total non-derivative financial liabilities	244 284	168 423	13 737	32 522	458 966	419 532
Liquidity gap	(211 608)	99 113	246 469	80 323	214 297	71 306
Off - statement of financial position						
Guarantee and performance bonds[1]	44 631	-	-	-	44 631	44 631
Loan commitments*	62 805	-	-	-	62 805	62 805
Letters of credit[1]	3 679	-	-	-	3 679	3 679
Total off - statement of financial position	111 115	-	-	-	111 115	111 115

* The other assets that meet the definition of financial assets have been included in the table.

[1]Prior year numbers have been restated, refer to note 2.25.1 for further details.

Notes to the annual financial statements

for the year ended 31 December 2025

41. Risk management (continued)

41.4 Liquidity risk (continued)

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The principal differences are as follows:

- demand deposits from customers are expected to remain stable or increase.
- unrecognised loan commitments are not all expected to be drawn down immediately.

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, and other financial securities, which can be readily sold to meet liquidity requirements.

Group	On demand Shs'million	Within 1 year Shs'million	1 – 5 years Shs'million	Total Shs'million
2025				
Cash and balances with Central Bank of Kenya	**19 318**	**-**	**-**	**19 318**
Financial assets at fair value through other comprehensive income (Note 19)	**-**	**73 010**	**36 032**	**109 042**
Assets held for managing liquidity	**19 318**	**73 010**	**36 032**	**128 360**
2024				
Cash and balances with Central Bank of Kenya	24 347	-	-	24 347
Financial assets at fair value through other comprehensive income (Note 19)	-	63 043	33 025	96 068
Assets held for managing liquidity	24 347	63 043	33 025	120 415

Derivative liabilities

The table below analyses the Bank's derivative financial instruments that are settled on a gross basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Contractual maturities are assessed to be essential for an understanding of the timing of the cash flows on all derivatives. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 December 2025	Notional amount	On demand	Within 1 year	More than 5 years
Derivative liabilities held for trading	**(68 727)**	**-**	**-**	**-**
Outflow	**-**	**(68 727)**	**-**	**-**
	(68 727)	**(68 727)**	**-**	**-**
31 December 2024				
Derivative liabilities held for trading	(67 935)	-	-	-
Outflow	-	(67 935)	-	-
	(67 935)	(67 935)	-	-

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for the year ended 31 December 2025

41. Risk management (continued)

41.5 Capital risk management

The risk weighted assets are measured using the Risk weights prescribed under the Central Bank prudential guidelines.

Capital risk is the risk that the Bank is unable to maintain adequate levels of capital which could lead to an inability to:

(i) support business activity;

(ii) a failure to meet regulatory requirements;

(iii) changes to credit ratings, which could also result in increased costs or reduced capacity to raise funding.

Our objectives are achieved through well embedded capital management practices:

Primary objectives and core practices:

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

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

Capital planning

Capital forecasts are managed through both Short Term (Year 1 monthly) and Medium Term (3 year) financial planning cycles. The capital plan is developed with the objective of maintaining capital that is adequate in quantity and quality to support our risk profile and business needs. Local management ensures compliance with an entity's minimum regulatory capital requirements by reporting to Asset and Liability Committee (ALCO).

Regulatory capital

The Bank maintains a ratio of total regulatory capital to its risk-weighted above a minimum level prescribed by the Central Bank of Kenya. The Bank's regulatory capital is managed by its Treasury and comprises two tiers:

(i) Tier 1 capital:

- Share capital,
- Retained earnings, excluding unrealised gains arising on the fair valuation of fair value through other comprehensive income investments; and

(ii) Tier 2 capital:

- Statutory reserve;
- Medium term note; and
- Subordinated loan capital.

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41.. Risk management (continued)

41.5 Capital risk management (continued)

Regulatory capital (continued)

Bank	Regulatory minimum	As at 31 Dec 2024 Shs'million	As at 31 Dec 2023 Shs'million
Tier 1	10.5%	**18.3%**	17.0%
Total capital	14.5%	**21.0%**	20.7%
Tier 1 Capital	**1 000**	**82 414**	72 331
Ordinary share capital		**2 716**	2 716
Retained earnings		**79 698**	69 877
Less: Deferred tax asset		**-**	(262)
Tier 2 Capital		**12 122**	15 579
Subordinated debt		**12 122**	15 579
Total regulatory capital	**1 000**	**94 536**	87 910
Total risk weighted assets		**450 231**	424 835
Total shareholders' equity/capital resources		**93 515**	80 177
Core capital/total deposit liabilities	**8.0%**	**22.3%**	19.9%
Liquidity ratio	**20.0%**	**45.6%**	42.5%

42. Maturity analysis of assets and liabilities

The table below provides detail on the contractual maturity and mismatch position of all financial instruments and other assets and liabilities. Derivatives and trading portfolio assets are included in the 'within 12 months' time bucket at their fair value. Liquidity risk on these items is not managed based on contractual maturity since they are not held for settlement according to such maturity and will frequently be settled before contractual maturity at fair value. Borrowed funds have been included based on contractual maturities.

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42. Maturity analysis of assets and liabilities (continued)

Group

As at 31 December 2025	Within 12 months Shs'million	After 12 months Shs'million	Total Shs'million
Assets			
Cash and balances with Central Bank of Kenya	19 318	-	19 318
Loans and advances to banks	5 600	-	5 600
Financial assets at fair value through profit or loss	9 791	32 722	42 513
Derivative financial assets	1 052	-	1 052
Financial assets at fair value through other comprehensive income	73 081	35 961	109 042
Financial assets at amortised cost	-	8 220	8 220
Due from group companies	17 803	-	17 803
Loans and advances to customers	107 626	204 540	312 166
Other assets and prepaid expenses	9 799	-	9 799
Current income tax receivable	1 905	-	1 905
Non-current assets held for sale	-	47	47
Property and equipment	-	2 638	2 638
Intangible assets	-	1 395	1 395
Prepaid operating lease rentals	-	29	29
Deferred income tax	-	6 121	6 121
Total assets	245 975	291 673	537 648
Liabilities			
Deposits from banks	13 250	-	13 250
Derivative financial instruments	1 059	-	1 059
Due to group companies	14 974	-	14 974
Deposits from customers	370 699	1 684	372 383
Borrowings	-	16 646	16 646
Other liabilities and accrued expenses	18 772	-	18 772
Retirement benefit liability	44	-	44
Total liabilities	418 798	18 330	437 128
Net	(172 823)	273 343	100 520

Notes to the annual financial statements

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42. Maturity analysis of assets and liabilities (continued)

Group As at 31 December 2024	Within 12 months Shs'million	After 12 months Shs'million	Total Shs'million
Assets			
Cash and balances with Central Bank of Kenya	24 416	-	24 416
Loans and advances to banks	8 069	-	8 069
Financial assets at fair value through profit or loss	33 470	-	33 470
Derivative financial assets	2 010	-	2 010
Financial assets at fair value through other comprehensive income	63 043	33 025	96 068
Financial assets at amortised cost	-	1 049	1 049
Due from group companies	7 289	-	7 289
Loans and advances to customers	149 781	159 317	309 098
Other assets and prepaid expenses	12 420	-	12 420
Current income tax receivable	814	-	814
Non-current assets held for sale	-	47	47
Property and equipment	-	2 884	2 884
Intangible assets	-	1 209	1 209
Prepaid operating lease rentals	-	30	30
Deferred income tax	-	7 603	7 603
Total assets	301 312	205 164	506 476
Liabilities			
Deposits from banks	7 045	-	7 045
Derivative financial instruments	1 232	421	1 653
Due to group companies	6 054	-	6 054
Deposits from customers	=== 364 761	2 354	367 115
Borrowings	-	19 730	19 730
Other liabilities and accrued expenses	19 586	-	19 586
Retirement benefit liability	88	-	88
Total liabilities	398 766	22 505	421 271
Net	(97 454)	182 659	85 205

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42. Maturity analysis of assets and liabilities (continued)

Bank

As at 31 December 2025	Within 12 months Shs'million	After 12 months Shs'million	Total Shs'million
Assets			
Cash and balances with Central Bank of Kenya	19 318	-	19 318
Loans and advances to banks	5 600	-	5 600
Financial assets at fair value through profit or loss	9 791	32 722	42 513
Derivative financial instruments	1 052	-	1 052
Financial assets at FVOCI	72 534	35 374	107 908
Financial assets at amortised cost	-	8 220	8 220
Due from group companies	17 891	-	17 891
Loans and advances to customers	107 626	204 540	312 166
Other assets and prepaid expenses	9 637	-	9 637
Investment in subsidiaries and other investments	-	463	463
Current income tax receivable	1 848	-	1 848
Non-current assets held for sale	-	47	47
Property and equipment	-	2 634	2 634
Other intangible assets	-	1 352	1 352
Leasehold land	-	29	29
Deferred income tax	-	6 056	6 056
Total assets	245 297	291 437	536 734
Liabilities			
Deposits from banks	13 250	-	13 250
Derivative financial instruments	1 059	-	1 059
Due to group companies	15 127	-	15 127
Deposits from customers	376 741	1 684	378 425
Borrowings	-	16 646	16 646
Other liabilities and accrued expenses	18 668	-	18 668
Retirement benefit liability	44	-	44
Total liabilities	424 889	18 330	443 219
Net	(179 592)	273 107	93 515

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42. Maturity analysis of assets and liabilities (continued)

Bank	Within 12 months	After 12 months	Total
As at 31 December 2024	Shs'million	Shs'million	Shs'million
Assets			
Cash and balances with Central Bank of Kenya	24 416	-	24 416
Loans and advances to banks	8 069	-	8 069
Financial assets at fair value through profit or loss	33 470	-	33 470
Derivative financial instruments	2 010	-	2 010
Financial assets at FVOCI	63 043	32 317	95 360
Financial assets at amortised cost	-	1 049	1 049
Due from group companies	7 626	-	7 626
Loans and advances to customers	149 781	159 317	309 098
Other assets and prepaid expenses	12 383	-	12 383
Investment in subsidiaries and other investments	-	463	463
Current income tax receivable	598	-	598
Non-current assets held for sale	-	47	47
Property and equipment	-	2 879	2 879
Other intangible assets	-	1 109	1 109
Leasehold land	-	30	30
Deferred income tax	-	7 522	7 522
Total assets	301 396	204 733	506 129
Liabilities			
Deposits from banks	7 045	-	7 045
Derivative financial instruments	1 653	-	1 653
Due to group companies	6 068	-	6 068
Deposits from customers	369 520	2 354	371 874
Borrowings	-	19 730	19 730
Other liabilities and accrued expenses	19 494	-	19 494
Retirement benefit liability	88	-	88
Total liabilities	403 868	22 084	425 952
Net	(102 472)	182 649	80 177

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for the year ended 31 December 2025

43. Fair value hierarchy disclosures

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 following table shows the Group's assets and liabilities that are recognised and subsequently measured at fair value and are analysed by valuation techniques. The classification of assets and liabilities is based on the lowest level input that is significant to the fair value measurement in its entirety

43.1 Assets and liabilities held at fair value

Group

2025 **Recurring fair value measurements**	**Level 1** **Shs'million**	**Level 2** **Shs'million**	**Level 3** **Shs'million**	**Total** **Shs'million**
Financial assets				
Fair value through profit or loss:	-	**41 908**	**-**	**41 908**
Government trading securities	**-**	**-**	**605**	**605**
Corporate bonds	**-**	**1 052**	**-**	**1 052**
Derivatives financial assets				
Fair value through OCI:	**-**	**109 042**	**-**	**109 042**
Government securities				
Financial liabilities				
Fair value through profit or loss:				
Derivatives financial liabilities	**-**	**(1 059)**	**-**	**(1 059)**
	-	**150 943**	**605**	**151 548**
2024				
Financial assets				
Fair value through profit or loss:	-	33 470	-	33 470
Government trading securities	-	2 010	-	2 010
Derivatives financial assets				
Fair value through OCI:	-	96 068	-	96 068
Government securities				
Financial liabilities				
Fair value through profit or loss:				
Derivatives financial liabilities	-	(1 653)	-	(1 653)
	-	129 895	-	129 895

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43. Fair value hierarchy disclosures

43.1 Assets and liabilities held at fair value

Bank

2025 **Recurring fair value measurements**	**Level 1** **Shs'million**	**Level 2** **Shs'million**	**Level 3** **Shs'million**	**Total** **Shs'million**
Financial assets				
Fair value through profit or loss:	**–**	**41 908**	**–**	**41 908**
Government trading securities	**–**	**–**	**605**	**605**
Corporate bonds	**–**	**1 052**	**–**	**1 052**
Derivatives financial assets				
Fair value through OCI:	**–**	**107 908**	**–**	**107 908**
Government securities				
Financial liabilities				
Fair value through profit or loss:				
Derivatives financial liabilities	**–**	**(1 059)**	**–**	**(1 059)**
	–	**149 809**	**605**	**150 414**
2024				
Financial assets				
Fair value through profit or loss:	-	33 470	-	33 470
Government trading securities	-	2 010	-	2 010
Derivatives financial assets				
Fair value through OCI:	-	95 360	-	95 360
Government securities				
Financial liabilities				
Fair value through profit or loss:				
Derivatives financial liabilities	-	(1 653)	-	(1 653)
	-	129 187	-	129 187

During the year, there were no transfers of financial instruments into and out of level 1, 2 and 3 hierarchy.

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43. Fair value disclosures (continued)

43.2 Financial assets and financial liabilities not held at fair value

2025 Group	Carrying amount Shs'million	Fair value Shs'million	Level 1 Shs'million	Level 2 Shs'million	Level 3 Shs'million
Assets at amortised cost					
Cash and balances with Central Bank of Kenya	**19 318**	**19 318**	**-**	**19 318**	**-**
Loans and advances to banks	**5 600**	**5 600**	**-**	**-**	**5 600**
Investment securities	**8 220**	**13 314**	**-**	**10 120**	**3 194**
Due from group companies	**17 803**	**17 803**	**-**	**-**	**17 803**
Loans and advances to customers	**312 166**	**317 425**	**-**	**-**	**317 425**
Other assets	**8 844**	**8 844**	**-**	**-**	**8 844**
Total	**371 951**	**382 304**	**-**	**29 438**	**352 866**
Liabilities at amortised cost					
Deposits from banks	**13 250**	**13 250**	**-**	**13 250**	**-**
Due to group companies	**14 974**	**14 974**	**-**	**-**	**14 974**
Deposits from customers	**372 383**	**372 383**	**-**	**-**	**372 383**
Borrowings	**16 646**	**15 896**	**-**	**-**	**15 896**
Other liabilities and accrued expenses	**18 772**	**18 772**	**-**	**-**	**18 772**
Total	**436 025**	**435 275**	**-**	**13 250**	**422 025**
2024					
Assets at amortised cost					
Cash and balances with Central Bank of Kenya	24 347	24 347	-	24 347	-
Loans and advances to banks	8 069	8 069	-	-	8 069
Investment securities	1 049	1 107	-	1 107	-
Due from group companies	7 289	7 289	-	-	7 289
Loans and advances to customers	309 098	318 980	-	-	318 980
Other assets	11 362	11 362	-	-	-
Total	361 214	371 154	-	25 454	334 338
Liabilities at amortised cost					
Deposits from banks	7 045	7 045	-	7 045	-
Due to group companies	6 054	6 054	-	-	6 054
Deposits from customers	367 115	367 115	-	-	367 115
Borrowings	19 730	12 340	-	-	12 340
Other liabilities and accrued expenses	19 587	19 587	-	-	19 587
Total	419 531	412 141	-	7 045	405 096

The fair value for loans and advances to customers, investment securities and borrowing has been estimated using valuation models i.e discounted cash flow techniques. Inputs into the valuation techniques includes expected lifetime credit losses, interests rates, prepayments rates and primary origination or secondary market spreads.

Customer deposits payable within 12 months typically constitute deposits that are payable within 6 months (fixed) or call deposits (payable at the option of demand by the customer). The fair value for due to group companies, deposits from customers, deposits from banks and other liabilities and accrued expense is therefore estimated to approximate the carrying amount due to its short-term nature.

The fair value for cash and cash equivalents and loans and advances to banks is estimated using the carrying amount since the amounts are receivable on demand as at the reporting date.

The fair value of the financial assets included in other assets approximates the carrying amounts due to their short-term nature.

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43. Fair value disclosures (continued)

43.2 Financial assets and financial liabilities not held at fair value (continued)

2025 Bank	**Carrying amount Shs'million**	**Fair value Shs'million**	**Level 1 Shs'million**	**Level 2 Shs'million**	**Level 3 Shs'million**
Assets at amortised cost					
Cash and balances with Central Bank of Kenya	**19 318**	**19 318**	**-**	**19 318**	**-**
Loans and advances to banks	**5 600**	**5 600**	**-**	**-**	**5 600**
Investment securities	**8 220**	**13 314**	**-**	**10 120**	**3 194**
Due from group companies	**17 891**	**17 891**	**-**	**-**	**17 891**
Loans and advances to customers	**312 166**	**317 425**	**-**	**-**	**317 425**
Other assets	**8 685**	**8 685**	**-**	**-**	**8 685**
Total	**371 880**	**382 233**	**-**	**29 438**	**352 795**
Liabilities at amortised cost					
Deposits from banks	**13 250**	**13 250**	**-**	**13 250**	**-**
Due to group companies	**15 127**	**15 127**	**-**	**-**	**15 127**
Deposits from customers	**378 425**	**378 425**	**-**	**-**	**378 425**
Borrowings	**16 646**	**15 896**	**-**	**-**	**15 896**
Other liabilities and accrued expenses	**18 668**	**18 668**	**-**	**-**	**18 668**
Total	**442 116**	**441 366**	**-**	**13 250**	**428 116**
2024					
Assets at amortised cost					
Cash and cash equivalents	24 347	24 347	-	24 347	-
Loans and advances to banks	8 069	8 069	-	-	8 069
Government securities	1 049	1 107	-	1 107	-
Due from group companies	7 626	7 626	-	-	7 626
Loans and advances to customers	309 098	318 980	-	-	318 980
Total	350 189	360 129	-	25 454	334 675
Liabilities at amortised cost					
Deposits from banks	7 045	7 045	-	7 045	-
Due to group companies	6 068	6 068	-	-	6 068
Deposits from customers	371 874	371 874	-	-	371 874
Borrowings	19 730	12 340	-	-	12 340
Other liabilities and accrued expenses	19 491	19 491	-	-	19 491
Total	424 208	416 818	-	7 045	409 773

The fair value for both loans and advances to customers and borrowing has been estimated using valuation models i.e discounted cash flow techniques. Inputs into the valuation techniques includes expected lifetime credit losses, interests rates, prepayments rates and primary origination or secondary market spreads.

Customer deposits payable within 12 months typically constitute deposits that are payable within 6 months (fixed) or call deposits (payable at the option of demand by the customer). The fair value for due to group companies, deposits from customers, deposits from banks and other liabilities and accrued expenses is therefore estimated to approximate the carrying amount due to its short-term nature.

The fair value for cash and cash equivalents and loans and advances to banks is estimated using the carrying amount since the amounts are receivable on demand as at the reporting date.

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43. Fair value disclosures (continued)

43.3 Valuation techniques for the level 2 fair value measurement of assets and liabilities held at fair value

The table below sets out information about the Group and Bank's valuation techniques applied at the end of the reporting period in measuring assets and liabilities whose fair value is categorised as Level 2 in the fair value hierarchy. A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations is set out in the table below:

Category of asset/liability	Valuation technique applied	Significant observable inputs
Government trading securities Government securities	Discounted cash flow valuation technique	Quoted yields and 18 bps bid offer adjustment that management has estimated as the reasonable basis for applying the adjustment
Foreign exchange derivatives	Discounted cash flow valuation techniques and/or option pricing models.	Spot price, interest rate and/ or volatility

43.4 Valuation techniques for the levels 2 fair value measurement of assets and liabilities held at amortised cost

For assets or liabilities held at amortised cost and disclosed in levels 2 of the fair value hierarchy, the discounted cash flow valuation technique is used. Interest rates and money market curves are considered unobservable inputs for items which mature after five years. However, if the items mature in less than five years, these inputs are considered observable.

The following table presents information about the valuation techniques and significant unobservable inputs used in measuring assets and liabilities categorised as Level 2 in the fair value hierarchy:

Category of asset/liability	Valuation technique applied	Significant unobservable inputs	Range of unobservable inputs applied
Loans and advances	Discounted cash flow	Credit spreads	2% - 5%
Borrowings	Discounted cash flow	Credit spreads	1% - 2%

43.5 Level 3 fair value measurements

(i) Reconciliation

	Trading assets	
Group and Bank	2025 Shs'million	2024 Shs'million
Balance as at 1 January		
Total gains in profit or loss	5	-
Purchases	600	-
Balance as at 31 December	**605**	-

The above relates to a corporate bond held at fair value through profit and loss for trading purposes. During the year the total gains presented in the statement of profit or loss amounted to Shs 5 million.

(ii) Unobservable inputs used in measuring fair value

The following table sets out information about significant unobservable inputs used as at 31 December 2025 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of financial instrument	Fair value as at 31 December 2025 Shs'million	Valuation technique	Significant unobservable input	Range of estimates (weighted average) for unobservable input	Fair value sensitivity to unobservable inputs
Corporate bonds	605	Discounted cash flow	Credit spreads	10% - 13%	Significant increase in expected cash flows would result in a higher fair value.

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44. Segmental reporting

44.1. Statement of financial position

In line with the group's vision to finding solutions to uniquely local challenges and for management purposes, the Group is organised into business units based on its products and services and has two reportable segments, as follows:

- Consumer banking – composed mainly of retail business which incorporates Individual customers' deposits and consumer loans, overdrafts, credit card facilities and funds transfer facilities; and
- Corporate banking –the business model centres on delivering specialist investment banking, financing, risk management and advisory solutions across asset classes to corporates, financial institutions and government clients.

Given the majority of the Group revenues is derived from interest and dealing activities and the Country Management Committee (CMC) relies primarily on net interest revenue and dealing income to assess the performance of the segments, the total interest income and expense for all reportable segments is presented on a net basis. There were no changes in the reportable segments during the year. The revenue from external parties reported to the CMC is measured in a manner consistent with that in the consolidated statement of comprehensive income. Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income. Revenue-sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

The Group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses. The information provided about each segment is based on the internal reports about segment profit or loss, assets and other information, which are regularly reviewed by the CMC. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the consolidated statement of financial position, but exclude items such as taxation, property and equipment.

44.2. Statement of comprehensive income

	Corporate Banking Shs'million	Consumer Banking Shs'million	Total Shs'million
Group – 2025			
Net interest income	**12 640**	**30 648**	**43 288**
Net fee and commission income	**1 718**	**7 131**	**8 849**
Net trading income	**6 568**	**1 303**	**7 871**
Other operating income	**–**	**16**	**16**
Total income	**20 926**	**39 098**	**60 024**
Expected credit losses on financial instruments	**(384)**	**(4 487)**	**(4 871)**
Net operating income	**20 542**	**34 611**	**55 153**
Operating expenses			
Depreciation and amortisation	**(75)**	**(1 085)**	**(1 160)**
Employee benefits	**(1 487)**	**(12 318)**	**(13 805)**
Other operating expenses	**(3 495)**	**(3 963)**	**(7 458)**
Total operating expenses	**(5 057)**	**(17 366)**	**(22 423)**
Profit before tax	**15 485**	**17 245**	**32 730**
Taxation	**(4 648)**	**(5 177)**	**(9 825)**
Profit for the year	**10 837**	**12 068**	**22 905**

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44.2. Statement of comprehensive income (continued)	Corporate Banking Shs'million	Consumer Banking Shs'million	Total Shs'million
2024			
Net interest income	17 776	28 452	46 228
Net fee and commission income	1 610	5 836	7 446
Net trading income	5 817	1 455	7 272
Other operating income	-	69	69
Total income	25 203	35 812	61 015
Expected credit losses on financial instruments	(159)	(7 602)	(7 761)
Net operating income	25 044	28 210	53 254
Operating expenses			
Depreciation and amortisation	(71)	(1 077)	(1 148)
Employee benefits	(1 659)	(11 615)	(13 274)
Other operating expenses	(2 965)	(6 147)	(9 112)
Total operating expenses	(4 695)	(18 839)	(23 534)
Profit before tax	20 349	9 371	29 720
Taxation	(6 055)	(2 789)	(8 844)
Profit for the year	14 294	6 582	20 876

The comparative information on the total income have been enhanced to align with the disclosures in the statement of other comprehensive income.

*The presentation of other operating expenses has been revised to separately disclose employee benefits and other operating expenses.

44.3 Statement of financial position

Group - 2025	**Corporate Banking Shs'million**	**Consumer Banking Shs'million**	**Total Shs'million**
Loans and advances to customers	**150 243**	**161 923**	**312 166**
Loans and advances to banks	**5 600**	**-**	**5 600**
Other assets	**43 865**	**176 017**	**219 882**
	199 708	**337 940**	**537 648**
Liabilities			
Deposits from customers	**94 884**	**277 499**	**372 383**
Other liabilities	**33 184**	**31 561**	**64 745**
	128 068	**309 060**	**437 128**
Group - 2024			
Assets			
Loans and advances to customers	143 406	165 692	309 098
Loans and advances to banks	8 069	-	8 069
Other assets	35 305	154 005	189 310
	186 780	319 697	506 477
Liabilities			
Deposits from customers	86 399	280 716	367 115
Other liabilities	30 146	24 011	54 157
	116 545	304 727	421 272

'Other assets' comprise all asset categories in the statement of financial position other than loans and advances to customers and loans and advances to banks. 'Other liabilities' comprise all liability categories in the statement of financial position other than deposits from customers.

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45. Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position (SOFP) where the Bank has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Bank has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 December 2025 and 31 December 2024. The column 'net amount 'shows the impact on the Bank's statement of financial position if all set-off rights were exercised. There were no gross amounts set off in the statement of financial position at 31 December 2025 (2024: Nil).

	Effects of offsetting in the SOFP	Related amounts not offset		
Group and Bank	**Amounts presented in the SOFP**	**Amounts subject to master netting agreement**	**Financial instrument collateral**	**Net amount**
2025	**Shs'million**	**Shs'million**	**Shs'million**	**Shs'million**
Financial assets				
Loans and advances to customers	**312 166**	**-**	**(2 449)**	**309 717**
	312 166	**-**	**(2 449)**	**309 717**
Liabilities				
Deposits from customers	**372 383**	**-**	**(2 449)**	**369 934**
	372 383	**-**	**(2 449)**	**369 934**
2024				
Financial assets				
Loans and advances to customers	309 098	-	(3 343)	305 755
	309 098	-	(3 343)	305 755
Liabilities				
Deposits from customers	367 115	-	(3 343)	363 772
	367 115	-	(3 343)	363 772

Master netting\ arrangements

Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Bank does not presently have a legally enforceable right of set-off, these amounts have not been offset in the statement of financial position, but have been presented separately in the table above.

46. Related parties

Absa Bank Kenya PLC is a subsidiary of Absa Group Limited, the ultimate parent, which is listed on the Johannesburg Stock Exchange. There are other companies which are related to Absa Bank Kenya PLC through common shareholdings or common directorships.

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 operation decisions, or one other party controls both.

In the ordinary course of business, the Bank entered into various transactions with related parties which are governed under terms that are no more favourable than those arranged with non-related parties. In addition, related party transactions are carried out in accordance with Organisation of Economic Cooperation and Development (OECD) Guidelines, local laws and regulations and with requisite Board approval.

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46. Related parties (continued)

A number of banking transactions are entered into with related parties' i.e. key management staff, Directors, their associates and companies associated with Directors in the normal course of business, under terms that are no more favourable than those arranged with other employees. These include loans, deposits and foreign currency transactions. The outstanding balances at the reporting date with related parties and related-party transactions conducted during the reporting period are as follows:

(a) Key management personnel compensation and non-executive directors	**2025 Shs' million**	2024 Shs' million
Non-deferred cash payments	**163**	133
Post-employment benefit contributions	**38**	34
Salaries and other short-term benefits	**457**	415
Share-based payments	**361**	253
	1 019	835
The compensation paid to directors was in respect of:		
Services rendered as directors of the Bank	**58**	60
	58	60

(b) Statement of comprehensive income	**Relationship**	**Interest received Shs'million**	**Interest paid Shs'million**	**Recharges Shs'million**
2025				
Group				
Absa Group Limited	Parent	**604**	**332**	**-**
Absa Bank Limited*	Sister	**-**	**-**	**780**
		604	**332**	**780**
Bank				
Absa Group Limited	Parent	**604**	**332**	**-**
Absa Bank Limited*	Sister	**-**	**-**	**780**
Absa Bancassurance Intermediary Limited	Subsidiary	**-**	**549**	**18**
Absa Asset Management Limited	Subsidiary	**-**	**71**	**-**
		604	**952**	**798**
2024				
Group				
Absa Group Limited	Parent	1 251	1 810	-
Absa Bank Limited*	Sister	-	-	900
		1 251	1 810	900
Bank				
Absa Group Limited	Parent	1 251	1 810	-
Absa Bank Limited*	Sister	-	-	900
Absa Bancassurance Intermediary Limited	Subsidiary	-	481	18
Absa Asset Management Limited	Subsidiary	-	69	-
		1 251	2 360	918

These were previously disclosed as transactions with Absa Group Limited.

In the normal course of business, placings of foreign currencies are made with the parent company and other companies at interest rates in line with the market.

The weighted average effective interest rate at 31 December 2025 on amounts due from group companies was 5.6% (2024:5.8%) and on amounts due to group companies was 3.3% (2024: 4.9%). These balances are not secured.

Group companies provide support services from time to time for which they recharge the costs incurred at the country of origin. The value of the services recharged has been debited to the profit or loss and is included in total expenditure of the Group in Note 12.

Absa Bank Kenya PLC Staff Pension Fund and Absa Bank Kenya PLC (DC) Scheme 2009 (the "Funds") are sponsored by Absa Bank Kenya PLC.

(c) Incidental business activities

The Bank offers additional services outside banking through its subsidiaries whereby it acts as a distribution channel in the provision of authorised financial services or products as guided by the Prudential Guidelines issued by the Central Bank. The Bank offers wealth management and investment advisory, insurance brokerage services and stock brokerage services through its subsidiaries Absa Asset Management, Absa Bancassurance Intermediary Limited and Absa Securities Limited respectively.

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46. Related parties (continued)

(c) Incidental business activities (continued)

In the year, the subsidiaries generated revenues and incurred the costs as disclosed below:

2025	Absa Asset Management Limited Shs' million	Absa Bancassurance Intermediary Limited Shs' million	Absa Securities Limited Shs' million
Total income	**893**	**2 157**	**189**
Total expenses	**(186)**	**(153)**	**(88)**
Profit before tax	**707**	**2 004**	**101**
Profit after tax	**491**	**1 385**	**83**
2024			
Total income	452	1 575	131
Total expenses	(158)	(195)	(60)
Profit before tax	294	1 380	71
Profit after tax	204	964	69

(d) Due from Group companies

		Group		Bank	
	Relationship	**2025 Shs'million**	2024 Shs'million	**2025 Shs'million**	2024 Shs'million
Absa Group Limited	Parent	**17 578**	7 207	**17 577**	7 207
Absa Bank Uganda	Sister	**26**	1	**26**	1
Absa Bank Tanzania	Sister	**16**	8	**16**	8
Absa Life Assurance Kenya	Sister	**68**	62	**-**	-
First Assurance	Sister	**28**	11	**8**	-
Absa Bancassurance Intermediary Limited	Subsidiary	-	-	**19**	75
Absa Securities Limited	Subsidiary	-	-	**156**	159
Absa Asset Management Limited	Subsidiary	-	-	**2**	176
Absa Bank Zambia	Sister	**59**	-	**59**	-
Absa Bank Mauritius	Sister	**28**	-	**28**	-
		17 803	7 289	**17 891**	7 626

(e) Due to Group companies

Absa Group Limited	Parent	**(14 863)**	(5 997)	**(14 861)**	(5 997)
Absa Bank Mauritius	Sister	**(7)**	(19)	**(7)**	(19)
Absa Bank Zambia	Sister	**(10)**	(1)	**(10)**	(1)
Absa Bank Uganda	Sister	**(83)**	(23)	**(83)**	(23)
Absa Bank Tanzania	Sister	**(1)**	(9)	**(1)**	(9)
National Bank of Commerce	Sister	**(5)**	(1)	**(5)**	(1)
Absa Bank Botswana	Sister	**(5)**	(4)	**(5)**	(4)
Absa Securities Limited	Subsidiary	**-**	-	**(155)**	-
Absa Asset Management Limited	Subsidiary	**-**	-	**-**	(13)
Absa Bancassurance Intermediary Limited	Subsidiary	**-**	-	**-**	(1)
		(14 974)	(6 054)	**(15 127)**	(6 068)

At 31 December 2025 advances to directors or companies controlled by directors or their families amounted to Shs 34 million (2024: Shs 44 million). Interest income earned amounted to Shs 6 million (2024: 6 million).

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46. Related parties (continued)

(e) Due to Group companies (continued)

All loans to Directors, (a) were made in the ordinary course of business, (b) were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other persons and (c) did not involve more than a normal risk of collectability or present other unfavourable features.

During the year the directors maintained various deposit accounts with the Bank which included current, savings and fixed deposit accounts. At 31 December 2025, balances relating to directors deposits amounted to Shs 46 million (2024: Shs 46 million).

(f) Guarantee

In the year ending 31 December 2025, Absa Bank Limited issued guarantees amounting to Shs 39 345 million (2024: Shs 17 197 million) to Absa Bank Kenya PLC.

47. Commitments and contingencies

Commitments to lend are agreements to lend to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. The Bank may withdraw from its contractual obligation for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customer. Undelivered spot transactions represent commitment either to buy or sell foreign currency and are recognised at cost on the trade date.

		Group and Bank	
47.1	**Commitments**	**2025**	2024
		Shs'million	Shs'million
	Undrawn overdraft facilities	**22 471**	17 900
47.2	**Contingent liabilities**		
	Letters of credit*	**3 177**	3 679
	Guarantee and performance bonds*	**68 977**	44 631
	Unutilised lines of credit	**57 839**	44 905
		129 993	93 215
	Total commitments and contingencies	**152 464**	111 115

* Letters of credit and financial guarantee has been restated by Shs 17 197. The amounts have been summarised in the table above. Refer to note 2.25.1 for further details.

Pledged assets amounted to Shs 1 250 million (2024: Shs 1 250 million). The class of asset pledged in both years was a bond issue. The purpose of the pledge was to create an ILF (Intra-Day Liquidity Facility) with the Central Bank of Kenya. The ILF provides collateralised lending of funds to commercial banks to facilitate their daily intra-day payment obligations in the Kenya Electronic Payment and Settlement System (KEPSS). Under this facility, commercial banks identify and set aside pre-determined amounts of Government securities from their portfolio holdings for securing intra-day borrowings based on their anticipated average daily liquidity requirements.

In the event of failure to settle by the Bank, the ILF shall convert to an overnight facility. The underlying pledged securities shall therefore become encumbered.

In common with other banks, the Group conducts business involving acceptances, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. In addition, there are other off-balance sheet financial instruments including forward contracts for the purchase and sale of foreign currencies, the nominal amounts for which are not reflected in the consolidated balance sheet.

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The group expects most acceptances to be presented and reimbursement by the customer is normally immediate. Letters of credit commit the Bank to make payments to third parties on presentation of documents, which are subsequently reimbursed by customers.

Guarantees and assets pledged as security are generally written by a bank to support the performance of a customer to third parties. The group will only be required to meet these obligations in the event of the customers' default. At year end, the bank has obtained undertakings from Absa Group Limited in respect of bonds, guarantees and indemnities facility and letters of credit of Shs 4 310 million (2024: Shs 10 382 million).

Notes to the annual financial statements

for the year ended 31 December 2025

47. Commitments and contingencies (continued)

47.2 Contingent liabilities (continued)

Commitments to lend are agreements to lend to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. The Bank may withdraw from its contractual obligation for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customer. Undelivered spot transactions represent commitment either to buy or sell foreign currency and are recognised at cost on the trade date.

47.3 Contingent tax liabilities

The Bank has transactions and calculations for which the ultimate tax treatment involves a degree of estimation and judgement. The tax treatment adopted by the Kenya Revenue Authority may differ from the treatment applied by the Bank thus requiring determination by the courts. The Group recognises provisions for anticipated tax audit issues based on estimates of whether additional taxes will be due after considering external advice where appropriate. The carrying amount of any resulting provisions will be sensitive to the way tax matters are expected to be resolved, and the stage of negotiations or discussion with the relevant tax authorities. There may be significant uncertainty around the outcome of tax proceedings, which in many instances, will only be concluded after several years.

Management estimates are informed by several factors including, inter alia, the progress made in discussions or negotiations with the tax authorities, the advice of expert legal counsel, precedent set by the outcome of any previous claims, as well as the nature of the relevant tax environment.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the reporting period in which such determination is made. These risks are managed in accordance with the Bank's policies.

47.4 Leases – Bank as lessor

The Group acts as lessor of rental space. These leases have an average life of between three and five years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases. Rental income recognised by the Group during the year is Shs 49 million (2024: Shs 31 million). As part of managing the risk the Group retains in the underlying asset, the Group requires leasses' to make a minimum deposit of three months rentals refundable upon expiry of the leases.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

Group and Bank	2025 Shs million	2024 Shs million
Within one year	**49**	31
After one year but not more than five years	**196**	124
	245	155

48. Dividends per share

The Directors recommend a final dividend of Shs 1.85 per share in respect of the year ended 31 December 2025 (2024: Shs 1.55). An interim dividend of Shs 0.20 (2024: Shs 0.20) was paid during the year amounting to Shs. 1 086 million (2024 Shs 1 086 million). This will bring the total dividend for the year to Shs 2.05 (2024: Shs 1.75) per share amounting to Shs 11 134 million (2024: 9 505 million).

Payment of dividends is subject to withholding tax at a rate of 5% for residents and 10% for non-residents.

49. Subsequent events

Significant escalation in geopolitical tensions in the Middle East have contributed to heightened global market volatility. The situation remains fluid and the potential impact of these evolving circumstances including the possibility of higher fuel and logistics related cost pressures, increased inflation uncertainty impacting rates, and periods of foreign exchange and market volatility associated with shifts in global risk sentiment, will be monitored and assessed into the year ahead. While the impacts to the Group and Bank have yet to materialise, these developments arose after year-end and are considered non adjusting events under IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the consolidated financial statements for the reporting period ended 31 December 2025.

Subsequent to the reporting date, the Bank implemented a Voluntary Exit Programme affecting 82 employees, with all exits completed by 31 January 2026, at a total cost of Shs 717 million. This restructuring decision was made after 31 December 2025 and therefore qualifies as a non-adjusting event, as it reflects conditions that arose after year-end. In line with IAS 10, the Bank has disclosed the nature and estimated financial effect of this material event.

The directors are not aware of any other events (as defined per IAS 10 Events after the Reporting Period) after the reporting date of 31 December 2025 and the date of authorisation of these consolidated annual financial statements.

Notes to the annual financial statements

for the year ended 31 December 2025

50. New accounting pronouncements

Adoption of new and revised Standards

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.

Newly effective requirements

(i) New standards, amendments and interpretations effective and adopted during the year

The following new standards and amendments became effective during the year ended 31 December 2025.

Effective date	New accounting standards or amendments
1 January 2025	Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

Lack of Exchangeability – Amendments to IAS 21

Under the amendments, the Group will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable.
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

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

Forthcoming requirements

(ii) New standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2025

The new and amended standards and interpretations that are issued, but not yet effective for the year ended 31 December 2025 are disclosed below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Effective date	New accounting standards or amendments
1 January 2026	Classification and Measurement of Financial Instruments – Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*
	Annual Improvements to IFRS Accounting Standards – Amendments to: • IFRS 1 First-time Adoption of International Financial Reporting Standards; • IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; • IFRS 9 Financial Instruments; • IFRS 10 Consolidated Financial Statements; and • IAS 7 Statement of Cash flows
	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
1 January 2027	IFRS 18 *Presentation and Disclosure in Financial Statements*
	IFRS 19 *Subsidiaries without Public Accountability: Disclosures*
	IFRS for SMES third edition*
	IAS 21 *The Effects of Changes in Foreign Exchange Rates**
To be determined	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures***

Notes to the annual financial statements

for the year ended 31 December 2025

50. New accounting pronouncements (continued)

Presentation and disclosure in financial statements – IFRS 18

IFRS 18 promotes a more structured income statement and introduces a newly defined "operating profit" subtotal and a requirement for all income and expenses to be classified into three new distinct categories based on an entity's business activities. The new standard requires an entity to analyse their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. In addition, the standard defines "management-defined performance measures" (MPMs) and requires that an entity provide disclosures regarding its MPMs in order to enhance transparency. The standard further provides enhanced guidance on aggregation and disaggregation of information, which will apply to both the primary financial statements and the notes. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and applies retrospectively with early adoption permitted.

The Group has initiated an assessment of IFRS 18's impact on its financial statement presentation and disclosures. A multidisciplinary team has been established and is working through the requirements included in the standard to determine the Group's state of readiness for adoption. IFRS 18 is expected to only affect the presentation and disclosure, rather than recognition or measurement of transactions. The impact of adoption is anticipated to include:

- Presentation of new subtotals in the statement of profit or loss;
- Review and alignment of income and expense classifications with business activity criteria; and
- Additional disclosures for MPMs.

Work is ongoing to evaluate system and reporting changes required for compliance.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

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

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Bank is currently not intending to early adopt the Amendments.

With respect to the amendments on the derecognition of financial liabilities that are settled through an electronic payment system, the Group is currently performing an assessment of all material electronic payment systems utilised, in order to assess whether the amendments will result in a material change with respect to current practices and whether it meets the conditions to apply the accounting policy option to derecognise such financial liabilities before the settlement date. Moreover, the Group is reviewing all its other payment systems (such as cheques, credit cards, debit cards) to ensure that the corresponding financial assets are derecognised when the right to cash flows are extinguished and that the corresponding financial liabilities are derecognised on settlement date.

In addition, the Group is assessing the impact of the Amendments on its financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features, as well as on non-recourse financing and contractually linked instruments. Based on the initial assessment performed, the amendments in these areas are not expected to have a material impact on the financial statements, however, the assessment is yet to be concluded.

Notes to the annual financial statements

for the year ended 31 December 2025

50. New accounting pronouncements (continued)

Presentation and disclosure in financial statements – IFRS 18 (continued)

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

To allow companies to better reflect the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs), amendments have been made to IFRS 9 and IFRS 7. These amendments provide guidance on the 'own-use' exemption for purchasers of electricity under PPAs, hedge accounting requirements for companies that hedge their purchases or sales of electricity using PPAs and new disclosure requirements to enable investors to better understand the effects of PPAs.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

Amendments resulting from annual improvements for the following standards

- Initial measurement of trade receivables – The amendment removes the conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers (IFRS 15) over the amount at which a trade receivable is initially measured. Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price, for example, when the transaction price is variable. Conversely, IFRS 9 requires that entities initially measure trade receivables without a significant financing component at the transaction price. IFRS 9 has been amended to require entities to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.
- Accounting for the derecognition of a lease liability by a lessee – The amendment states that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss. The amendment does not address how to distinguish between derecognition and modification of a lease liability. The amendment applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied. The amendment is effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.
- Minor amendments to IFRS 1, IFRS 10 and IAS 7. These amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Shareholder information

Notice of the 47th Annual General Meeting

Absa Bank Kenya PLC

Notice is hereby given that the **Forty–Seventh (47th) Annual General Meeting** of the Shareholders of **Absa Bank Kenya PLC** (the "Company") will be held via virtual means on **Tuesday 19 May 2026,** at **10:00 a.m.** to transact the following business: -

A. ORDINARY BUSINESS

1. Constitution of the Meeting

The Secretary to read the notice convening the meeting and determine if a quorum is present.

2. Audited Financial Statements, Directors' and Auditors' reports for the year ended 31 December 2025:

To receive, consider and if thought fit, adopt the Audited Financial Statements for the year ended 31 December 2025, together with the reports of the Director and the Auditor.

3. Declaration of Dividend

To ratify the interim dividend of Shs 0.20 per ordinary share paid on 15 October 2025 and to declare a final dividend of Shs 1.85 per ordinary share payable net of withholding tax, on or about 19 May 2026 to shareholders on the Register of Members as at the close of business on 30 April 2026.

4. Election of Directors

a. In accordance with Articles 110, 111 and 112 of the Company's Articles of Association, **Fulvio Tonelli** retires by rotation and being eligible, offers himself for re-election.

b. In accordance with Articles 110, 111 and 112 of the Company's Articles of Association, **Kedibone Imathiu** retires by rotation and being eligible, offers herself for re-election.

c. In accordance with Article 117 of the Company's Articles of Association, **Mohammed Nyaoga** appointed by the Board to fill a casual vacancy, is due for retirement this being the first Annual General Meeting that is being held since his appointment and, being eligible, offers himself for election.

d. In accordance with Article 117 of the Company's Articles of Association, **Caroline Armstrong** appointed by the Board to fill a casual vacancy, is due for retirement this being the first Annual General Meeting that is being held since her appointment and, being eligible, offers herself for election.

5. Board Audit and Risk Committee members

In accordance with the provisions of Section 769 of the Companies Act, 2015, the following Directors, being members of the Board Audit and Risk Committee be appointed by shareholders to continue serving as members of the Board Audit and Risk Committee:

a) Christine Sabwa (Chair)

b) Fulvio Tonelli

c) Kedibone Imathiu

d) Marion Mwangi

6. Remuneration of Directors

To receive, consider and if thought fit, to approve the directors' remuneration report and to authorise the Board to fix the Directors' remuneration for the year ending 31 December 2026.

7. Appointment and Remuneration of the Auditors

To consider and if thought fit, re-appoint KPMG Kenya, Certified Public Accountants, (who have served as the Company's Auditors for four (4) years and have expressed their willingness to continue in office in accordance with section 721 of the Companies Act No. 17 of 2015) as the External Auditors of the Company, and to authorise the Board of Directors to fix their remuneration in line with section 724 of the Companies Act.

Notice of the 47th Annual General Meeting continued

B. Any Other Business

To transact any other business of the Company for which due notice has been received.

By Order of the Board

Anne Nyongesa
Company Secretary

27 April 2026

Notes:

1. The Company will be holding a virtual Annual General Meeting (AGM) as permitted by Article 81 (a) of its Articles of Association replicated below:

   81 (a). *The Board may make arrangements for simultaneous attendance and participation. The Board may make arrangements for Members to hold general and extraordinary meeting by electronic means allowing persons not present together at the same place to attend, speak and vote at the meeting. The arrangements for such simultaneous attendance and participation at any place at which persons are participating, using electronic means may include arrangements for controlling or regulating the level of attendance at any particular venue provided that such arrangements shall operate so that all members and proxies wishing to attend the meeting are able to attend at one or other of the venues, including venues chosen by such persons individually Notwithstanding that the Members are not present together in one place, a resolution passed by the Members constituting a quorum at such a meeting shall be deemed to have been passed at a General or Extraordinary Meeting as the case may be, held on the day on which and at the time at which the meeting was held.*

2. All shareholders will be pre-registered for the AGM using their bio-data details with the company. Each shareholder will receive a personalised link with which they will use to confirm their attendance or dialling ***483*400#** across all Kenyan Networks and following the various prompts regarding the registration process. For assistance shareholders should dial the following **helpline number (020) 869 0360** from 9:00am to 4:30pm from Monday to Friday. Any shareholder outside Kenya should dial the helpline number or email digital@candr.africa to be assisted to register.

3. Confirmation of attendance for the AGM opens on **Tuesday 05 May 2026 at 8:00am** (Kenya time) and will close on **Monday 18 May 2026 at 12:00 noon** (Kenyan time).

4. In accordance with Section 283 (3) of the Companies Act, 2015, the following documents may be viewed on the Company's website www.absabank.co.ke i) a copy of this Notice and the proxy form; ii) the Company's Integrated Report together with the audited financial statements for the year 2025.

5. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:

   (i) Using the sms/email link to the event provided; or

   (ii) Dialling the USSD code ***483*400#** and following the menu prompts to the "Ask Questions" menu option and entering their question as a text message

   (iii) Sending their written questions by email to digital@candr.africa ; or

   (iv) To the extent possible, physically delivering their written questions with a return postal address or email address to the registered office of the Company at Absa Headquarters, Waiyaki Way, Nairobi or to Custody and Registrars Services offices at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue; or

   (v) Sending their written questions with a return postal address or email address by registered post to the Company's address at P.O. Box 30120-00100 Nairobi.

   Written Questions

   Shareholders must provide their full details (full names, ID/Passport Number, Shares or CDSC Account Number) when submitting their questions and clarifications by email, post or delivery. All written questions and clarifications must reach the Company on or before **Friday 15 May 2026 at 10:00am**. Following receipt of the questions and clarifications, the directors of the Company shall provide written responses to the questions received to the return postal address or email address provided by the shareholder, no later than 12 hours before the start of the general meeting.

Notice of the 47th Annual General Meeting continued

Questions via the AGM portal

Shareholders will be able to ask questions on the virtual AGM platform up to and during the AGM using the online portal or the USSD code.

Live Questions during the AGM

There will be an opportunity provided for shareholders to virtually join the AGM to ask their questions during the meeting. Shareholders wishing to ask their questions live during the AGM can join the meeting room during the AGM (by selecting the "Join AGM Meeting Room" tab at the bottom of the live stream display window). In the meeting room shareholders can continue watching the AGM broadcast and either i) select "raise hand" option on their screen to request an opportunity to ask their questions live to the Board or ii) enter their questions in the live chat to be read out to the Board during the AGM.

Shareholders should note that it may not be possible to answer all questions during the AGM. A full list of questions received, and the answers thereto will be published on the Company's website 48 hours after the conclusion of the general meeting.

6. Voting will open with registration opening on **Tuesday, 5 May 2026.** Shareholders will be allowed to vote up to and during the AGM by accessing the sms/email access link for the AGM sent or dialling USSD Code ***483*400#** and following the various prompts regarding the voting process. Voting results will be announced in the meeting prior to the conclusion of the AGM. The voting results will also be published within 48 hours of the conclusion of the meeting on the Company's website: www.absabank.co.ke.

7. 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. Where the appointed proxy is 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 www.absabank.co.ke. Physical copies of the proxy form are also available at the following address: **Custody and Registrars Services offices, IKM Place, Tower B, 1st Floor, 5th Ngong Avenue**. To be valid, the proxy form must be duly completed by the shareholder, or his attorney duly authorised in writing. If the shareholder is a body corporate, the instrument appointing the proxy shall be given under its common seal (if any) or under the hand of an officer or duly authorised attorney of such body corporate. A completed form of proxy should be emailed to proxy@candr.africa in pdf format or delivered to Custody and Registrars Services, IKM Place, Tower B, 1st Floor, 5th Ngong Avenue Nairobi or be posted to Custody and Registrars Services, P. O. Box 8484-00100 Nairobi, so as to reach the Registrar not later than **10.00 a.m.** on **Friday, 15 May 2026**. The duly completed form must be supported by a copy of ID/ valid Passport of the member and include the ID/Passport, email or telephone number of the proxy to facilitate registration. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 4pm on **Monday, 18 May 2026** to allow time to address any issues.

8. The AGM will be accessible to shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service (SMS) or an email prompt on their registered mobile number/email address, on the day of the AGM with a link to access the Virtual AGM broadcast, the voting and Q&A tabs, and the virtual meeting room link.

9. Shareholders without internet access can access the Virtual AGM voting menu via USSD ***483*400#**

All present and former shareholders of the Company are hereby notified that pursuant to the provisions of the Unclaimed Financial Assets Act No 40 of 2011 Parts II and III, dividends and shares which have not been claimed for a period of three (3) years or more will require to be delivered to the Unclaimed Financial Assets Authority as abandoned assets on the appointed date.

For any unclaimed dividends, the preferred method of paying dividends which are below Shs 250,000 is through M-PESA. Shareholders who wish to receive their dividend through M-PESA and who have not registered for this mode of payment can opt to receive future dividends by dialling ***483*038#** or contacting the Share Registrar, Custody and Registrars Services Limited.

Therefore, all present and former shareholders with unpaid dividends are requested to urgently contact the Share Registrar, Custody and Registrars Services Limited at the address indicated below to claim any unpaid dividends.

Custody and Registrars Services Ltd (C&R Group)
IKM Place, Tower B, 1st Floor
5th Ngong Avenue, Nairobi
Tel + 254 20 7909276
Email: info@candr.africa

TEAR HERE

Proxy form

Absa Bank Kenya PLC

Proxy Form

Custody and Registrars Services Limited

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

P.O. Box 8484-00100, Nairobi

*I/We ____

being *a member/members of **Absa Bank Kenya PLC,** with CDSC/Share Account number______________________

hereby appoint:

____

of (address, email and telephone number):

____

____

or failing *him/her, I/We hereby appoint:

____

of (address, email and telephone number):

____

____

and failing *him/her, I/We appoint the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Forty-Sixth Annual General Meeting of Absa Bank Kenya PLC to be held on **Tuesday May 19, 2026,** and at any adjournment thereof.

As confirmation

*I/we affix *my/our *hand/hands this ______________________ day of ______________ 2025

Signature(s)

Unless otherwise instructed, the proxy will vote as *he/she thinks fit.

Notes

1. 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. Where the appointed proxy is 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 www.absabank.co.ke**. **Physical copies of the proxy form are also available at the following address: Custody and Registrars Services offices,** IKM Place, Tower B, 1st Floor, 5th Ngong Avenue. To be valid, the proxy form must be duly completed by the shareholder, or his attorney duly authorised in writing. If the shareholder is a body corporate, the instrument appointing the proxy shall be given under its common seal (if any) or under the hand of an officer or duly authorised attorney of such body corporate. **A completed form of proxy should be emailed to** proxy@candr.africa in pdf format **or delivered to** Custody and Registrars Services, IKM Place, Tower B, 1st Floor, 5th Ngong Avenue Nairobi **or be posted to** Custody and Registrars Services, P. O. Box 8484-00100 Nairobi, **so as to reach the Registrar not later than 10.00 a.m. on Friday, 15 May 2026.** The duly completed form must be supported by a copy of ID/ valid Passport of the member and include the ID/Passport, email or telephone number of the proxy to facilitate registration. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 4pm on **Monday, 18 May 2026** to allow time to address any issues.
2. In accordance with Section 283 (3) of the Companies Act, 2015, the following documents may be viewed on the Company's website **www.absabank.co.ke** i) a copy of AGM Notice and this proxy form; ii) the Company's Integrated Report together with the audited financial statements for the year 2025.

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www.absabank.co.ke

Contact information

Absa Bank Kenya PLC

Registered office

Absa Bank Headquarters
Waiyaki Way
PO Box 30120 – 00100
Nairobi

Absa Bank of Kenya is regulated by the Central Bank of Kenya

Your story matters