



Information Memorandum
In respect of the issue of
Medium Term Note

I&M Bank Limited
Incorporated in Kenya under the Companies Act
(Chapter 486 of the Laws of Kenya)

Information Memorandum 30th April 2026

In respect of the issue of Medium Term
Notes of Up to KES 20.0 Billion by way of Public Offering

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IMPORTANT NOTICE

This document is important and requires your careful attention.

This Information Memorandum (the “Information Memorandum”) is being furnished by I&M Bank Limited (the “Issuer” or “I&M Bank”), through Standard Investment Bank (the “Arranger”) the Issuer’s authorised arranger, solely for use in connection with your consideration of participation in the public offer of up to Kes 20 Billion Kenya Shillings (KES) denominated notes (“Notes”) as described in this Information Memorandum.

The Issuer is a limited liability company incorporated in 1974 pursuant to the provisions of the Companies Act (Cap. 486, Laws of Kenya and has been issued with registration number C.8/90) and intends to issue the Notes in the aggregate sum of up to Kenya Shillings Twenty billion (KES 20,000,000,000). The Notes will be redeemed in full after 5 years and 6 months from the date of issue for each Tranche.

The Notes will be issued in such denominations as may be specified in the applicable Pricing supplement. The Notes are subordinated and unsecured obligations of the Issuer and rank *pari passu inter se* and will rank equally with all other subordinated and unsecured debt obligations of the Issuer except for senior debt and liabilities mandatorily preferred by law.

The Notes will be made available to the public in Kenya. Applications for participation may be processed through the Placement Agents, details of which are provided in this Information Memorandum. No tranche of the Offer has been reserved for private placement or preferential allocation other than as disclosed in this Information Memorandum.

The Notes will be issued in two Tranches and be placed by the Placing Agents described under the section “Transaction Advisors”, and any additional Placing Agent appointed from time to time, which appointment may be for a specific issue or on an ongoing basis.

The CMA has approved the public offering and listing of the Notes on the Main Fixed Income Securities Market Segment (the “FISMS”) of the Nairobi Securities Exchange (NSE). The CMA’s approval confirms that this Information Memorandum meets the standards of completeness, comprehensibility and consistency imposed by the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 (“the POLD Regulations”). As a matter of policy, the CMA assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Information Memorandum. Approval of the Issue and/or listing is not to be taken as an indication of the merits of the Issuer or of the Notes.

Each Tranche of Notes may be listed on the FISMS or on such other or further exchange(s) as may be determined by the Issuer and the Placing Agent(s) and subject to relevant Pricing Supplement. With respect to a Tranche of Notes listed on the FISMS, the applicable Pricing Supplement(s) relating to that Tranche will be delivered to the NSE and the Central Depository and Settlement Corporation (CDSC) before the Issue Date, and the Notes in that Tranche may be traded by Noteholders on the NSE from the date that the Notes are listed. The trading of Notes listed on the FISMS will take place in accordance with the rules and operating procedures of the NSE. The settlement of trades on the NSE will take place in accordance with the electronic settlement procedures of the NSE and the CDSC.

The NSE has authorised the Issuer to list the Notes on the FISMS. The FISMS is a segment of the official list of the NSE. The NSE assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed or referred to in this Information Memorandum. Admission to the FISMS of the NSE is not to be taken as an indication of the merits of the Notes or the Issuer.

IMPORTANT NOTICE (Continued)

The rights of the Noteholders are governed by the terms and conditions of the Notes and an Agency Agreement dated 30th April 2026 (the “**Agency Agreement**”) between, inter alia, the Issuer acting as issuer, registrar and paying agent, I&M Bank Limited (the “**Fiscal Agent**”) and the Note Trustee and a Trust Deed dated 30th April 2026 between the Issuer and the Note Trustee the (“**Trust Deed**”).

The Notes have been prescribed as a dematerialized security by the CDSC in accordance with section 24 of the Central Depositories Act

The register for the Notes will be the record of depositors maintained by the CDSC in accordance with the Central Depositories Act, 2000.

The sale or transfer of Notes by Noteholders will be subject to the rules of the NSE, and where applicable, the CDSC Rules, the Conditions of the Notes and the provisions of the Agency Agreement. There are currently no other restrictions on the sale or transfer of Notes under Kenyan law. In particular, there are no restrictions on the sale or transfer of Notes by or to non-residents of Kenya.

All applications for participation shall be processed through the Arranger and the Placing Agent. An application form is attached to this Information Memorandum.

Legal Advisor’s opinion

Walker Kontos Advocates, the Legal Advisors, have given their written consent to the inclusion in this Information Memorandum of their letter and the references to their names, in the form and context in which they appear and have authorised the contents of their letter set out in appendix C of this Information Memorandum.

Reporting Accountant’s Opinion

This Information Memorandum contains statements from KPMG Kenya, the Reporting Accountants. The Reporting Accountants have given their consent to the issue of the said statements in the form and context in which they are included in this Information Memorandum.

The audited consolidated financial statements have been prepared in accordance with IFRS and present a true and fair view of the financial position and performance of the Issuer.

DISCLAIMER

The Issuer, having made all reasonable inquiries, confirms that this Information Memorandum contains all information with respect to itself and the Notes to be issued by it which is material in the context of the Notes, that the information contained in this Information Memorandum is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Information Memorandum are honestly held and that there are no other facts the omission of which would make any of such information or the expression of any such opinions or intentions misleading.

The Directors of I&M Bank Limited, whose names appear in Section 6.2.2 of this Information Memorandum, accept responsibility for the information contained herein. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained herein is in accordance with facts and does not omit anything likely to affect the import of such information.

The delivery of this Information Memorandum does not, at any time, imply that the information contained herein concerning the Issuer and/or the Issue, is correct at any time subsequent to the date hereof and/or indicated in the document containing the same.

The information presented herein was prepared or obtained by the Issuer and is being furnished to the Arranger and the Placing Agents solely for use by prospective investors in connection with the Notes. Neither of the Arrangers nor the Placing Agents or any of their respective directors, affiliates, advisers or agents have assumed any responsibility for independent verification of the information contained herein or otherwise made available in connection with the Notes and makes no representation or warranty as to the accuracy or completeness of such information.

Neither this Information Memorandum nor any other information supplied in connection with the Notes is intended to provide the complete basis of any credit or other evaluation, nor should it be considered as a recommendation by the Arrangers or the other agents to the Issue that any recipient of this Information Memorandum or any other information supplied in connection with this Note should purchase a Note. Prospective investors contemplating purchasing a Note(s) are strongly recommended to seek legal, tax and financial advice from their advisors.

No person has been authorised to give any information or make any representation other than those contained in this Information Memorandum and if given or made, such information or representation should not be relied upon as having been authorised by or on behalf of the Issuer, the Arrangers or the other agents to the Issue.

The distribution of this Information Memorandum and the offer or sale of the Notes may be restricted by law to certain jurisdictions. Persons into whose possession this Information Memorandum or any Notes may come, must first inform him or herself about and observe any such restrictions.

Prospective investors should determine whether an investment in the Notes is appropriate in their particular circumstances and should consult with such advisers as they deem necessary to determine the appropriateness, effect, risks and consequences of an investment in the Notes. Any decision by prospective investors to make an investment in the Notes should be based upon their own judgement and upon any advice from such advisers, and not upon any view expressed by the Issuer or the Placing Agents. Investors should have careful regard to the factors described under the section headed "Risk Factors" in the Information Memorandum.

By purchasing the Notes to which this Information Memorandum relates, each investor is deemed to represent and warrant and acknowledge or, as agent on behalf of the investor (as applicable), that the investor represents and warrants and acknowledges, to the Arrangers & Placing Agents that (i) the investor has sufficient knowledge, sophistication and experience in financial and business matters and has conducted their own investigation and has had access to all necessary information to make an assessment regarding an investment in the Notes; (ii) the investor has not relied on, and should not rely on, any investigation that the Arrangers & Placing Agents may have conducted with respect to the Issuer or the Notes and no representation, express or implied, is made with respect to the accuracy, completeness or adequacy of the information disclosed in the Information Memorandum, and (iii) the investor will not hold the Arrangers, Placing Agents, Legal Advisor or any of their respective affiliates responsible for the accuracy, completeness or adequacy of any information disclosed in the Information

DISCLAIMER (Continued)

Memorandum and waives any claim against the Arranger, Placing Agent, Issuer, Legal Advisor, Reporting Accountants or any of their respective affiliates arising from or relating to the investor's investment in the Notes and agrees, not to pursue, commence, initiate any action, suit, claim or other legal, equitable or arbitration proceeding against the Arrangers, Placing Agents, Issuer, Legal Advisor or any of their respective affiliates.

Forward-looking statement

This Information Memorandum contains "forward-looking statements" relating to the Issuer's business. These forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "is expected to", "will", "will continue", "should", "would be", "seeks" or "anticipates" or similar expressions, or the negative thereof, or other variations thereof, or comparable terminology or by discussions of strategy, plans or intentions.

These statements reflect the current views of the Issuer with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Issuer to be materially different from the future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of these factors are discussed in more detail under "Risk Factors" and "Profile of the Issuer".

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Information Memorandum as anticipated, believed, estimated or expected.

Any projections with respect to the Issuer contained herein have been prepared by representatives of the Issuer and are based on their estimates and assumptions about circumstances and events that have not yet taken place. Accordingly, there can be no assurance that any forecasted results will be attained. The opinions, assumptions, intentions, projections and forecasts expressed in this Information Memorandum with regard to the Issuer are honestly held by Issuer, have been reached after considering all relevant circumstances and are based on reasonable assumptions.

CAUTION: Please consult your banker, stockbroker, lawyer, accountant or other professional adviser on the meaning and impact of the contents of this Information Memorandum, and as to what action to take. The attention of investors is drawn to the Risk Factors set out in Section 10 of this document.

Electronic Offer of the Notes

The offer of the Notes under this Information Memorandum may be made electronically. Where the offer is made electronically, the Issuer shall ensure that any electronic offer of the Notes is undertaken in compliance with all Applicable Laws, including the requirements of the CMA and the NSE.

The electronic offer will be conducted in a manner that safeguards the security and confidentiality of all information provided by prospective investors who are willing to subscribe for the Notes. The Issuer will provide clear and comprehensive instructions to prospective investors on how to access, review, and participate in the electronic offer process. All relevant documents and information pertaining to the offer will be made available electronically to facilitate investor participation.

Rounding

Some numerical figures included in this Information Memorandum have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain figures may not be an arithmetic aggregation of the figures that preceded them.

SELLING RESTRICTIONS

Kenya: Approval of the Capital Markets Authority has been obtained for the public offer of the Notes in the Republic of Kenya and for the listing of the Notes on the Fixed Income Securities Market Segment of the Nairobi Securities Exchange. The Capital Markets Authority has approved this Information Memorandum as meeting the standards of completeness, comprehensibility and consistency imposed by the Capital Markets Act and the applicable Regulations. Such approval should not be considered as an endorsement of the Issuer or the Notes.

The Notes will be available to the general public in the Republic of Kenya through subscription and secondary market trading and will be listed on the Nairobi Securities Exchange. The sale or transfer of the Notes by Noteholders shall be subject to the rules of the Nairobi Securities Exchange and, where applicable, the rules of the Central Depository and Settlement Corporation, the Conditions of the Notes and the provisions of the Agency Agreement.

The Notes will not be offered for subscription by the Arranger, Placing Agent or the Issuer in any jurisdiction other than the Republic of Kenya. No application has been made for the Notes to be listed on any securities exchange other than the Nairobi Securities Exchange.

General: Except as stated above, no action has been or will be taken in any jurisdiction other than the Republic of Kenya by the Issuer, Arranger, Placing Agent that would permit an offering of the Notes, or possession or distribution of any application form relating to the Information Memorandum (in draft or final form) or any other offering or publicity material relating to the Notes, in any other country or jurisdiction. The Placing Agent is not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Notes other than as contained in the Information Memorandum (in final form).

TRANSACTION ADVISORS

ADVISERS	CONTACT DETAILS
 <p>Lead Arranger and Placing Agent</p>	<p>Standard Investment Bank Limited 16th Floor, JKUAT Towers Kenyatta Avenue P.O. Box 13714 - 00800 Nairobi, Kenya</p>
 <p>Advisor to the Board</p>	<p>I&M Burbidge Capital Limited 3rd Floor, 1 Park Avenue 1st Parklands Avenue P.O. Box 51525-00100 Nairobi, Kenya</p>
 <p>Paying Agent, Fiscal Agent and Registrar</p>	<p>I&M BANK LIMITED 1 Park Avenue 1st Parklands Avenue P.O. Box 30238 - 00100 Nairobi, Kenya</p>
 <p>Receiving Bank</p>	<p>The Co-operative Bank of Kenya Limited Co-operative House Haile Selassie Avenue P. O. Box 48231 - 00100 Nairobi, Kenya</p>
 <p>Legal Advisor</p>	<p>Walker Kontos Advocates Hakika House, Bishops Road P.O. Box 60680-00200 Nairobi, Kenya</p>
 <p>Reporting Accountants</p>	<p>KPMG Kenya Certified Public Accountants 8th Floor, ABC Towers Waiyaki Way P.O. Box 40612-00100 Nairobi, Kenya</p>
 <p>Note Trustee</p>	<p>Ropat Trust Company Limited KMA Apartments , Block D 1st Floor, Suite 1.3 Upper hill, Chyulu Road P.O. Box 1243-00100 Nairobi, Kenya</p>

Each of the above advisers and experts has given and has not withdrawn its written consent to the inclusion in this Information Memorandum of references to its name in the form and context in which they appear and has authorised the contents of the parts of this Information Memorandum attributed to it.

None of the above advisers or experts has any material interest, direct or indirect, in the Issuer or in the Issue other than in respect of professional fees payable in the ordinary course of business in connection with the Issue.

No promoter of the Issuer has any material interest in the Issue.

DEFINITIONS & ABBREVIATIONS

In this Information Memorandum, unless otherwise stated, the words in the first column have the meaning stated opposite them in the second column.

“Agents”	Refers to the Fiscal Agent, the Placing Agents, and the Registrar.
“Arranger”	Standard Investment Bank Limited.
“Banking Act”	The Banking Act (Chapter 488 of the Laws of Kenya).
“Board”	Refers to the Board of Directors of I&M Bank Limited.
“Business Day”	A day which is (for the purpose of payment or calculation of Interest) a date on which the Issuer is open for general business in Kenya.
“CAGR”	Compounded Annual Growth Rate.
“CD Act”	The Central Depositories Act (Chapter 485C of the Laws of Kenya).
“CDSC Account”	A depository account of a Noteholder which is held with the CDSC.
“CDSC”	The Central Depository and Settlement Corporation Limited.
“Closed Period”	Such period as specified in the relevant Pricing Supplement.
“Conditions”	The terms and conditions of the Notes as set out in section [4] of this Information Memorandum and any reference to a numbered “Condition” shall correspond to the Condition bearing the same number.
“CBK”	Central Bank of Kenya.
“CBR”	Central Bank Rate.
“CGT”	Capital Gains Tax.
“CMA”	The Capital Markets Authority established under the Capital Markets Act (Chapter 485A of the Laws of Kenya) and includes any successor thereto.
“Companies Act”	The Companies Act (Chapter 486 of the Laws of Kenya).
“DFIs”	Development Finance Institutions.
“Extraordinary Resolution”	Has the meaning set out in Schedule 2 of the Trust Deed (Meetings of Noteholders).
“Final Maturity/ Principal Redemption Date”	The final redemption date of the Notes as specified in the relevant pricing Supplement.
“FISMS”	Main Fixed Income Securities Market Segment.
“EFT”	Electronic Fund Transfer.
“GDP”	Gross Domestic Product.
“I&M”, “I&M Bank” or “the Bank”	I&M Bank Limited a company incorporated in the Republic of Kenya with company number C.8/90.
“I&M Group Plc” or “IMG Plc”	The non-operating holding company of the I&M Group incorporated in the Republic of Kenya with company number C.7/50. The company is listed on the Main Investment Market Segment of the Nairobi Securities Exchange.
“I&M Group”	I&M Group Plc and its subsidiaries.
“IFRS”	International Financial Reporting Standards.
“Interest”	The amount of interest payable in respect of each Principal Amount of the Notes as determined in accordance with the Conditions.

DEFINITIONS & ABBREVIATIONS

“Interest Payment Date”	In relation to a Tranche of Notes, the dates indicated in the applicable Pricing Supplement commencing on the date specified in the applicable Pricing Supplement until the Principal Amount of each Note is repaid in full.
“Interest Rate”	The rate of interest applicable to the Notes as specified in the applicable Pricing Supplement.
“IRA”	Insurance Regulatory Authority.
“Issue Date”	The date on which the Notes are issued as set out in the relevant Pricing Supplement.
“Issue Price”	The prices specified as such, being the price at which the Issuer issues the Notes referred to in the applicable Pricing Supplement.
“Issue”	The issue by the Company of medium-term notes denominated in Kenya Shillings of an aggregate amount of up to Kenya Shillings twenty billion (KES 20,000,000,000).
“Issuer”	I&M Bank Limited.
“Kenya”	The Republic of Kenya and “Kenyan” shall be construed accordingly.
“KNBS”	Kenya National Bureau of Statistics.
“MSME”	Micro, Small and Medium Enterprises.
“Notes”	The medium-term notes of the aggregate Principal Amount of up to Kenya Shillings twenty billion (KES 20,000,000,000) to be issued by the Issuer in accordance with the terms of this Information Memorandum (together with the relevant Pricing Supplement).
“Noteholders”	the person in whose name a Note is registered in the CDSC Account, or in the case of joint holders, the first-named person thereof.
“Note Trustee”	The institution initially appointed as such in relation to the Notes by the Issuer pursuant to the Trust Deed.
“NPS”	Net Promoter Score.
“NSE”	The securities exchange operated by the Nairobi Securities Exchange Limited.
“OTC”	Over The Counter.
“Principal Amount”	The nominal amount of each Note.
“Principal Repayment Date”	The date(s) so specified in the Information Memorandum as the date(s) on which payment(s) of the Principal Amount shall fall due.
“POLD Regulations”	The Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023.
“Pricing Supplement”	A pricing supplement approved by the Issuer, which is supplemental to the Information Memorandum, and issued for purposes of specifying the relevant details of any individual Tranche of the Notes.
“Programme”	the medium-term note programme established by the Company pursuant to the terms of this Information Memorandum (together with the relevant Pricing Supplement) and the relevant Programme Documents.
“Programme Documents”	The Agency Agreement, the Placing Agreement and the Trust Deed, the Information Memorandum and Pricing Supplement, as amended from time to time.
“Prudential Guidelines ”	Are regulatory and operational standards designed to ensure the stability, soundness, and proper management of financial institutions.

DEFINITIONS & ABBREVIATIONS

“Record Date”	In the case of payments of interest or principal, 5.00 p.m. Nairobi time 15 calendar days before the relevant date for payment or such other date as may be agreed between the Trustee (on behalf of the Noteholders), the Issuer and the relevant Agents.
“Register”	means the official record of the Noteholders in the CDS as maintained by the CDSC pursuant to section 25 of the CD Act.
“Registrar”	Means in the first instance, the Issuer acting as the Registrar, and subsequently, if another person is so appointed, institution initially appointed as registrar, issue agent, transfer agent and replacement agent in relation to the Notes by the Issuer pursuant to the Agency Agreement or, if applicable, any successor Registrar in relation to the Notes.
“repay”, “redeem” and “pay”	Shall each include both the others and cognate expressions shall be construed accordingly.
“RTGS”	Real Time Gross Settlement.
“Shilling” or “KES” or “Kshs” or “KShs”	The Kenya Shilling, the lawful currency of the Republic of Kenya or any of its successor currencies.
“SMEs”	Small and Medium Enterprises.
“Series”	A Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.
“Specified Denomination”	The amount specified as such in the applicable Pricing Supplement.
“Specified Office”	The specified office of the Paying Agent and Registrar as specified in the Information Memorandum.
“SWIFT”	Society for Worldwide Interbank Financial Telecommunication - A messaging network that financial institutions use to securely transmit information and instructions through a standardized system of codes.
“Tax”	Any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).
“the Group”	I&M Group Plc and its subsidiaries.
“Tranche”	All Notes which are identical in all respects (including as to listing).
“Transaction Documents”	Means any one or more or all of the Notes or the Agency Agreement or the Trust Deed.
“Trust Deed”	The agreement dated 30 th April 2026 entered into between the Issuer and the Note Trustee as modified and/or supplemented and/or restated from time to time.
“TZS”	Tanzanian Shillings.
“VAT”	Value added tax as provided for in the Value Added Tax Act 2013 and any other tax of a similar nature.

DIRECTORS' STATEMENT

7th April 2026

The Board declares that to the best of its knowledge and belief, it has taken reasonable care to ensure that the information contained in this Information Memorandum and the Note Documents are in accordance with the facts and that the Information Memorandum makes no omission likely to affect the import of such information, which, in the opinion of the Board should be included in this Information Memorandum, which could otherwise influence the decision of an existing shareholder or potential investor.

The Board further declares that statements contained in this information Memorandum are correct and that the Board's minutes, audit reports and or any other internal documents do not contain information which could distort the interpretation of this Information Memorandum.

The Board therefore in good faith, takes responsibility for the information in this Information Memorandum.

The Directors of I&M Bank Limited, having made due and careful enquiry, are of the opinion that the working capital available to I&M Bank Limited and its subsidiaries (the Group) is sufficient for the Group's present requirements, that is, for at least the next twelve (12) months from the date of this Information Memorandum.



Daniel Ndonge
Chairman

CHAIRMAN'S STATEMENT

Dear Investor,

On behalf of the Bank's Board, I have great pleasure in presenting to you this Information Memorandum for a KES Medium Term Notes issue to raise an amount of KES 20 billion.

This Issue follows approval by the Board that additional capital be raised to support the Bank's growth. The Bank has continued to perform well and has demonstrated consistent growth notwithstanding the various challenges in the operating environment. For the financial year ended 31 December 2025, the Bank posted a 29% growth in profit before tax anchored by a 23% rise in operating income and steady balance sheet growth. Customer deposits increased by 15% to KES 349 billion, while net loans rose to KES 218 billion, reflecting the confidence customers continue to place in us.

Our focus on Retail and MSME customers resulted in double-digit customer growth, supported by a significant jump in brand awareness¹ from 34% to 42% the fastest in the sector. Our Net Promoter Score (NPS)² at 64% is the highest amongst peer banks, reaffirming our strong customer experience culture.

Across the network, our digital transformation remains central to how we serve our customers. 98% of our customers are digitally active, and 98% of transactions now occur outside branches, driven by digital-first innovations such as our OTG mobile app and our expanding mobile capabilities.

Purpose of the Notes

The proceeds of the Issue will be used for onward lending, to provide long term funding for I&M Bank's future strategic growth and bolster the Bank's capital adequacy ratios by way of Tier II Capital.

Future Outlook

In 2025, I&M Bank demonstrated resilient earnings and disciplined risk management in a challenging operating environment—strengthening the core fundamentals that underpin creditor protection, including balance-sheet quality, liquidity management and capital discipline.

Looking ahead, our focus is on safeguarding the Bank's capacity to meet its obligations by maintaining strong capital buffers, prudent liquidity and a conservative risk appetite, while deploying Tier II capital in line with regulatory requirements and our corporate strategy.

We will prioritise high-quality, risk-adjusted asset growth with rigorous underwriting and portfolio monitoring, while expanding non-funded income to diversify revenue streams and support stable cash generation. These actions are designed to protect asset quality, reinforce loss-absorption capacity and enhance the predictability of debt service.

Across all channels, we will continue to invest in scalable distribution and process automation through our Digital Factory iCube to improve efficiency, strengthen operating performance and enhance the quality and sustainability of earnings that ultimately support creditor protection.

With these initiatives and a constructive outlook for 2026 and beyond, we remain focused on preserving strong prudential ratios, maintaining ample liquidity and delivering consistent profitability—supporting our ongoing ability to service the Notes in accordance with their terms.

Information Memorandum

This Information Memorandum sets out more information about the Bank, its current operations, financial information and the risks relating to the Bank as well as this Issue. Interested investors should read this document carefully and in its entirety and, if so required, seek professional advice before making a decision. I strongly encourage prospective investors to take action within the timelines as detailed herein.

Yours sincerely,


Daniel Ndonye
Chairman

1. CORPORATE INFORMATION

Issuer	I&M Bank Limited						
Company Number	C.8/90						
Contact Information	Registered Office: 1 Park Avenue 1st Parklands Avenue P.O. Box 30238 - 00100 Nairobi, Kenya						
Website	http://www.imbank.com Information available on the Issuer's website or digital platforms does not form part of this Information Memorandum unless expressly incorporated by reference in this document.						
Incorporation	Incorporated as a private limited company in Kenya on 14 May 1974						
Number of Branches	73 branches in Kenya						
Shareholders	Wholly owned subsidiary of I&M Group PLC						
Share Capital	Authorised and issued capital The authorised share capital is KES 3,000,000,000 made up of 30,000,000 ordinary shares of KES 100 each. Issued Shares The issued shares are 30,000,000 ordinary shares of KES 100 each. All issued shares are fully paid-up.						
Auditors	PricewaterhouseCoopers LLP PwC Towers Waiyaki Way P.O. Box 43963 - 00100 Nairobi, Kenya						
Subsidiaries	I&M Bank Limited has the following shareholding in its subsidiaries <table border="1" data-bbox="619 1496 1420 1635"> <thead> <tr> <th>Company</th> <th>Shareholding</th> </tr> </thead> <tbody> <tr> <td>I&M Bank (T) Ltd</td> <td>49.81%</td> </tr> <tr> <td>I&M Bancassurance Intermediary Limited</td> <td>100%</td> </tr> </tbody> </table>	Company	Shareholding	I&M Bank (T) Ltd	49.81%	I&M Bancassurance Intermediary Limited	100%
Company	Shareholding						
I&M Bank (T) Ltd	49.81%						
I&M Bancassurance Intermediary Limited	100%						

2. KEY FEATURES OF THE NOTES

I&M Bank is issuing Medium Term Notes denominated in KES. The applicable principal terms are set out in the table below. This Information Memorandum will only apply to the Notes issued in an aggregate nominal amount which does not exceed KES 20,000,000,000/- (Kenya Shillings Twenty Billion only). If the amount is increased or there is any material change to the programme relating to the Issue, a supplementary Information Memorandum together with a pricing supplement where necessary will be issued.

2.1 Executive Summary and Principal Features of Notes

The principal features highlight certain important information contained in this Information Memorandum, which should be read in its entirety for a full appreciation of the subject matter contained therein. If you are in any doubt as to the meaning of the contents of this Information Memorandum or as to what action to take, please consult your investment bank, stockbroker, accountant, lawyer, or other professional adviser immediately.

Issuer	I&M Bank Limited
Descriptions	The Kenya Shillings denominated medium term note programme established by the Issuer, pursuant to which Notes in the aggregate principal amount of up to KES 20,000,000,000/- (Kenya Shillings Twenty Billion only) may be issued in two Tranches. Each Tranche shall be offered under a separate Pricing Supplement approved by the CMA and the NSE.
Arranger & Placing Agent	Standard Investment Bank
Use of Proceeds	The proceeds of the Issue will be used for onward lending, provide long term funding for strategic growth and expansion and bolster the Bank's capital adequacy ratios by way of Tier II Capital through the Note programme
Method of issue	Public Offering
Tenor	5 years and 6 months (final maturity date to be stated in the Pricing Supplement)
Issue Amount	Up to KES 20 billion
Green Shoe Option	To be specified in the relevant Pricing Supplement
Purpose of Green Shoe Option	To cater for oversubscription
Currency	Kenya Shillings (KES)
1st Tranche	KES 10 Billion
Issue Date	To be specified in the relevant Pricing Supplement
Principal Redemption Date	To be specified in the relevant Pricing Supplement
Fiscal Agent	I&M Bank Limited
Registrar	I&M Bank Limited
Paying Agent	I&M Bank Limited
Reporting Accountants	KPMG Kenya
Note Trustee	Ropat Trust Company Limited
Legal Counsel	Walker Kontos Advocates

2. KEY FEATURES OF THE NOTES (Continued)

Denomination of Notes	KES 50,000 with integral multiples of KES 50,000.
Minimum Subscription Amount	KES 500,000 (Kenya Shillings Five hundred thousand only).
Interest Rate-Fixed Rate notes	Fixed rate notes will bear interest at a fixed rate, as indicated in the relevant Pricing Supplement and more fully described in the Terms and Conditions.
Floor rate (Minimum)	To be specified in the relevant Pricing Supplement.
Cap Rate (Maximum)	To be specified in the relevant Pricing Supplement.
Interest Payment	Interest will be paid semi-annually in arrears (each an "Interest Payment-Date") as per section 4.5.3 of this Information Memorandum. Interest will be calculated a 364-day year in line with market practice for fixed income securities in Kenya.
Principal Redemption	Repayment of principal shall be by way of a bullet repayment at the end of the tenure.
Default Interest	To be specified in the relevant Pricing Supplement
Status of the Notes	The Notes will constitute direct, general, unsecured and subordinated obligations of the Issuer and will rank pari passu among themselves and after all subordinated creditors of the Issuer including depositors and general creditors.
Issue Price	Notes will be issued on a fully paid basis at par.
Listing	The Notes will be listed on Nairobi Securities Exchange
Transfers / Trading of Notes	A Note may be transferred in whole or in part in a Specified Denomination and title to such Notes shall pass upon the book-entry of the transfer of the Note from the CDSC Account of the relevant Noteholder to the CDSC Account of the transferee, in accordance with the CD Act.
Costs of Issue	The costs of Issue will be borne by the Issuer. The costs of the Issue are as indicated in Section 2.4. Final costs shall be disclosed in the Pricing Supplement and may vary subject to CMA approval.
Governing Law	The Notes will be construed in accordance with, and governed by, Kenyan Law.
Guarantee	The Notes are unsecured subordinated obligations of the Issuer and therefore no third-party guarantee is provided. The repayment of the debt securities and the payment of interest will be funded from the general earnings of the Issuer.
Taxation	Interest on the Notes (other than interest paid to the financial institutions specified in the fourth schedule to the Income Tax Act (chapter 470 of the Laws of Kenya) and certain other exempt persons) will be subject to withholding tax at the rate of 15%.

2. KEY FEATURES OF THE NOTES (Continued)

2.2 Note Offer Timetable

Event	Date
Board of Directors Approval and Recommendation	7 th April 2026
Shareholders' approval	7 th April 2026
CMA Approval	22 nd April 2026
NSE Approval	27 th April 2026
Release of Information Memorandum	30 th April 2026
1 st Tranche	Date
Notes Offer Opens	30 th April 2026
Notes Offer Closes	15 th May 2026
Deadline for receipt of duly filled Application Forms	15 th May 2026
Allocation and Allotment Date	15 th May 2026
Announcement of Notes Offer results	15 th May 2026
Settlement Date	18 th May 2026
Issue Date	18 th May 2026
Uploading of Notes Certificates	19 th May 2026
Listing Date	21 st May 2026

2.3 Use of Proceeds

The proceeds of the Issue will be used for onward lending, provide long-term funding for strategic growth and expansion and bolster the Bank's capital adequacy ratios by way of Tier II Capital through the Note Programme.

No specific property acquisition is being financed directly from the proceeds of the Issue. Preliminary expenses, transaction advisory fees and other costs associated with the establishment and issuance of the Programme will be met from the proceeds of the Issue and/or from the Issuer's general funds. The Issuer does not intend to apply the proceeds to repay borrowings incurred in respect of specific capital expenditure.

2.4 Costs of the Issue

The costs of the Issue are as shown below and will be borne by I&M Bank.

Costs	Amount in KES
Transaction fees**	26,500,000
Note Trustee	650,000
NSE Listing fees	1,000,000
CMA Approval fees	20,000,000
Total Costs	48,150,000

***Transaction Fees include various advisors involved in the transaction (Lead Arranger, Legal Advisor, Reporting Accountant and Receiving Bank)*

Excludes reimbursables, taxes and any transfer fees

In addition to the above costs, a placement fee ranging between 0.5% and 1% of funds received from investors is payable to any party that successfully brings investors to the MTN.

2.5 Approvals for the Offer

2. KEY FEATURES OF THE NOTES (Continued)

The establishment of the Medium Term Note Programme and the issue of Notes thereunder were duly recommended by the Board of Directors of I&M Bank Limited on 7th April 2026.

“The shareholders of I&M Bank have duly approved, by resolution, the establishment of the Medium Term Note (MTN) Programme thereunder on 7th April 2026. Approval for the public offer and listing of the Notes has been obtained from the Capital Markets Authority.

Listing Application

Application has been made to the Capital Markets Authority and approval obtained for the Offer and the listing of the Notes on the Fixed Income Securities Market Segment of the Nairobi Securities Exchange.

The Issuer has also applied to the Nairobi Securities Exchange and approval obtained for the admission of the Notes to FISMS. No application has been made for listing on any other securities exchange.

2.6 Distribution of Information Memorandum

No approval for the distribution of this Information Memorandum in any other jurisdiction (other than Kenya), where such approval may be required has been obtained. This Information Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

2.7 Governing Law

This Information Memorandum and the Notes shall be governed by and construed in accordance with the Laws of Kenya and it shall be a term of each such contract that the parties thereto and all other interested parties submit to the exclusive jurisdiction of the Courts of Kenya.

2.8 Taxation

The following paragraphs summarize certain anticipated tax consequences of an investment in the Notes under Kenyan tax laws and relevant interpretations thereof in effect as of the date of this Information Memorandum. These discussions do not deal with all possible tax consequences related to the Issuer's operations or to an investment in the Notes. Accordingly, each prospective investor should consult their tax advisor regarding the tax consequences related to an investment in the Notes.

2.8.1 Taxation of the Issuer

In general, the Issuer will be subject to Kenyan income tax to the extent it has income, which has its source in Kenya or is effectively connected with a Kenyan trade or business.

2.8.2 Taxation of Noteholders

1. Withholding Tax

Interest on the Notes (other than interest paid to the financial institutions specified in the fourth schedule to the Income Tax Act (chapter 470 of the Laws of Kenya) and certain other exempt persons) is subject to withholding tax.

Interest paid to a resident individual is treated as qualifying interest and as such the withholding tax deducted is final tax (the income should not be subjected to further tax). For non-resident individuals, taxation of the interest income received would be based on the tax legislation in their respective jurisdictions. The interest payable to Noteholders who are resident body corporates will form part of the trading income and as such taxed as part of the trading income.

Payment of interest on the Notes will be made by the Paying Agent in Kenya following the deduction (where applicable) of Kenyan withholding tax at the rate of 15%. Non-residents may be entitled to a tax credit in their country of residence under the tax treaties referred to below.

2. KEY FEATURES OF THE NOTES (Continued)

2. Capital Gains

No capital gains tax is payable in Kenya on any gains made on issue, transfer or redemption of the Notes so long as the Notes are listed and traded on the NSE.

3. Stamp Duty

No stamp duty is payable in Kenya on any gains made on issue, transfer or redemption of the Notes so long as the Notes are listed and traded on the NSE.

4. Tax Treaties

Kenya has entered into Double Tax Agreements that have been ratified and in force with the following countries: Canada, Denmark, France, Germany, India, Iran, Norway, Qatar, Seychelles, South Africa, Sweden, United Arab Emirates, United Kingdom, Korea and Zambia.

2.9 Foreign Exchange Control

Kenya has no foreign exchange controls. However the Central Bank of Kenya Act (Cap 491 of the Laws of Kenya) provides that for every payment made in Kenya to or for the credit of a person outside Kenya; or outside Kenya to or for the credit of a person in Kenya; or in Kenya (other than a payment for a current transaction) between a resident and a non-resident, then every such payment should be effected through an authorised bank unless prior approval of the CBK has been obtained for any payments that do not comply.

3. KEY INVESTMENT CONSIDERATIONS

3.1 Strong Financial Performance

I&M Bank has maintained consistent growth over the years buoyed by its innovative banking services, outstanding corporate image, strong corporate governance and a healthy balance sheet.

In 2025, the Issuer's capital adequacy ratios remained healthy remaining above the statutory minimum requirement and improving the Issuer's overall liquidity position. As at 31st December 2025, the Issuer's core capital stood at KES 53.5 billion against the statutory requirement of KES 3 billion.

I&M Bank has recorded strong growth in total assets and customer deposits over the past five financial years registering compounded annual growth rate of 13% and 10% respectively from 2021 to 2025. As of 31st December 2025, the Issuer's customer deposits had increased by 15% to reach KES 349 billion from KES 304 billion as of 31st December 2024.

I&M Bank's loan book recorded growth from KES 162 billion in 2021 to KES 218 billion in 2025, reflecting a CAGR of 10% during this period. Total assets have also increased at a CAGR of 13% between 2021 and 2025 and increased by 11% during the year ended 31st December 2025 to reach KES 460 billion.

3.2 Regional Presence

I&M Bank is part of a regional banking group that has a presence in Kenya, Tanzania, Rwanda, Uganda and Mauritius. The Issuer's growing regional presence ensures that its combined customer base is able to enjoy a wider range of products and services with their bank of choice across these countries.

3.3 Robust Corporate Governance and Management

The Bank maintains strong corporate governance structures that are aligned with CBK Prudential Guidelines and international best practices.

A majority of Directors on Bank's Board comprise Independent Directors who bring their considerable expertise to the table, while the Bank's Management is composed of seasoned bankers and professionals who continue to ably steer the Bank towards achieving its strategic objectives.

3.4 Banking Industry Relationships

I&M Bank has strong relationships with both regional and international correspondent banks. Leveraging these partnerships, the Bank has successfully transitioned from a predominantly corporate-focused institution to one with a significantly expanded footprint in the retail and MSME segments under its iMara Strategy. This strategic evolution has been supported by an aggressive branch expansion programme, enhancing nationwide accessibility and bringing banking services closer to its customers.

3.5 Strong Credit History

The Issuer has a proven track record of timely repayment of previous Medium Tern Note obligations (e.g., 2020 issuance now fully repaid). The Bank's strong credit worthiness has boosted confidence amongst international Development Finance Institutions (DFIs) such as IFC, DEG, FMO and Proparco who have over the years invested in the bank through subordinated debt. Other financial institutions such as the European Investment Bank (EIB) have extended financing facilities to the Issuer for investment in Kenyan businesses.

Development Finance Institutions (DFIs), such as FMO, have played a pivotal role in advancing MSME lending under the iMara Strategy by providing credit guarantee facilities that enhance risk-sharing on the MSME portfolio. These guarantees strengthen the Bank's ability to extend credit to priority segments—particularly Women-owned enterprises, Youth-led businesses, and Agriculture-focused borrowers—thereby supporting inclusive and sustainable economic growth.

3.6 Significant Growth Track Record

The Bank has an impressive track record for growth on several parameters as listed below:

- Geographical coverage & Network,
- Customer base,
- Digital Banking Penetration
- Lives Impacted

3. KEY INVESTMENT CONSIDERATIONS (Continued)

3.7 Credit Rating

I&M Bank Limited has been assigned a credit rating of A+ for national long term rating and B- for Long term IDR by Fitch, a credit rating agency licensed/recognised by the Capital Markets Authority of Kenya. The rating was assigned on 18th November 2025 and is current as at the date of this Information Memorandum.

National Long-Term Rating: A+- This rating reflects that the issuer is strong and reliable within the country and has a low likelihood of default relative to local its competitors. Long-Term Issuer Default Rating (IDR) is Fitch's global scale rating, which compares credit risk internationally, not just within one country.

IMPORTANT – CREDIT RATING CAUTION:

A credit rating is not a recommendation to apply for the securities on offer or an assurance of performance of the offer or the issue and investors should exercise due diligence and use the rating only as one of the considerations in making their investment decision.

4. TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes (“the Conditions”).

The Notes are issued subject to, a Trust Deed dated 30th April 2026 (the “**Trust Deed**”) between the Issuer and Ropat Trust Company Limited as the note trustee (the “**Note Trustee**”) and an Agency Agreement dated 30th April 2026 (“the **Agency Agreement**”) between the Fiscal Agent, The Registrar and the Issuer. The holders of the Notes (the “**Noteholders**”) are deemed to have notice of and are entitled to the benefit of all the provisions of the Trust Deed and the Agency Agreement (together, “**the Note Documents**”), which are binding on them or on the Note Trustee on their behalf. Copies of the Note Documents are available for inspection at the Specified Offices of the Issuer as outlined under Condition 4.14 (*Agents and Specified Offices*) below. Words and expressions defined in the Trust Deed and the rules of interpretation specified therein shall have the same meanings or apply where used in the Conditions, unless the context otherwise requires or unless otherwise stated.

4.1 Form and Denomination

The Notes will be issued in registered and dematerialized book-entry form in the specified denominations in compliance with the CD Act and CDSC Operating Rules.

The Notes will be listed on FISMS.

The Notes will be registered in the CDSC Account of each Noteholder held with the CDSC in accordance with the CD Act 2000. No physical certificate will be issued.

The Notes shall be issued only in Kenya Shillings.

The number of Notes issued in each tranche will be determined by dividing the aggregate principal amount of such tranche by the denomination of the Notes.

Notes will attract interest at the rate specified in the relevant pricing supplement.

4.2 Title

Title to the Notes will be evidenced by means of a book-entry in the CDSC Account of a Noteholder in accordance with the CD Act.

The Issuer, the Paying Agent and Registrar, and the Note Trustee may (to the fullest extent permitted by Applicable Laws) deem and treat the registered owner of any Note as the absolute owner of any such Notes registered in the CDSC Account of such Noteholder (whether or not the Note shall be overdue).

4.3 Transfer of Notes

1. A Note may be transferred in whole or in part in a Specified Denomination and title to such Notes shall pass upon the book-entry of the transfer of the Note from the CDSC Account of the relevant Noteholder to the CDSC Account of the transferee, in accordance with the CD Act.
2. The transfer of any Note will be subject to such charges as may be levied by the CDSC, CMA, NSE or any other regulatory authority or agency and market intermediary through whom the order is made.
3. **Closed Periods.** No Noteholder may require the transfer of any interest in any Note to be registered during the period of seven (7) Business days ending on the due date for the payment of interest on the Note or such other period as may be specified under the CDSC operating procedures.
4. **Future Issues.** Nothing contained in the Note Documents shall preclude the Issuer from, at any time, issuing further Notes on these or similar terms and conditions.

4. TERMS AND CONDITIONS OF THE NOTES (Continued)

4.4 Status of the Notes

The Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer which (a) rank *pari passu* among themselves and (b) are subordinated to the claims of the Senior Creditors;

“**Senior Creditors**” means all such persons who are;

- i. depositors of the Issuer
- ii. unsubordinated creditors of the Issuer; and
- iii. subordinated creditors of the Issuer other than those whose claims are expressed to rank and do rank, *pari passu* or junior to the claims of the Noteholders under the Notes.

The Notes issued under the Programme are not underwritten and are not guaranteed by any third party.

No person has committed to subscribe for or guarantee the subscription of any Notes issued under the Programme.

4.5 Interest

The Notes will attract interest at a fixed rate (“**Fixed Rate Notes**”) as specified in the relevant Pricing Supplement.

4.5.1 Payment of interest

1. The Notes bear interest on their outstanding Principal Amount from the relevant Issue Date at the Interest Rates determined below. Interest on each Note will be payable in arrears on the last day of each Interest Period (each an “**Interest Payment Date**”) until the Principal Amount of each Note is repaid in full.
2. If any Interest Payment Date falls on a day which is not a Business Day, the next following Business Day shall be substituted for such day, unless such Business Day falls in the next calendar month, in which case the immediately preceding Business Day shall be substituted therefore.
3. The period beginning on and including the “**Issue Date**”, to but excluding, the first Interest Payment Date, and each successive interest period from and including an Interest Payment Date to but excluding the next Interest Payment Date is an “**Interest Period**”.

4.5.2 Interest Rate

1. Each Fixed Rate Note will bear interest on its Principal Amount from (and including) the relevant Issue Date at the rate of interest (expressed as a percentage per annum) (the “**Fixed Rate Notes Rate of Interest**”) equal to the Interest Rate specified in the relevant Pricing Supplement, payable in arrears on the Interest Payment Dates specified in the relevant Pricing Supplement.
2. Each Fixed Rate Note shall cease to bear interest from the date of its redemption unless, upon due presentation thereof, payment of any Principal Amount due thereunder is improperly withheld or refused. In such event, interest will continue to accrue at the Fixed Rate Notes Default Rate (hereinafter defined) as specified in the relevant Pricing Supplement.

4.5.3 Calculation of Interest

The Interest payable in respect of any Note for any Interest Period shall be calculated by multiplying the product of the Interest Rate and the outstanding Principal Amount of such Note by the Day Count Fraction, unless Interest (or a different formula for its calculation) is specified in any relevant pricing supplement in respect of such Interest Period, in which case the Interest payable in respect of such Note for such Interest Period shall be the amount specified in such pricing supplement (or be calculated in accordance with such formula).

4. TERMS AND CONDITIONS OF THE NOTES (Continued)

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition:

if “**Actual/364**” is specified in the relevant Pricing Supplement, the actual number of days in the Interest Period divided by 364 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 364);

if “**Actual/Actual**” or “**Actual/365**” is specified in the relevant Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

if “**Actual/364 (Fixed)**” is specified in the relevant Pricing Supplement, the actual number of days in the Interest Period divided by 364;

For the purpose of any calculation of Interest pursuant to these Conditions (unless otherwise specified in the Conditions or the relevant Pricing Supplement), (i) all percentages and figures resulting from such calculations shall be rounded, if necessary, to two decimal places, and (ii) all currency amounts that fall due and payable shall be rounded to the nearest tenth cent of such currency.

The Notes will be issued at par and the yield of each Tranche of Notes will be specified in the relevant Pricing Supplement. The yield will be calculated on the basis of the internal rate of return of the Notes, taking into account the issue price, the nominal interest rate, the frequency of interest payments and redemption at par on the Final Maturity Date as specified in the relevant Pricing Supplement.

4.5.4 Notification of Interest

1. The Paying Agent will as soon as practicable but in any event no later than two Business Days prior to the date on which interest for a particular Interest Payment Date begins to accrue (the “Interest Determination Date”), compute the interest payable in respect of each Interest Period and the relevant Interest Payment Dates and, if required to be calculated, the amounts due on the final redemption of the Notes (the “Final Redemption Amount”), to be notified to (i) the Issuer, (ii) the Noteholders, (iii) the Note Trustee (iv) any other Agent appointed in respect of the Notes, and (iv) if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination, but in no event later than the fourth Business Day after all such determinations are complete.
2. Where any Interest Payment Date or Interest Period is subject to adjustment pursuant to Condition 4.5.1 (*Payment of Interest*), the Interest and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) and such amendment will be promptly notified to the Note Trustee and to the Noteholders in accordance with Condition 4.15 (Notices).
3. If the Notes become due and payable under an Event of Default, the accrued Interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated in accordance with this Condition but no publication of the Interest Rate or the Interest so calculated need be made. The calculation and determination of the Interest Rate or the Interest by the Fiscal Agent shall (in the absence of manifest error) be final and binding upon all parties.

4.5.5 Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.5 (*Interest*), by the Fiscal Agent shall (in the absence of willful default, bad faith or manifest error) be binding on all parties and (in the absence of the aforesaid) neither the Note Trustee nor the Fiscal Agent shall be liable to the Issuer or the Noteholders in connection with the exercise or failure to exercise by the Note Trustee or the Fiscal Agent any of their respective

4. TERMS AND CONDITIONS OF THE NOTES (Continued)

powers, duties and discretions pursuant to such provisions.

4.5.6 Accrual of Interest

Each Note will cease to accrue interest from the date of its redemption unless, upon due presentation thereof, payment of the Principal Amount is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

1. the date on which all amounts due in respect of such Note have been paid by the Issuer to the Noteholder (if no Placing and Paying Agent has been appointed under the Agency Agreement); and
2. the date on which all amounts due in respect of such Note have been received by the Placing and Paying Agent and notice to that effect has been given in accordance with Condition 4.15 (*Notices*) or individually.

4.6 Payments

4.6.1 Method of Payment to Noteholders

1. Payment and settlement of the amount specified in the Pricing Supplement as the Final Redemption Amount(s) will be made by the Paying Agent in accordance with the CD Act, where applicable.
2. Payment of instalments of principal (other than the Final Redemption Amount(s), interest and other amounts due in respect of the Notes will be paid to the holder of the Notes appearing on the CDSC Account as at the Record Date.
3. There shall be no right to prepayment in respect of any Notes unless mandated by regulatory capital treatment or with CBK's prior approval.
4. Payments will only be made to Kenyan bank accounts in the name of the Noteholder.
5. Subject to Condition 4.6.1.1, payment of interest and Principal Amounts in excess of Kenya Shillings one million (KES 1,000,000) shall be made by the Paying Agent via RTGS to the account designated for such purpose by the Noteholder. Payment by RTGS shall be a valid discharge of the Issuer's obligations to pay interest and any Principal Amount. In the event that for any reason, payment by means of RTGS is not possible, payment will be made by EFT or cheque in the manner set out in the remainder of this Condition 4.6 (Payments)
6. Payment of interest and Principal Amounts less than Kenya Shillings one million (KES 1,000,000) may at the election of the Noteholder be made by EFT, RTGS or cheque drawn on a bank in Kenya and posted to the address as recorded in the CDSC Account of the Noteholder, on the Business Day not later than the relevant due date. Payment by EFT, RTGS or cheques shall be a valid discharge of the Issuer's obligations to pay interest and any Principal Amount.
7. Neither the Issuer, the Note Trustee, Paying Agent, Fiscal Agent nor the Registrar will be responsible for any loss in transmission of any cheque posted by way of registered post and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques so posted.
8. All payments of Principal Amounts and Interest in respect of the Notes are subject in all cases to any Applicable laws, fiscal or otherwise in the place of payment, but without prejudice to the provisions of Condition 4.8 (Taxation). No commissions or expenses shall be charged to the Noteholders in respect of such payments.
9. If at any time a partial payment of any Interest is made in respect of any Note, the Registrar shall endorse the Register with a statement indicating the amount and date of such payment.
10. The Notes are not convertible into equity securities of the Issuer.

4.6.2 Payments on Business Days and Late Payments

1. Where payment is to be made by RTGS or EFT to a Noteholder's account, payment instructions will be initiated on the due date for payment of interest and/or the Principal Amount (in the event of a partial or full redemption), or the Redemption Amount on redemption, as the case may be.
2. Where payment is to be made by cheque, the cheque will be posted by registered post (i)

4. TERMS AND CONDITIONS OF THE NOTES (Continued)

on the Business Day immediately preceding the due date for payment of interest or the Principal Amount (in the event of a partial or full redemption) as applicable.

3. If any day for payment of any amount of principal or interest in respect of any Note is not a Business Day, then the Noteholder thereof shall not be entitled to payment until the next following Business Day nor be entitled to any interest or other sums in respect of such postponed payment.
4. If (otherwise than by reason of the application of Conditions 4.6.2.1 (a) payment of a Principal Amount is withheld or refused when due in respect of any Note, or (b) any Interest is not paid when due (the defaulted amounts mentioned in (a) and (b) above being referred to in this Condition as “Defaulted Amounts”) then interest shall accrue on each such Defaulted Amount at the Default Rate and shall be paid through the Fiscal Agent. “Default Rate” means the Fixed Rate Notes Rate of Interest plus a Default Rate Margin.. Default Rate Margin as specified in the relevant Pricing Supplement.

4.6.3 Interpretation of Principal Amount

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- i. the instalments specified in Condition 4.6.1 (Method of payment to Noteholders);
- iii. any premium and any other amounts, excluding Interest, which may be payable by the Issuer under or in respect of the Notes

4.6.4 Currency of Accounts and Payments

The currency of account and for any sum due from the Issuer hereunder is the Kenya Shillings.

4.7 Redemption and purchase of Notes by the Issuer

4.7.1. Redemption

Unless previously redeemed or purchased and deleted from the relevant Noteholder’s CDSC Account, each Note shall be redeemed on the date specified in the relevant Pricing Supplement relating to that Tranche of Notes.

4.8 Taxation

1. All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“Taxes”) imposed or levied by, or on behalf of, Kenya, or any political sub-division of, or any authority in, or of, Kenya having power to tax, unless such withholding or deduction of Taxes is required by law.
2. The Issuer (or the Paying Agent, as the case may be) will deduct withholding tax at the prescribed rate on all interest payments to Noteholders other than any Noteholder who (a) is exempt from such deduction under the provisions of the Income Tax Act (Chapter 470 of the Laws of Kenya) and (b) has provided evidence of such exemption to the reasonable satisfaction of the Issuer. The Issuer assumes responsibility for the deduction and remittance of withholding tax in accordance with applicable law.

4.9 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless presented for payment within a period of six (6) years in the case of principal and six (6) years in the case of interest after the Relevant Date (as defined below).

As used in these Conditions, “**Relevant Date**” in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven (7) days after that on which notice is duly given to the Noteholders in accordance with Condition 4.15 (*Notices*).

4. TERMS AND CONDITIONS OF THE NOTES (Continued)

4.10 Events of Default

Events of default shall apply subject to the subordinated status of the Notes. An Event of Default shall have occurred in the case of Notes, if:

1. *Resolution for winding up*: otherwise than for the purposes of a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved by the Note Trustee, an order is made or an effective resolution is passed for the winding up of the Issuer
2. *Non-payment*: the Issuer fails to pay any Principal Amount which is due in respect of the Notes or the Issuer is in default with respect to the payment of Interest on any of such Notes and such default continues for a period of seven (7) Business Days (provided that the Issuer shall not be in default if, during such period, it satisfies the Note Trustee that the amounts not paid were not paid (i) in order to comply with any applicable laws or the Prudential Guidelines or order of any court or competent jurisdiction or (ii) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or acceptability given at any time during such period by independent advisers acceptable to the Note Trustee); or
3. *Breach of Other Obligations*: the Issuer is in default in the performance, or is otherwise in breach, of any warranty, covenant, obligation or undertaking under the Notes (other than non-payment under the Notes) and such default or breach (if capable of remedy) is not remedied within ninety (90) Business Days (or such longer period as the Note Trustee may in its sole discretion determine) after notice thereof has been given to the Issuer and, if applicable, by the Note Trustee; or
4. *Cross-default*: (i) any indebtedness of the Issuer, (a) becomes due and payable prior to the due date for payment thereof by reason of any default by the Issuer or (b) is not repaid at maturity as extended by the period of grace, if any, applicable thereto or (ii) any guarantee given by the Issuer in respect of any indebtedness of any other person is not honoured when due and called, provided that the aggregate principal amount of such financial indebtedness referred to in (i) or (ii) exceeds Kenya Shillings ten billion (KES 10,000,000,000) (or its equivalent).
5. *Bankruptcy*: the Issuer shall institute proceedings under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect to be placed into liquidation or winding up or shall consent to the filing of a bankruptcy, insolvency or similar proceeding against it or file a petition or answer or consent seeking reorganisation under any such law or consent to the filing of any such petition, or consent to the appointment of a receiver, manager, liquidator or trustee or assignee in bankruptcy or liquidation of the Issuer or in respect of its property, or make an assignment for the benefit of its creditors or otherwise be unable or admit its inability to pay its debts generally as they become due or the Issuer commences proceedings with a view to the general adjustment of its indebtedness, which event in any such case is (in the sole opinion of the Note Trustee), materially prejudicial to the interests of the Noteholders; or
6. *Substantial Change in Business*: the Issuer makes or threatens to make any substantial change in the principal nature of its business as presently conducted which is (in the sole opinion of the Note Trustee) materially prejudicial to the interests of the Noteholders; or
7. *Maintenance of Business*: the Issuer fails to take any action as is required of it under the applicable laws or the Prudential Guidelines or otherwise to maintain in effect its licenses or corporate existence or fails to take any action to maintain any material rights, privileges, titles to property, franchises and the like necessary or desirable in the normal conduct of its business, activities or operations which is (in the sole opinion of the Note Trustee) materially prejudicial to the interests of the Noteholders and such failure (if capable of remedy) is not remedied within ninety (90) Business Days (or such longer period as the Note Trustee may in its sole discretion determine) after notice thereof has been given to the Issuer; or
8. *Material compliance with applicable laws*: the Issuer fails to comply in any material respect with any applicable laws or the Prudential Guidelines to enable it lawfully to exercise its rights or perform or comply with its obligations under the Note Documents; or

4. TERMS AND CONDITIONS OF THE NOTES (Continued)

9. *Invalidity or Unenforceability:* (i) the validity of the Notes or the Note Documents is contested by the Issuer or the Issuer denies any of its obligations under the Notes or the Note Documents (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise) or (ii) it is or becomes unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Notes or the Note Documents and the Note Trustee is of the opinion (determined on its sole discretion) that such occurrence is materially prejudicial to the interests of the Noteholders; or
10. *Government Intervention:* (i) all or any substantial part of the undertaking, assets and revenues of the Issuer is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets, revenues and, following the occurrence of any of the events specified in Condition 4.10, the Note Trustee is of the opinion (determined on its sole discretion) that such occurrence is materially prejudicial to the interests of the Noteholders; in which event the holders of Notes may, by Extraordinary Resolution of such holders, direct the Note Trustee to give written notice to the Issuer at the Specified Office of the Fiscal Agent, effective upon the date of receipt, declaring the Notes to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Amount, together with accrued Interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

4.11 Enforcement

The Note Trustee may at any time after an Event of Default, at its discretion and without notice (but subject to and in accordance with the Trust Deed), institute such proceedings against the Issuer as it thinks fit to enforce its rights under the Trust Deed and the other Note Documents in respect of the Notes, but it shall not be bound to do so unless:

1. it has been so requested in writing by the Noteholders holding more than two-thirds in principal amount of the Notes Outstanding or has been so directed by a resolution of the Noteholders duly passed; and
2. it has been indemnified and/or provided with security to its satisfaction. No Noteholder may proceed directly against the Issuer.

4.12 Regulatory Consent

The Note Trustee and the Noteholders will not without the prior written consent of the relevant authorities where so required:

1. Purport to retain or set off at any time any amount payable in respect of the Notes against any amount otherwise payable by any of them to the Issuer except to the extent that payment of such amount in respect of the Notes would be permitted at such time under the Conditions;
2. Amend or waive or concur in amending or waiving the terms of the Note Documents whereby the subordination of the Notes or any part thereof might be terminated, impaired or adversely affected; or
3. Attempt to obtain repayment of the whole or any part of the amounts payable in respect of the Notes otherwise than in accordance with the terms of the Note Documents.

4.13 Trust

Any amounts paid by or for the account of the Issuer or received or recovered by the Note Trustee or any Noteholder and any distributions of any kind or character in respect of the Notes received or recovered by the Note Trustee or any Noteholder otherwise than in accordance with the provisions of the Note Documents shall be held in trust by the Note Trustee, or any Noteholder to return the same to the Issuer, or where applicable, the liquidator or other similar such officer.

4. TERMS AND CONDITIONS OF THE NOTES (Continued)

4.14 Agents and Specified Offices

The names of the Issuer and the initial Placing Agents, Paying Agent, Fiscal Agent, Registrar and Note Trustee and their initial Specified Offices are set out below:

Issuer, Paying Agent, Fiscal Agent and Registrar:	<p>I&M Bank Limited Specified Office:</p> <p>1 Park Avenue 1st Parklands Avenue P.O. Box 30238 - 00100 Nairobi, Kenya Tel: 254 (20) 322 1000 Email : invest@imbank.co.ke</p> <p>Attention: Office of the Chief Executive Officer</p>
Placing Agent	<p>Standard Investment Bank Limited Specified Office:</p> <p>16th Floor, JKUAT Towers, Kenyatta Avenue, P.O. Box 13714 - 00800, Nairobi, Kenya. Tel: 254 (20) 2277038 Email: jkkihumba@sib.co.ke</p> <p>Attention: Job Kihumba Executive Director, Corporate Finance</p>
Note Trustee:	<p>Ropat Trust Company Limited</p> <p>Specified Office:</p> <p>KMA Apartments , Block D 1st Floor, Suite 1.3 Upper hill, Chyulu Road P.O. Box 1243-00100 Nairobi, Kenya Tel: +254-20-272 33 22/4 Email: rndungu@africaregistrars.co.ke</p> <p>Attention: Robert K Ndung'u Chief Executive Officer</p>

The Issuer is entitled to appoint additional or other Note Agents or note trustees and/or approve any change in the Specified Office through which any Note Agent or the Note Trustee acts in accordance with the provisions of the Note Documents.

Any variations to the Note Agents or the Note Trustee shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than thirty (30) days and not more than forty-five (45) days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 4.15 (*Notices*). A copy of the notice shall be sent to the CBK.

4. TERMS AND CONDITIONS OF THE NOTES (Continued)

4.15 Notices

Notices to the Noteholders will be deemed to be validly given if made by electronic mail, delivered to them by hand, or sent by registered post to them, and:

1. In the case of notices that are posted to holders of Notes, the notices will be valid if mailed to their registered addresses appearing on the Register. Any such notice shall be deemed to have been given on the seventh (7) Business Day after the day on which it was posted;
2. In the case of hand delivery, the notice will be deemed to have been validly given when such communication or document is left with or delivered to the intended Noteholder at its address as recorded on the Register,
3. In case of electronic transmission, the notice will be deemed to have been validly given when such electronic communication is sent to the intended Noteholder provided that a communication or document which is received after 5:00 p.m. on a Business Day, or on a day which is not a full Business Day, in the place of receipt shall be deemed to be delivered on the next full Business Day in that place.
4. Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Note Trustee.

4.16 Meeting of Noteholders, Modification and Waiver

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of modification of the Notes or certain provision of the Trust Deed.

4.17 Governing Law and Jurisdiction

1. The Trust Deed and the Notes are governed by, and shall be construed in accordance with, the laws of the Republic of Kenya.
2. The Issuer agrees for the benefit of the Note Trustee and the Noteholders that the courts of Kenya shall have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Trust Deed or the Notes (respectively, "Proceedings" and "Disputes").
3. Service of any summons other notice of legal process shall be received by the Issuer at its Specified Office.

4.18 Unclaimed Assets

The Notes will be presumed abandoned and the Issuer or the Paying Agent, as applicable, may take action accordingly, after a period of three (3) years in the case of principal, and three (3) years in the case of interest, after the Relevant Date (as defined below), under the provisions of the Unclaimed Financial Assets Act (Chapter 494 of the Laws of Kenya), if:

- i. For more than three (3) years, a Noteholder has not claimed interest or the Final Redemption Amount as applicable, or any other sum payable on the Notes or the Noteholder has not communicated with the Issuer or the Paying Agent regarding the interest or the Final Redemption Amount as applicable, as evidenced by a memorandum or other record on file with the Issuer or the Paying Agent; and
- ii. The Issuer or the Paying Agent does not know the whereabouts of the Noteholder at the end of the three (3) year period.

As used herein, the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received and notice to that effect is duly given to the Noteholders in accordance with Condition 4.15 (Notices).

5. APPLICATION AND ALLOCATION PROCESS

The Notes will be sold through the Placing Agents upon the terms and conditions set out in this Information Memorandum.

5.1 Application Procedure

Physical Application

The Application Form, once duly completed and executed, must be returned to the registered office of the Arranger or Placing Agent, together with an irrevocable letter of undertaking in a form annexed to the Application Form to pay for the amounts of the Notes applied for by the Applicant (the "Application Monies") by 5:00 p.m. on or before the date specified in the applicable Pricing Supplement.

Incomplete or illegible applications may be rejected without liability to the Issuer or the Arranger.

Electronic Application

Applications for the Notes may also be submitted electronically using the link below. All electronic applications for the Notes must be submitted using the link below no later than 5:00pm on or before the date specified in the applicable Pricing Supplement.

<https://www.imbankgroup.com/ke/investors/mtn-programme>

Following the allocation by the Issuer, payments for the Notes must be made in full to the Receiving Bank in immediately available funds by 3:00 p.m. on or before the date specified in the applicable Pricing Supplement. Application money received after 3:00 p.m. on or before the date specified in the applicable Pricing Supplement may be returned back to the investor at their cost. However, the Issuer shall retain full discretion on whether to accept or reject any Application monies received after the deadline for payment. Refer to Section 5.2 below (Application Payment) for details on how to make payment.

Acceptance of the Notes, once allotted is irrevocable. Acceptance may only be communicated by submitting a duly completed Application Form, together with Application Monies for the amount of Notes specified in the Application Form and the terms set out in this Information Memorandum. The Application Form must be correctly executed so as to be binding, while the Application Monies must be cleared funds. If the Application Form is not completed correctly, the Issuer may in its sole and absolute discretion reject it or treat it as invalid and the Issuer's decision to accept or reject, or how to construe, amend or complete an Application Form shall be final. The Application Form can be rejected in accordance with provisions of the Rejection Policy as set out in Section 5.3 below.

5. APPLICATION AND ALLOCATION PROCESS (Continued)

5.2 Application Payment

All payments to the Receiving Bank, must be made as detailed below and shall be subject to verification by the Receiving Bank.

Account Details
Remit via RTGS / SWIFT to:
The Co-operative Bank of Kenya Limited SWIFT Code: KCOOKENA
For Ultimate credit of Account Number: 01102931087001 Account Name: I&M BANK MTN-TRUST ACCOUNT Branch: Upper Hill Branch
Purpose of remittance: Subscription to I&M Bank KES Medium Term Note under Fixed rate category.
<i>*For overseas investors- kindly note that International correspondent banking charges apply depending on your individual bank tariffs and hence the face value of the amount eventually received by the Receiving Bank may be less by the charges deducted. Investors should ensure that net funds received match the subscription amount after all bank charges. Investors to indicate in the SWIFT remittance under field 71A -"OUR" that all correspondent charges will be deducted and borne by the remitter so that the sum received for the investment is intact.</i>

All SWIFT and RTGS transfers must include the name of the investor and the Application Form serial number for immediate reference. Where there is non-compliance with these instructions, the application may be rejected. Any fees payable in securing a SWIFT or RTGS or other form of payment, will be borne by the investor and not the Issuer.

5. APPLICATION AND ALLOCATION PROCESS (Continued)

5.3 Rejection Policy

The Issuer reserves the right to reject an Application Form for the following reasons and shall be under no liability whatsoever (including relating to payment of interest) should any Application Form be rejected:

- Incomplete, inconsistent or inaccurate with the instructions as provided in the Information Memorandum and on the Application Form.
- No signature as required.
- Lack of receipt of funds on Settlement Date after an Application Form has been received.
- Applications that do not meet KYC/AML requirements as set out in the Application Form or as required under Kenyan law.

5.4 Allocation and Allotment Policy

There is a Notes Allotment Committee comprising the Issuer and the Arranger to oversee the allotment process. In the case of an exact subscription or under subscription, all applicants who successfully applied for the Notes, accompanied by Application Monies, may (subject to the approval of the Notes Allotment Committee) receive the full amount of Notes indicated in their Application Form.

In the case of an over subscription, the Notes Allotment Committee shall determine an appropriate Allocation Policy and recommend it to the Board of Directors of I&M Bank. The Board of Directors of the Issuer will subsequently make an announcement of the final policy and make allotment to the applicants for Notes as they deem fit and their decision shall be final. The announcement publishing the result of the Note will be sent to all applicants by electronic mail on or before the date specified in the applicable Pricing Supplement. Successful applicants will be expected to make payment for the allocated Notes no later than 3:00 p.m. on or before the date specified in the applicable Pricing Supplement.

5.5 Receiving Bank and Trust Account Arrangements

An independent receiving bank (The Co-operative Bank of Kenya Limited) has been appointed in respect of the Offer.

All subscription monies received in connection with the Offer will be held in a designated trust account maintained by the Receiving Bank pending completion of the allocation process.

The receiving bank has confirmed its independence from the Issuer and that the proceeds of the Offer will be handled strictly in accordance with the terms of the Offer and applicable regulatory requirements.

Funds shall remain in the trust account until completion of allotment in accordance with CMA rules.

6. PROFILE OF THE ISSUER

I&M Bank is a licensed and regulated commercial bank in Kenya with a rich heritage spanning over 50 years. I&M Bank is the flagship entity of the I&M Group and a wholly owned subsidiary of I&M Group Plc, the non-operating holding company of I&M Group listed on the main market segment of the NSE.

I&M's Vision, Mission and Culture statements hold the keys to the philosophy on which the Bank defines itself and what it does.



6. PROFILE OF THE ISSUER (Continued)

6.1 Background

I&M Bank was founded in 1974 as a financial services company and later converted to a commercial bank. The bank is a limited liability company incorporated under the Companies Act, 2015 and is a wholly owned subsidiary of I&M Group PLC, a public company listed at the Nairobi Securities Exchange (NSE). The bank is licensed under the Banking Act (Cap 488, Laws of Kenya) and regulated by the Central Bank of Kenya and is a member institution of the Kenya Deposit Insurance Corporation. The Issuer has perpetual succession in accordance with the Companies Act, 2015.

The Bank has evolved from a community financial institution to a leading regional commercial bank with a strong digital capability and a diversified product suite. The Bank is a dominant player in the Kenyan market that has continually grown, leveraging its enhanced digital capabilities to become a Tier 1 Bank as defined by CBK's asset-based categorization.

I&M Group PLC continues to take advantage of opportunities presented in different markets with its international networks with subsidiaries in Rwanda, Uganda and Tanzania and a joint venture in Mauritius (Bank One Ltd).

I&M Bank offers a wide range of commercial banking and financial products and services, and prides itself on introducing innovative solutions tailored to the needs of its customers. I&M Bank currently operates 73 branches and 79 ATMs across Kenya's major financial and commercial centres.

At I&M Bank, innovation remains at the heart of our strategy. In 2024, the Bank introduced several customer-centric solutions to enhance convenience and accessibility. These include the 30-Day Short-Term Loan, which offers instant, unsecured financing for immediate needs with no collateral required, and the Milele Card Rewards Programme, which offers cardholders up to 2% cashback on card expenditure, redeemable for flights, hotel stays, shopping, or cashback.

Similarly, the Fikisha Goalz Saving Account is a purpose-driven savings product that enables customers to plan and save towards specific financial goals while Corporate Credit Cards offer tailored payment solutions to streamline expense management for business clients.

In 2025, we continued to strengthen our customer value propositions through the rollout of solutions designed to enhance convenience, accessibility, and the overall banking experience. Key milestones included the upgrade of our On-The-Go (OTG) mobile and internet banking platform to improve usability and customer experience, and the official launch of the I&M FX Direct platform, a significant step forward in empowering customers with real-time, live-streaming executable foreign exchange rates.

The Bank's network expansion was equally significant, with the addition of 15 new branches in 2024 and 10 branches in 2025, including strategically relocated outlets to improve customer accessibility. In line with the Bank's sustainability agenda, the Bank introduced the Container Branch Model—innovative, solar-powered banking facilities crafted from upcycled shipping containers. This initiative underscores the Bank's commitment to green banking and resource efficiency.

The prestigious accolades the Bank received in 2024 and 2025 reflect the Bank's dedication to excellence and innovation. In 2024, I&M Bank was honoured as the Most Customer-Centric Bank at the Think Business Banking Awards and named Best Bank in Consumer Payments - East Africa at the Africa Bank 4.0 Awards. Our "Ni Sare Kabisa Redefined" campaign also stood out at the MSK Awards Gala, earning three major recognitions: Digital Marketing Campaign of the Year, Influencer Marketing Campaign of the Year, and Insight & Data Driven Marketing Campaign of the Year. Additionally, the Bank secured 3rd place for Most Innovative Bank at the 2024 SFI Catalyst Awards. In 2025, I&M Bank was named Best Digital Bank Kenya 2025, Fastest Growing Retail Bank Kenya 2025, and Best Multi-Currency Prepaid Card Kenya 2025 by the Global Banking and Finance Awards. In addition, to the retail and digital categories, I&M Bank secured the Best Retail Bank' and 'Best Bank in Product Innovation' at the Think Business Banking Awards. The Bank was also named 'Best BSP Bank (1st Runners Up)' by the Kenya Association of Travel Agents (KATA) award for the same year.

6. PROFILE OF THE ISSUER (Continued)

I&M Bank's business focus is on the SME segment. In support of I&M's strategic focus to this segment, I&M Bank has been granted several senior debts lines by various Development Financial Institutions. In the recent past I&M Bank has received the following debt lines:

DFI	YEAR	AMOUNT USD''000''	COMMENT
International Finance Corporation.	2021	50,000	15.03.2028
Medium Term Note (MTN)	2020	27,350	Now repaid
European Investment Bank	2018	40,000	Now repaid
ResponsAbility Investment AG	2017	7,400	Now repaid
Proparco	2014	26,000	Now repaid
International Finance Corporation.	2013	50,000	Now repaid
DEG	2012	15,000	Now repaid
FMO	2012	25,000	Now repaid
Proparco	2008	7,000	Now repaid
Proparco	2004	3,000	Now repaid

Basis of Competitive Position Statements

Any statements in this Information Memorandum regarding the Group's competitive position, financial performance, regional presence, governance standards or growth track record are based on the Group's audited financial statements, interim financial information, internal management reports and publicly available industry information, including publications by the Central Bank of Kenya and other relevant regulatory bodies.

Such statements are provided for informational purposes only and should not be regarded as guarantees of future performance.

6. PROFILE OF THE ISSUER (Continued)

6.2 Corporate Governance

6.2.1 Governance Framework & Structure

Governance Framework

I&M Bank Limited (Bank, Company or 'I&M') is dedicated to upholding the highest standards of governance, including integrity, transparency and accountability across all levels in the organization. The Bank fosters a strong culture of governance and risk management aligned with the Bank's risk appetite and governance framework. The Bank's policies, practices and procedures are constantly monitored and reviewed to ensure their continued relevance to the business environment enabling the delivery of sustainable value to shareholders while maintaining a strong focus on its broader societal responsibilities.

The Board has applied the principles of sound corporate governance as outlined in the Central Bank of Kenya Guidelines on Corporate Governance and aligns with best practice at the Group level. The Bank is licensed and regulated by the Central Bank of Kenya. The Bank ensures that all Directors and Senior Officers meet the fit and proper criteria as set out in the CBK Prudential Guidelines, and certifications are maintained and updated as required.

Governance structure

The Bank's governance structure delineates roles, responsibilities, and authority across the Company, ensuring robust oversight, decision making and management execution. The structure is designed to promote accountability and efficient flow of information from to the board and shareholders.

6.2.2 Board of Directors

Composition

The Bank's Articles of Association provide that the Board shall consist of not less than five (5) and not more than twelve (12) directors. During the year under review, the Board comprised 11 directors which included seven (7) Independent Directors, two (2) Non-Executive Directors, and two (2) Executive Directors including the Chief Executive Officer. The Board is chaired by an Independent Director. Non-Executive Directors constituted 80% of the Board well above the requirement in the Central Bank of Kenya Prudential Guidelines that stipulates that non-executive directors should not be less than three-fifths of the directors. This is also in line with the Group's Corporate Governance policy that stipulates that the Board shall at all times have at least one third of its members as Independent Directors. There are no Alternate Directors.

Skills, Experience and Diversity

The Bank is led by a competent Board with diverse skills. Collectively, the Board has vast experience stemming out of the individual Director's varied backgrounds. Through the Board Nomination & Remuneration Committee, the Board regularly reviews the Directors' skills and composition. The Board diversity is reflected in the members' varied academic qualifications and professional skills, race, industry knowledge, gender and age.

Board Skills and Experience	No. of Directors
Audit and Finance Expertise	4
Banking & Financial institutions	5
Strategy development, planning & implementation	7
Technology & Innovation	3
Risk Management & Oversight	4
Corporate Governance	6
Law	2

6. PROFILE OF THE ISSUER (Continued)

Separation of Roles and Responsibilities

The Board has a comprehensive Board Charter which is reviewed regularly to ensure it remains updated with changes in the law, the Bank's operating environment and best practice. The Board Charter was last revised in 2025. The Board Charter clearly outlines the separation of roles between the Board and Management. The specific roles and responsibilities to be discharged by the Board, its Committees and directors individually and collectively are clearly outlined in the Board Charter. The Board ensures that the functions of the Chairperson and the Chief Executive Officer (CEO) are not exercised by the same individual.

Whilst the CEO is responsible for providing leadership and direction in the day-to-day operations of the Bank directed toward implementation of a long-term vision and strategy, the Chairperson is tasked with the responsibility of effectively leading the Board, fostering a constructive governance culture and maintaining relevant links between all stakeholders. The Chairperson also ensures effectiveness of the Board, effective communication with shareholders and promotes open discussions at board meetings.

Roles and Responsibilities

The Board's primary responsibility is to act in the best interests of the Bank and its shareholders with a view to enhancing the value of the Bank's assets. The Bank's governance framework enables the Board to effectively discharge its roles and responsibilities of oversight and strategic guidance while ensuring compliance with regulatory requirements and the Bank's risk appetite parameters.

Further, the Board ensures that at the heart of the organisation, there is a culture of honesty, integrity and excellent performance, providing Board oversight over senior management performance.

Tenure

The tenure of independent Directors is set at a maximum of 9 years save for exceptional circumstances where the tenure of a Director may be extended by the shareholders. Further, the term of office of various Directors is organized in a manner that ensures a smooth transition.

Board Succession Planning

The Board, through the Board Nomination & Remuneration Committee, reviews succession planning and transitions at the Board and Senior Management level. In considering potential directors, the Board seeks to not only identify candidates with appropriate skills, knowledge and experience to steer the Bank effectively but also ensure achievement of diversity in its composition as set out in the Board Charter. Gender diversity is an area of improvement for the Board and there are concerted efforts to recruit suitably qualified female directors when a vacancy arises on the Board as was demonstrated with the last recruitment where Ms. Phyllis Wakiaga was appointed to the Board. All directors receive formal letters of appointment setting out the main terms and conditions of their appointment.

In considering succession planning for senior management, the Board reviews the outcomes of the structured talent reviews that identify potential successors for critical Senior Management roles. This includes assessing the leadership pipeline for senior roles in the Bank, highlighting and addressing any gaps in readiness or capability and ensuring proactive planning especially for CEO direct reports.

6. PROFILE OF THE ISSUER (Continued)

Board of Directors' Profiles

Brief profiles of the Board members are as follows:

Director	Profile
 <p>Daniel Ndonge <i>Chairman Independent Director</i></p>	<p>Mr. Daniel Ndonge is a chartered accountant by profession, having worked with Deloitte & Touche for over 30 years, 20 of which he was the Managing/Senior Partner. He is a fellow of the Institute of Chartered Accountants in England and Wales, the Institute of Certified Public Accountants of Kenya and the Institute of Certified Secretaries of Kenya. He has a broad range experience at Board level and sits on the boards of several companies including Kakuzi Plc and APA Insurance.</p>
 <p>Suresh Bhagwanji Raja Shah, MBS <i>Non - Executive Director</i></p>	<p>Mr. Suresh Raja Shah is a founder member and Chairman Emeritus of the Board. He has vast experience in the banking industry and in business. In December 2002, he was bestowed the Honour of a Moran of the Order of the Burning Spear. He sits on the boards of several companies.</p>
 <p>Sarit S. Raja Shah <i>Group Executive Director</i></p>	<p>Mr. Sarit S Raja Shah has been the Executive Director of I&M Bank since 1993 and was appointed as Group Executive Director in August 2018. He holds a Master's degree in Internal Audit and Management from City University London. He also serves on the boards of several companies including GA Insurance Limited.</p> <p>Committee memberships:</p> <ul style="list-style-type: none"> • Board Nomination & Remuneration Committee • Board Risk Committee • Board Procurement & Technology Committee • Board Credit Committee
 <p>Sachit S. Shah <i>Non - Executive Director</i></p>	<p>Mr. Sachit S. Shah holds a Bachelor of Science degree in Banking and Finance from City University London. He is the Director of GA Insurance Limited. He has previously worked at HSBC and Citibank in London. He sits on the Boards of various companies.</p> <p>Committee memberships:</p> <ul style="list-style-type: none"> • Board Risk Committee • Board Procurement & Technology Committee

6. PROFILE OF THE ISSUER (Continued)

 <p>M. Soundararajan <i>Independent Director</i></p>	<p>Mr. Soundararajan joined the board as an independent director in 2009. His banking career spans about four decades, initially in India and the United States of America and then in Kenya from 1988. He has held senior executive and leadership positions in Standard Chartered Financial Services as Assistant Director, Corporate Finance; Commercial Bank of Africa (now NCBA) as Director, Corporate Banking; CFC Financial Services (now SBG Securities) as its first Managing Director and CFC Bank as Managing Director before its acquisition by Stanbic Bank in 2008. He served on the board of Central Depository & Settlement Corporation (CDSC) for four years from 2004 to 2008. He is currently an Executive Director of Meghraj Group of Companies in Kenya. Mr. Soundararajan also serves on the Board of I&M Bank Tanzania where he is an Independent Director and the Board Chairman. He also sits on the boards of GA Insurance, GA Life Assurance and GA Insurance-Tanzania. Mr. Soundararajan holds a Master of Arts degree from Madras University, India and a Certificate in International Banking from New York University.</p> <p>Committee memberships:</p> <ul style="list-style-type: none">• Board Nomination & Remuneration Committee (Chairperson)• Board Credit Committee• Board Audit Committee• Board Risk Committee (<i>stepped down June 2025</i>)
 <p>Dr. A Nyambura Koigi, MBS <i>Independent Director</i></p>	<p>Dr. Koigi joined the Board in April 2015. Former Managing Director, Postbank, she has worked in various capacities in the financial sector including Banking, Business Development and Information Communication Technology. She has extensive training and experience in Leadership, Project Management, Product Development, ICT and Microfinance.</p> <p>She holds a Doctorate in Business Administration from the Nelson Mandela Metropolitan University, an MBA and a BA both from the University of Nairobi. She is a fellow of the Institute of Certified Public Secretaries of Kenya and the Kenya Institute of Management. She sits on the boards of several companies.</p> <p>Committee memberships:</p> <ul style="list-style-type: none">• Board Risk Committee (Chairperson)• Board Audit Committee

6. PROFILE OF THE ISSUER (Continued)



Nikhil Rustam Hira
Independent Director

Mr. Hira joined the Board in February 2019. He is a Partner in Kody Africa LLP and the Regional Executive Director of the Eastern Africa Association. He is a former partner of Deloitte East Africa. He holds a BSc Joint Honours in Accountancy and Process Engineering from University of Salford, England. He is a Fellow of the Institute of Chartered Accountants of England and Wales and of the Institute of Certified Public Accountants of Kenya and also registered with similar institutes in Uganda and Tanzania.

He headed the tax practice for Deloitte in the East Africa region and was the Technology, Media and Telecom industry leader. He has specialised in taxation since 1987 in various jurisdictions around the world including the UK and East Africa. Mr. Hira sits on several boards including GA Insurance, Car & General (Kenya) Plc and I&M Bank (Rwanda) Limited.

Committee memberships:

- Board Audit Committee (Chairperson)
- Board Credit Committee
- Board Risk Committee



Muchemi Wambugu, MBS
Independent Director

Mr. Wambugu joined the Board in February 2019. He is a Management Consultant and founder of Sirius Consult. He holds an Honors degree in Commerce, majoring in Management Information Systems from the University of Manitoba, Canada, and a Masters Certificate in Project Management from the University of California-Berkeley, USA. He is a certified member of the Project Management Institute (PMI) and also an International Coaching Federation certified Executive and Systemic Team Coach. He sits on the boards of several other organizations.

Committee memberships:

- Board Procurement & Technology Committee (Chairperson)
- Board Risk Committee





Alan J Dodd
Independent Director

Mr. Dodd joined the board in 2021 having had a long distinguished career in banking spanning over 43 years. He has a wealth of experience having served the banking industry in various executive capacities in Kenya, Asia and the Middle East. The first 28 years of his career were spent with Standard Chartered Group, latterly in East Africa where he rose to the position of Executive Director responsible for Corporate and Service Quality. In 2006 he joined NIC Bank Kenya Ltd (now NCBA), where he held the position of Executive Director responsible for Corporate, Asset Finance, including Leasing, and Bancassurance until end of 2020

Mr. Dodd holds a BA (Hons) degree in Economics from University of Portsmouth, UK and is a member of The London Institute of Banking and Finance. Mr Dodd sits on the board of GA Insurance Limited. He brings on board significant knowledge and experience in the financial sector, including governance protocols, risk management disciplines and customer service.

Mr. Dodd sits on several boards including GA Insurance and I&M Bank (Rwanda) Limited.

6. PROFILE OF THE ISSUER (Continued)

	<p>Committee memberships:</p> <ul style="list-style-type: none"> • Board Credit Committee (Chairperson) • Board Audit Committee • Board Nomination & Remuneration Committee • Board Procurement & Technology Committee
 <p>Phyllis Wakiaga <i>Independent Director</i></p>	<p>Ms. Phyllis Wakiaga joined the Board of I&M Bank Kenya Limited on 29th January 2024 following approval by the Central Bank of Kenya. She is the Managing Partner at Wakiaga & Company Advocates and serves as a Senior Advisor with the Tony Blair Institute for Global Change. Phyllis is the former Chief Executive Officer and Secretary to the Board at Kenya Association of Manufacturers (KAM), where she served for 9 years and led the organization through significant institutional growth, policy influence, and governance strengthening. An Advocate of the High Court of Kenya with over 20 years of experience, she brings deep expertise in corporate leadership, governance, public policy, government relations, sustainability, and private sector development. Over the years, she has served on several boards including Kengen, Kenya Roads Board, BAT Kenya, Mabati Rolling Mills (MRM), the Institute of Economic Affairs and the Africa Board of the International Centre for Research on Women (ICRW), amongst others. She holds a Masters' degree in International Trade and Investment Law from the University of Nairobi and an Executive Master of Business Administration from Jomo Kenyatta University of Agriculture and Technology. She is currently pursuing a Ph.D. in Leadership and Governance at the same institution.</p> <p>Committee memberships:</p> <ul style="list-style-type: none"> • Board Procurement & Technology Committee • Board Nomination & Remuneration Committee
 <p>Kihara Maina <i>Interim Chief Executive Officer</i> <i>[7 November 2025]³</i></p>	<p>Mr. Kihara Maina is a seasoned banker having served in senior leadership roles at various institutions. He joined I&M Group in May 2016 as the Chief Executive Officer and Board member of I&M Bank Kenya. He is the Regional Chief Executive Officer and Board member of I&M Group Plc. Prior to joining I&M Bank, Kihara was the Managing Director of Barclays Bank Tanzania (now Absa Bank Tanzania).</p>

³ Appointment as Interim Chief Executive Officer (approved by Central Bank on 24th February 2026)

6. PROFILE OF THE ISSUER (Continued)

I&M Bank recognizes and appreciates that all Directors make valuable contributions to the Board and to the Issuer by virtue of their experience and judgment. Entrusted with the overall responsibility of I&M Bank, the Board's key role is to provide effective, responsible leadership characterised by ethical values of responsibility, accountability, fairness and transparency.

Board Induction, Orientation & Continuous Professional Development

All new Directors are appropriately introduced to the business of the Bank and the Group. During the induction session, they are provided with a comprehensive induction and information pack containing a presentation on the affairs, strategy, governance structure & conduct of meetings, the director's duties & responsibilities, the Bank's constitutive documents and such other useful documents. In addition, as part of the induction process, incoming Directors have one-on-one sessions with senior management and visit some of the key branches and departments to better understand the operations of the Bank.

All directors have access to the advice and services of the Company Secretary, who is responsible for providing guidance to the Directors as to their duties, responsibilities and powers.

Directors, through the Group Executive Director and Chief Executive Officer, have access to Senior Management to obtain information on items to be discussed at board meetings or meetings of Board Committees or on any other area they consider appropriate.

Furthermore, the Board and its Committees also have the authority to obtain such outside or other independent professional advice as they consider necessary to carry out their duties.

In addition, the Bank organises for its Board members, up-skilling and continuous development programs to enhance governance practices within the Board itself.

Board Evaluation.

The performance of the Board, Board Committees and individual directors is evaluated annually with the process being reviewed and refined periodically. The results of the evaluation are collated confidentially by the Company Secretary and reviewed by the Chairman, the Board Committees and the Board.

The review and evaluation include an assessment of the functioning of the Board as a collective body, Board Committees, as well as the performance of the Chairperson, individual directors peer-to-peer assessment, and Company Secretary. The evaluation also includes a self-assessment by independent directors on their ongoing independence based on given criteria. The Board conducted an annual assessment of the independence of each independent director in accordance with CBK/PG/02 and confirmed that all independent directors continue to meet the independence criteria.

The feedback from the board evaluation is used to identify areas of Board improvement and performance enhancement. These are tracked throughout the year to closure through the Board Nomination & Remuneration Committee.

Directors' Interests in Share Capital.

As at the date of this Information Memorandum, none of the Directors holds, directly or indirectly, any beneficial or non-beneficial interest in the share capital of the Issuer.

No Director holds, directly or indirectly, three per cent (3%) or more of the issued share capital of the Issuer.

6. PROFILE OF THE ISSUER (Continued)

There has been no change in the interests of the Directors in the share capital of the Issuer between 31 December 2025 and the date of this Information Memorandum.

6.2.3 Board Committees

To enhance efficiency and allow a deeper focus on specific areas of expertise, the Board has established six Board Committees with delegated authority in their respective areas. The Board remains ultimately accountable for the decisions made by the Board Committees. As such, the Committees provide reports to the Board on their deliberations in each quarter that the Committee meets. Each Committee is governed by Terms of Reference setting out its mandate as approved by the Board. The Board Committee Terms of Reference are reviewed annually. This ensures they remain aligned with the organisation's strategic objectives, reflect current regulatory requirements, and incorporate best governance practices, thereby supporting effective oversight and accountability by the Board.

Board Audit Committee (BAC)

The BAC assists the Board in fulfilling its responsibilities by reviewing the financial condition of I&M Bank, its internal controls, performance and findings of the Internal Audit functions. Further, in compliance with the revised Prudential Guidelines issued by the CBK with effect from 1 January 2013, two BAC meetings are held each year independent of management giving the internal and external auditors an opportunity to raise matters directly with members of the BAC.

Board Risk Committee (BRC)

Through the Issuer's risk management function, the BRC is responsible for translating the Risk Management Framework established by the Board of Directors into specific policies, processes and procedures that can be implemented and verified within the different business units, so that risks faced by I&M Bank are adequately considered and mitigated.

Board Credit Committee (BCC)

The BCC is responsible for the review of I&M Bank's overall lending policy, conducting independent loan reviews, delegation and reviewing lending limits. It also ensures compliance with all Statutory and Regulatory requirements and is responsible for the overall management of credit risk. The Credit Risk Management Committee (CRMC) assists the BCC in its role.

Board Nomination and Remuneration Committee (BNRC)

The Board has delegated responsibility to the BNRC to undertake structured assessment of candidates for membership of the Board and Executive Management, and establishment of an appropriate framework for remuneration of the Board and Executive Management members, in line with clearly defined remuneration principles.

Board Procurement & Technology Committee (BPTC)

The BPTC assists the Board in fulfilling its responsibilities by reviewing and approving procurement proposals above the delegated approval limits established for Management as guided by the Bank's projects and products governance framework. The mandate of the Committee was expanded to include oversight over technology, AI and data aspects in the Bank and renamed from Board Procurement Committee to Board Procurement & Technology Committee.

Board Share Transfers Committee (BSTC)

The BSTC assists the Board in fulfilling its responsibilities by considering from time to time, matters pertaining to the transfers of ordinary shares of I&M Bank, to ensure that I&M Bank is also compliant with the guidelines issued by the CBK as regards shareholding of I&M Bank.

6. PROFILE OF THE ISSUER (Continued)

6.2.3.1 Composition of Board Committees

The composition of the Board committees is as follows:

Board Committee	Composition	Frequency of Meetings
Board Audit Committee (BAC)	<ul style="list-style-type: none"> • Chairperson - Independent Director • 3 Independent Directors • Company Secretary (Secretary) 	Quarterly and Bi-Annual meetings with auditors (excluding Management)
Board Risk Committee (BRC)	<ul style="list-style-type: none"> • Chairperson - Independent Director • 3 Independent Directors • 1 Non - Executive Director (NED) • Group Executive Director • CEO • Company Secretary (Secretary) 	Quarterly
Board Credit Committee (BCC)	<ul style="list-style-type: none"> • Chairperson - Independent Director • 2 Independent Directors • Group Executive Director • CEO • Company Secretary (Secretary) 	Bi-Quarterly
Board Nomination and Remuneration Committee (BNRC)	<ul style="list-style-type: none"> • Chairperson - Independent Director • 2 Independent Directors • Group Executive Director • Company Secretary (Secretary) 	Four times a year
Board Procurement & Technology Committee (BPTC)	<ul style="list-style-type: none"> • Chairperson - Independent Director • 3 Independent Directors • 1 Non - Executive Director (NED) • Group Executive Director • CEO • GCFO • COO • GCFO • Company Secretary (Secretary) 	Quarterly
Board Share Transfers Committee (BSTC)	<ul style="list-style-type: none"> • Chairperson- Non - Executive Director (NED) • 1 Non - Executive Director (NED) • Group Executive Director • CEO • Company Secretary (Secretary) 	On need basis

6. PROFILE OF THE ISSUER (Continued)

6.2.4 Management Committees

The key management committees are:

Executive Committee (EXCO)

EXCO is responsible for driving and overseeing effective and efficient business performance, in line with the agreed Corporate Objectives and Budget. It focuses on business performance related issues and largely incorporates the business development team.

Management Committee (MANCO)

MANCO serves as a link between the Board, Top Management and Department Heads. It is responsible for reviewing and benchmarking I&M Bank's financial and business performance, reviewing the progress of special projects and identifying risks or opportunities. It also provides a platform for reviewing new products, initiatives & ideas and developments in the banking industry and for assessing impact of changes in regulations/legislation.

Risk & Compliance Committee (RISKCO)

RISKCO serves as the principal forum through which Management critically evaluates the key risks facing the business, appraises itself of the key controls in place to mitigate these and thence takes a decision on any additional actions required to ensure more effective risk management, across the Bank. Every effort is made to ensure good clarity on the nature of items which need to be escalated to RISKCO in order to ensure meaningful engagement/decision making at this level. On a broad basis, RISKCO's mandate incorporates Risk related matters where the required decision is beyond the Delegated Authority of individual Department Head/Branch Manager.

Assets & Liabilities Committee (ALCO)

The Assets & Liability Committee ("ALCO") is a sub-committee of the Board Risk Management Committee responsible for setting, monitoring and reviewing financial risk management policy and controls including devising the most appropriate strategy for I&M Bank in terms of the mix of assets and liabilities and this is based on the committee expectations of the future and the potential impact of interest-rate movements, liquidity constraints, foreign-exchange exposure and capital adequacy.

Credit Risk Management Committee (CRMC)

CRMC is the link between the Board and Management in terms of implementing the Bank's credit and lending policies. It is responsible for the sanction of credit proposals in line with I&M Bank's Credit Policy, effective management and follow-up of all credit-related matters and review of Non-Performing Accounts. The Non Performing Accounts Committee and the Card Centre Credit Appraisal Committee assist the CRMC in its role.

Human Resources Committee (HRC)

HRC assists the Board in fulfilling its Human Resource Management responsibilities with due recognition to this key resource. HRC oversees the implementation of all major HR initiatives, rendering support and guidance as appropriate. It also facilitates periodic review of I&M Bank's HR policies and practices to ensure the Issuer remains competitive and able to attract and retain competent talent for its business.

IT Steering Committee (ITSC)

ITSC's primary objective is to enhance ICT governance in a growing ICT-enabled banking environment with emphasis on assessment and management of ICT risks, ensuring optimal use of ICT resources, determining prioritisation of ICT investments in line with I&M Bank's strategy, monitoring service levels and adopting best practices.

6. PROFILE OF THE ISSUER (Continued)

Management Procurement Committee (MPC)

MPC assists the Board Procurement Committee (BPC) in fulfilling its responsibilities by reviewing and approving procurement proposals for the Bank within its limits as defined in the Delegated Authority limits and guidelines as revised from time to time.

Space Committee

The Space Committee's primary objective is to determine the space requirements for the Bank and monitor implementation through the premises department.

6.2.5 I&M Foundation

I&M Bank continues to offer sustainable, socially responsible projects in the communities in which it operates through its Foundation, which endeavours to deliver a positive impact on society.

The Foundation's approach is to work through partners to deliver its objectives by leveraging and complementing the resources, skills, experiences, knowledge, and track records of partner organisations in a catalytic and value-adding manner. The Foundation is guided by the following:

- **Vision** - To positively transform the physical, social and economic environments of communities in Kenya.
- **Mission**- To deliver positive impact to society through lasting solutions by engaging planet, people and profit to create shared value for our stakeholders.

I&M Bank contributes **2% of Profit Before Tax (PBT)** to the Foundation.

The Foundation supports initiatives in the following key strategic thematic areas namely:

- Environment Conservation
- Education and Skills Development
- Economic Empowerment
- Enable Giving.

6.3 Competence and Suitability of the Board and Management

As at the date of the application and for a period of at least two years prior to the date of the application, no Director or senior manager of I&M Bank Limited has:

- i. Had any petition under bankruptcy laws pending or threatened against the directors (for individuals), or senior managers, or any winding-up petition pending or threatened against it (for corporate bodies).
- ii. Had any criminal proceedings in which the Director or senior manager was convicted of fraud or any criminal offence or action either within or outside Kenya.
- iii. Been the subject of any ruling of a court of competent jurisdiction or any governmental body that permanently or temporarily prohibits such Director or senior manager from acting as an investment adviser or as a director or employee of a stockbroker, dealer or any financial institution or engaging in any type of business practice or activity.
- iv. Any interest in any transactions which are or were unusual in their nature or conditions or significant to the business of the Issuer which were effected in the current or immediately preceding financial year or an earlier financial year and remain in any respect outstanding or unperformed.

6. PROFILE OF THE ISSUER (Continued)

6.4 Organizational Structure and Position within the Group

The Issuer is a wholly owned subsidiary of I&M Group PLC, a public company incorporated in Kenya and listed on the Nairobi Securities Exchange.

I&M Group PLC holds one hundred per cent (100%) of the issued and voting share capital of the Issuer. The Issuer is the principal banking subsidiary within the I&M Group and conducts the Group's banking operations in Kenya.

The Issuer holds the following significant subsidiaries:

Subsidiary	Country of Incorporation	Ownership Interest	Voting Power
I&M Bank (T) Limited	Tanzania	49.81%	49.81%
I&M Bancassurance Intermediary Limited	Kenya	100%	100%

There are no restrictions on the transfer of funds within the Group other than those arising from applicable regulatory requirements.

6.5 Senior Management Team

The senior management of I&M Bank comprises banking professionals with a wealth of experience across local and multinational banks. As at the date of this Information Memorandum, the Senior Management team of the Issuer are:

Name	Profile
Sarit S. Raja Shah Group Executive Director	Mr. Sarit S. Raja Shah has been the Executive Director of I&M Bank since 1993 and was appointed as Group Executive Director in August 2018. He holds a master's degree in Internal Audit and Management from City University London. He also serves on the boards of several companies including GA Insurance Limited.
Kihara Maina Interim Chief Executive Officer	Mr. Kihara Maina is a seasoned banker having served in senior leadership roles at various institutions. He joined I&M Group in May 2016 as the Chief Executive Officer and Board member of I&M Bank Kenya. He is the Regional Chief Executive Officer and Board member of I&M Group Plc. Prior to joining I&M Bank, Kihara was the Managing Director of Barclays Bank Tanzania (now Absa Bank Tanzania). He was appointed as the interim Chief Executive officer on 7th November 2025.
L. A. Sivaramakrishnan Senior Director-Group Business Development	Mr. Sivaramakrishnan is an Indian National and joined I&M Bank in 2003. He holds a degree in MSc, Horticulture and a professional banking qualification from the Chartered Associate of Indian Institute of Bankers (CAIIB). His banking career spans over 40 years in India and Kenya. His responsibilities cover oversight on the Corporate side of Business Development in Kenya and the Region. Mr. Sivaramakrishnan also serves as a Non-Executive Director on several Boards within the Group, including I&M Bank (U) Limited, I&M Capital Limited and I&M Bank Intermediary Limited.
James Michael Heath Loden Chief Operating Officer	Mr. James is a British National. He joined I&M Bank in January 2025. He holds three advanced degrees: a Master of Arts in Middle East Politics, a Master of Arts in Defence Studies, and a Master of Science in Global Security. His career spans over 25 years.

6. PROFILE OF THE ISSUER (Continued)

Name	Profile
Gauri Gupta Group Director- Corporate Advisory & Sustainability	<p>Ms. Gupta is a Kenyan National and joined I&M Group in 1998. She holds a B.Com degree and is a Chartered Accountant from the Institute of Chartered Accountants of India. In addition, she is a certified International M&A expert and a charter holder of the Institute for Mergers, Acquisitions and Alliances (IMAA). Her experience of nearly 30 years covers Credit, Risk Management, Product Development, Finance, Strategic Planning, Corporate governance, and Sustainability in the banking and financial services.</p> <p>Ms. Gupta also serves as a Non-Executive Director on several boards within the Group, including I&M Bank (T) Limited, I&M Burbidge Capital Limited, I&M Capital Limited and Giro SEZ Limited.</p>
Henry Kirimania Director-Global Markets	<p>Mr. Kirimania is a Kenyan national. He joined I&M Bank in 2011. He previously worked in similar functions as Head of Treasury at Stanbic Bank and Cooperative Bank of Kenya. He holds a Bachelor of Education of Art degree from Moi University. His banking career spans over 25 years.</p>
David T. Ngata Group Chief Finance Officer	<p>Mr. David is a Kenyan national. He joined I&M Bank in September 2024. He holds a Bachelor of Commerce degree in Marketing from the University of Nairobi and Msc. in Business Analytics from Carnegie Mellon University (USA). He is a member of the Institute of Certified Public Accountant (ICPAK). He is a seasoned finance executive with over 25 years of experience.</p>
Sandeep Kumar Sinha Group Credit Director	<p>Mr. Sandeep is an Indian national. He joined I&M Bank Kenya in August 2019. He holds a Post Graduate Diploma in Banking and Finance and is also a member of the Institute of Chartered Accountants of India. Sandeep has extensive banking experience in areas of Credit Risk Management, Regulatory Compliance, Strategic Leadership, Relationship and process transformation. His career spans more than 20 years in Banking across various leadership roles and geographies.</p>
Mary Wairimu Githinji Group Head of Marketing & Communication	<p>Ms. Mary is a Kenyan national. She joined I&M Bank in July 2025. She holds the BSc. International Business Administration, Marketing from the United States International University. She also holds other certifications in Business Growth Strategies & Modeling, Value Creation, Fintech, Leadership Essentials & Strategy Execution. Her career spans over 15 years.</p>
Sheilla Cheruto Tiren Group Chief People & Culture Officer	<p>Ms. Sheila is a Kenyan national. She joined I&M Bank in January 2025. She holds a Bachelor of Education from Kenyatta University and Master of Business Administration (MBA) in Human Resources from the University of Nairobi. She is a Certified Human Resources Practitioner (CHRP) and full member of the Institute of Human Resources Management (IHRM). Her career spans over 20 years.</p>
Shameer Patel Director Retail & Business Banking	<p>Mr. Shameer Patel is a Kenyan National. He joined I&M Bank in 2000. Shameer holds a BAJH Economics and Geography degree. Shameer has extensive banking experience in areas of Relationship, Operations, Credit, Strategy and Transformation. He currently holds the role of Director, Retail & Business Banking. He also sits on the Board of I&M Bank (T) Ltd and is a member of various Board Committees. His banking career spans over 25 years.</p>

6. PROFILE OF THE ISSUER (Continued)

Name	Profile
Nelson Juma Nasongo Group Chief Information Officer	Mr. Nasong'o is a Kenyan national. He joined I&M Bank in 2011. He holds a Bachelor of Science degree in Computer Science and a Master of Science in Cyber Security. He is a Certified Information Systems Auditor (CISA), Certified Information Security Manager (CISM), Certified Information Systems Security Professional (CISSP), Certified in Risk and Information Systems Control (CRISC) and Certified Data Privacy Security Engineer (CDPSE) and has a Certificate in Ethical AI. Prior to joining the Bank, he was an IT Risk and Advisory consultant with Ernst & Young. He is a tech native with 19 years of experience.
Zipporah Gitau Group Chief Risk & Compliance Officer	Ms. Zipporah is a Kenyan national. She joined I&M Bank in July 2003. She holds a Bachelor of Science in Mathematics from Kenyatta University, Diploma from the institute of Management of Information technology - United Kingdom and Diploma in Business Continuity Management from Institute of Business Continuity Management - United Kingdom. Her career spans over 25 years.
Winnie Hunja Director-Corporate & Institutional Banking	Ms. Winnie is a Kenyan national. She joined I&M Bank in September 2004. She holds a Bachelor of Business Administration & Accounting and Masters in Business Administration & Entrepreneurship Her banking career spans over 20 years.
Evans Brown Group Head of Products	<p>M. Evans Browns is a Kenyan banking professional and current Group Head of Products at I&M Bank, having joined in August 2021, with extensive expertise in transactional and digital banking, merchant acquiring, and product development across African markets. He holds a Bachelor of Arts in Economics and Sociology from Egerton University and is a Certified Scrum Product Owner, skilled in agile delivery, sales, leadership, and innovation.</p> <p>He has held senior roles at I&M Bank, Family Bank, Co-operative Bank, and Kenya Commercial Bank, leading the development and commercialization of digital and transactional banking solutions, driving customer acquisition, and advancing ecosystem banking strategies, with a strong track record in building transactional banking units, and driving business growth through digital transformation.</p>
Eunice R. Gatama Group Director - Digital Business	<p>Eunice has over 20 years' experience with more than 10 of this being in roles specific to digital product management.</p> <p>Prior to joining I&M Bank she was Director Africa Operations for a fintech Yabx specializing in strategic partnerships for collaborative lending solutions. Before that she was at Safaricom leading product innovation for Lending through structured strategic partnerships with products like FULIZA being launched under her leadership. She also had an 11-year stint at CBA (now NCBA) where she held various roles, growing to eventually leading business development and product development for their cash management function responsible for e-channels. Specific to her domain Eunice holds a Micro Masters in Digital Product Management from Boston University and is currently pursuing an MBA from Liverpool John Moore University, UK.</p>
Andrew M. Mwenje Chief Audit Executive	Mr. Andrew is a Kenyan national and joined I&M Bank in 2011. He holds a Bachelor of Commerce (Banking and Finance) from Kenyatta University and a Master of Business Administration (MBA) from the University of Nairobi. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), holds the Certified Information Systems Auditor (CISA) designation and is a member of ISACA and is a Certified Internal Auditor (CIA) and a member of the Institute of Internal Auditors (IIA). He is an experienced internal audit executive with over 20 years' professional experience.

6. PROFILE OF THE ISSUER (Continued)

6.5.1 Employees

As at 31 December 2025, the I&M Bank employed staff across its banking and subsidiary operations in Kenya and Tanzania.

The Bank's workforce comprises professionals in banking operations, credit, treasury, risk management, compliance, information technology, customer service and support functions and maintains robust human resource policies that underpin its talent strategy covering recruitment, training and development, workplace safety, performance management and succession planning.

The Directors are not aware of any material labour disputes or employment-related matters which have had, or are reasonably likely to have, a significant adverse effect on the Group's financial position.

Employees Data				
	Total	Kenya	Tanzania	Bancassurance
Permanent Employees	1,903	1,639	228	36
Contract Employees	516	505	6	5
Total	2,419	2,144	234	41

6.6 Growth Strategy

I&M Group has built a strong and resilient financial services business anchored on disciplined growth, customer-centricity, operational efficiency and regional diversification. The Group has successfully transformed from a domestic Kenyan bank into a leading regional banking group with operations in Kenya, Uganda, Tanzania, Rwanda and a strategic presence in Mauritius through its joint venture investment, Bank One Limited.

Strategic Aspirations and Pillars for I&M Bank Kenya

Under the iMara Strategy, I&M Bank Kenya's long-term aspiration is to be: "**Kenya's Leading Financial Partner for Growth**".

The Group's growth strategy has evolved through three distinct phases, each building on the successes and lessons of the last. The first phase, **iMara 1.0**, laid the foundations for robust governance, risk management and digital transformation while expanding the Group's regional footprint and diversifying its product suite. With **iMara 2.0**, the Group accelerated revenue diversification, digital adoption and regional integration achieving record growth in assets, customer numbers and digital activity as well as embedding sustainability at the heart of the Group's business through the launch of the I&M Foundation.

Now, with **iMara 3.0 (2024-2026)**, the Group is focused on three strategic pillars:

The first pillar is **to develop leadership in the Bank's core segments**, Corporate and Commercial Banking. I&M Bank is deepening its sectoral expertise in areas such as oil and gas, the public sector, trade finance and leasing while also leveraging regional synergies and cross-border business opportunities. Product innovation and a focus on customer experience are central to this ambition.

The second pillar is **to build relevance in emerging segments, particularly Retail and SME Banking**. Here, the Bank is expanding both its digital and physical distribution, opening 25 new branches since 2024 as well as doubling its County coverage to 27 and rolling out digital onboarding and customer-centric products like the free bank to mobile-wallet transfers dubbed #Nisare in Kenya and #NiBure in Tanzania, digital lending and buy-now-pay-later (BNPL) solutions. The goal is to drive financial inclusion and support the growth of MSMEs, which are the backbone of our region's economies.

The third pillar is **to become a leader in ecosystems**. The Bank is forging partnerships with corporates, fintechs and telcos to deliver last-mile financial solutions for underserved communities. I&M Bank's ecosystem approach is already bearing fruit, with revenue streams from the ecosystem and digital platform leadership driving both financial and social impact.

6. PROFILE OF THE ISSUER (Continued)

Enablers: Digitisation, People, Brand and Sustainability

I&M Bank strategy is enabled by significant investments in digitisation, people and culture, brand and sustainability.

More than 95% of the Bank's customers are digitally active, completing over 5.0 million digital transactions each month. The workforce has grown to over 2,000 employees, with balanced gender parity and an employee engagement score at 79%. Brand strength continues to accelerate, reflected in spontaneous brand awareness of 42% (2025) and a Net Promoter Score (NPS) of 63%. Sustainability is embedded across operations and business objectives through an established action plan, with more than 11 million lives impacted since 2024.

I&M Bank Kenya will continue to build shareholder value by strengthening its brand presence in the region, enhancing revenue growth, and improving business efficiency through innovation and digitisation.

Principal Investments During the Current Financial Year

During the current financial year, the Group has continued to undertake capital and operational investments primarily aimed at strengthening operational resilience, enhancing customer experience and supporting sustainable growth.

The principal investments undertaken during the current financial year include:

- enhancements to digital banking platforms and information technology infrastructure;
- investments in cybersecurity, data protection and operational risk management systems;
- selective refurbishment and optimisation of existing branch infrastructure; and
- investments in staff capability development and operational efficiency initiatives.

These investments have been financed through internally generated funds and retained earnings, and no material reliance has been placed on external borrowings for capital expenditure purposes during the period.

Principal Future Investments

The Directors have approved and committed to a number of capital and operational investments expected to be implemented over the near term. These include continued investment in digital banking platforms, technology infrastructure upgrades, and operational efficiency initiatives across the Group's core markets.

These investments are expected to be funded through internally generated cash flows and existing capital resources.

6.7 Sustainability Strategy

Sustainability remains central to the Bank's long-term value creation model and strategic ambition. The Bank's sustainability agenda is embedded into the overall strategy and covers three key pillars: 1) Enabling last-mile financial solutions, 2) Business sustainability, and 3) Enhancing quality of life, to positively impact at least 10 million lives by 2026. Through this sustainability agenda, the Group intends to contribute towards 9 out of the 17 Sustainable Development Goals.

Sustainability Pillars

6.7.1. Enabling last-mile financial solutions

The Enabling last-mile financial solutions pillar advances I&M's commitment to financial inclusion by expanding access to affordable, relevant financial services for underserved individuals, communities, and small businesses. It focuses on scaling digital and tailored propositions for MSMEs and agribusiness customers, while mobilising partnerships and funding to expand green financing solutions.

6. PROFILE OF THE ISSUER (Continued)

In 2025, the Bank accelerated the implementation of its Sustainable Finance Framework, which aims to direct capital and lending activities toward projects with positive environmental and social impacts. Key initiatives included integrating environmental and social risk evaluations into credit assessments and enhancing offerings for agribusiness, MSMEs, and inclusive finance through technical support and collaborative partnerships. Progress in these areas demonstrates strong momentum in embedding sustainability across the business and enhancing access to sustainable financial solutions. The sustainable finance framework underpins the commitment to facilitating a just transition, building climate resilience, and fostering socioeconomic progress.

6.7.2. Business sustainability

The Business sustainability pillar seeks to institutionalise sustainable, responsible and efficient operational practices across I&M. It emphasises resource efficiency—particularly in energy, water and waste management—sustainable procurement, and the advancement of diversity and inclusion across the workforce and the wider value chain. Collectively, these interventions are intended to reduce the Bank’s operational footprint and strengthen long-term value for employees, customers, suppliers and other stakeholders.

6.7.3. Enhancing Quality of Life

The Enhancing Quality of Life pillar aims to strengthen the Bank’s relevance within the communities in which it operates by supporting initiatives that improve well-being and living standards. Delivered primarily through the I&M Foundation and implementing partners, this pillar focuses on catalytic community investments, including the creation of urban green spaces and the promotion of sustainable living spaces. I&M Foundation delivered impactful programs in 2025 that enhanced education, health, livelihoods, and social inclusion, benefiting thousands through scholarships, empowerment initiatives and environmental projects. These efforts continue to deepen the Bank’s contribution to sustainable development and inclusive growth.

Capacity Building

To foster a sustainability-led culture, the Bank implemented structured training and awareness programs in 2025. This included the roll-out of mandatory sustainability training on Percipio, the Bank’s online platform, and the training of 90 Sustainability Champions to support internal cascading and implementation of initiatives across departments and branches. Further, the champions have access to a sustainability-focused platform for continuous learning and deepening knowledge.

In addition, the Bank conducted leadership and functional sensitisation sessions, complemented by ongoing engagement activities such as monthly webinars on resource efficiency, a Sustainability Open Day, a waste management and e-waste webinar with external partners, disability inclusion awareness sessions, and a sustainability Ideathon, collectively engaging hundreds of employees.

Partnerships

To support the delivery of its sustainability agenda, the Bank continues to leverage strategic partnerships and global commitments. I&M remains an active member of the United Nations Global Compact (UNGC) and signed onto the UNGC Forward Faster initiative in 2025, with specific commitments aligned to Gender Equality, Living Wage, and Sustainable Finance and Investment; the Bank also became a signatory to UNEP Finance Initiatives - Principles for Responsible Banking (UNEP-FI PRB) and is aligning towards these principles. In February 2026, the Bank partnered with the Swedish International Development Agency (SIDA) to support green finance initiatives.

Governance

The Bank has also integrated environmental, social, and climate considerations into its strategy, governance, and risk management processes to protect long-term value creation and portfolio resilience. ESG and climate priorities are embedded in the Bank’s value creation model and overseen by the Board, with management responsible for effective implementation across the credit lifecycle, operations, and client engagement. Climate risks are assessed through enhanced credit

6. PROFILE OF THE ISSUER (Continued)

and portfolio processes, supported by a strengthened Environmental and Social Management System aligned to international standards. The Bank continues to scale sustainable and transition finance using the Kenya Green Finance Taxonomy (KGFT) and the Sustainable Finance Framework, while advancing climate scenario analysis to inform strategic decision making. In parallel, operational decarbonization, circular economy practices, and responsible waste management reinforce environmental stewardship and resilience, demonstrating consistent progress across financing, operations, and infrastructure.

Sustainability remains a critical component of the Bank's strategy, with a focus on strengthening climate risk governance and sustainable finance, and on improving measurement and reporting with a clear impact focus.

Research and Development

Over the past three financial years, the Issuer has not engaged in material research and development activities in the traditional industrial sense.

However, the Issuer has continued to invest in the development and enhancement of digital banking products, payment solutions and process automation, including improvements to customer interfaces, transaction processing systems and data analytics capabilities.

Such activities are undertaken as part of the Issuer's ongoing innovation and technology improvement initiatives and are expensed or capitalised in accordance with applicable accounting standards.

6.8 Products and Services

I&M Bank is a fully fledged commercial bank offering a wide range of products and services distributed through various channels.

6.8.1 Customer Value Propositions Products (CVPs)

The Bank launched the Customer Value Propositions as an integral part of the Bank's intent to serve customers in a personalised manner, offering them an offering that complements their lifestyle and financial requirements.

The following are I&M Bank's core focus segments:

6.8.1.1 Corporate and Institutional Banking

This segment provides an array of financial solutions suited for large corporates and insitutions. The focus is on growing transactional banking revenues by enhancing existing products and rolling out new products as per target market requirements.

6.8.1.2 Business Banking

The focus is on differentiation through tailored products with flexible and personalised pricing. Customers in this segment have access to working capital and other loan products, cross-border banking and a dedicated relationship manager to ensure a seamless banking experience.

6.8.1.3 Premium Banking

Customers in this segment are High Net Worth individuals. They are further categorised into:

- **Premium Select** customers who receive value-added services, including Wealth management solutions, amongst others.
- **Premium Esteem** customers who are provided convenient banking services to fit their busy lifestyle and to help them achieve long-term financial stability.

6.8.1.4 Personal Banking / Young Professionals

Young Professional customers are provided with a fully digital experience and simple products that help them manage spending and build savings.

6. PROFILE OF THE ISSUER (Continued)

6.8.2 Other Product Offerings

6.8.2.1 Custodial Services

I&M is registered by the CMA as an authorised depository and has a fully functional Custodial Services Unit.

6.8.2.2 E-Commerce Services

I&M is the first Bank in East and Central Africa to be awarded a license for e-commerce acquisition. This important step has been broadly perceived in the Kenyan market as plugging the missing link for promoting e-commerce in the country.

6.8.2.3 Bancassurance Services

Bancassurance is the provision of insurance products and services through the Bank's branch network to both individuals and corporate customers. I&M Bank has partnered with leading and reputable insurance companies to offer suitable insurance products for its customers. These services are offered through the Bank's wholly owned subsidiary - I&M Bancassurance Intermediary Limited. This subsidiary is regulated by the Insurance Regulatory Authority of Kenya.

6.9 I&M Bank Branch Network

I&M Bank Kenya has a network of 73 branches spread across the country. Below is the list of branches.

I&M Bank House 2 nd Ngong Avenue PO Box 30238 00100 Nairobi	I&M Bank Tower Kenyatta Avenue PO Box 30238 00100 Nairobi	Sarit Centre Westlands PO Box 30238 00100 Nairobi	Ansh Plaza Biashara Street PO Box 30238 00100 Nairobi
Acacia Centre, Nyerere Avenue PO Box 86357 80100 Mombasa	KCC Building Changamwe Road PO Box 30238 00500 Nairobi	Bon Accord House Oginga Odinga Street PO Box 424 40100 Kisumu	Karen Office Park Langata Road PO Box 30238 00100 Nairobi
Panari Centre Mombasa Road PO Box 30238 00100 Nairobi	1 Park Avenue 1 st Parklands Avenue. PO Box 30238 00100 Nairobi	Wilson Airport Pewin House PO Box 30238 00100 Nairobi	Ongata Rongai Maasai Mall PO Box 30238 00100 Nairobi
South C Shopping Centre, South C PO Box 30238 00100 Nairobi	Nyali Cinemax Main Nyali Road PO Box 86357 80100 Mombasa	Langata Link Complex Langata South Road PO Box 30238 00100 Nairobi	Kenol Kobil Valley Arcade Gitanga Road PO Box 30238 00100 Nairobi
Imperial Court Uganda Road PO Box 9362 30100 Eldoret	Polo Centre Kenyatta Avenue PO Box 18445 20100 Nakuru	14 Riverside Drive Riverside PO Box 30238 00100 Nairobi	Royal Towers Hospital Road PO Box 4474 40200 Kisii
Airport Centre Mall North Airport Road PO Box 86357 80100 Mombasa	Sabaki Centre Lamu Road PO Box 1125 80200 Malindi	Nyaatha Plaza Kimathi Way PO Box 747 301 Nyeri	80, West Place Kenyatta Highway PO Box 1207 01000 Thika
Village Market Shopping Complex, New Wing, 1st Floor, Limuru Road PO Box 30238 00100 Nairobi	Lavington Mall James Gichuru Road PO Box 30238 00100 Nairobi	Mega Centre Mall Makasembo Road PO Box 2278 30200 Kitale	Lunga Lunga Lunga Lunga Square PO Box 30238 00100 Nairobi

6. PROFILE OF THE ISSUER (Continued)

Yaya Centre Argwings Kodhek Road PO Box 30238 00100 Nairobi	Gateway Mall Mombasa road PO Box 30238 00100 Nairobi	Ruaraka Branch Kenafic Business Park PO Box 30238 00100 Nairobi	Cross Road Off River Road PO Box 30238 00100 Nairobi
Nanyuki Hussein Building Nyeri Nanyuki Road Nanyuki	Spring Valley Business Park, Ground floor, PO Box 30238 00100 Nairobi	Meru Branch P&K Plaza, Ground floor Moi Avenue Meru	Eldama, Eldama Park PO BOX 30238 00100 Nairobi
CMC Motors Lusaka road PO Box 30238 00100 Nairobi	Ridge Court Parklands PO Box 30238 00100 Nairobi	Mombasa, Haile Selassie Avenue Patel Samaj Building Mombasa P.O. Box 86357 - 80100, Mombasa	Tatu City Ground Floor, Eneos Building off Kiambu Road
Our Mall Along Mbagathi Road, Langata PO Box 30238 00100 Nairobi	Kilifi Branch Lengai House Ganze Road, Kilifi PO Box 339-80108 Watamu	Eastleigh Branch 3rd Floor, BBS Mall, General Waruinge PO Box 30238 00100 Nairobi	Gikomba Branch 1st Floor, Nafuu Building, Kombo Munyiri Road PO Box 30238 00100 Nairobi
Watamu Branch Watamu Mall, Jacaranda Road, PO Box 349-80202 Watamu	Diani Branch Diani Beach Shopping Centre PO Box 5600-80401 Diani	Naivasha Branch Western Building Moi Avenue, Naivasha PO Box 1710-20117 Naivasha	GTC Global Trade Centre, Chiromo lane, Westlands, PO Box 30238 00100 Nairobi
Busia Hotel Linton's Plaza, Ground Floor, Kisumu- Busia Road, Busia. PO Box 128-50400 Nairobi	Narok Branch Basic Moran Mall, Ground Floor, Kaplong-Narok Mai Mahiu Road, PO Box 423-20500	Ruiru The Nord, 1st Floor, Junction of Thika Superhighway and Kamiti Road PO Box 30238 00100 Nairobi	Embu Branch Kariithi Flats, Ground Floor, Meru-Nairobi Highway PO Box 512-60100 Embu
Kawangware Branch Soko Safi Mall, Ground Floor, Naivasha Road PO Box 30238 00100 Nairobi	ABC Place Branch ABC Place, Ground Floor, Waiyaki Way PO Box 30238 00100 Nairobi	Kakamega Branch Ground Floor, Kenyatta Avenue PO Box 30238 00100 Nairobi	Bungoma Branch Shiv Plaza, Ground Floor, Mumias-Kanduyi Road PO Box 30238 00100 Nairobi
Kenol Branch Kilele Mall, Ground Floor, Meru-Thika Superhighway PO Box 30238 00100 Nairobi	Meru, Makutano Next to Kingsway, Ground Floor, Meru- Nairobi Highway PO Box 30238 00100 Nairobi	Kericho Branch Chai Plaza, Ground Floor, Kenyatta Road PO Box 30238 00100 Nairobi	Mtwapa Branch Near Mtwapa Mall, Mombasa Malindi Highway PO Box 30238 00100 Nairobi
Mwea Branch Next to Nice Digital City, Meru- Nairobi Highway PO Box 30238 00100 Nairobi	Kamaki's branch Shell Petrol Station, Nairobi Eastern Bypass PO Box 30238 00100 Nairobi	Kapsabet Branch Kapsabet Business Centre PO Box 30238 00100 Nairobi	Greenwood Village Greenwood Drive, Nyali PO Box 30238 00100 Nairobi

6. PROFILE OF THE ISSUER (Continued)

Migori Branch Safari Complex Migori- Isebania Road PO Box 30238 00100 Nairobi	Homabay branch Cold Springs Plaza, Posta road PO Box 30238 00100 Nairobi	Nyahururu Branch Sherrifz Hotel Koinange Street PO Box 30238 00100 Nairobi	Utawala Village Piah Plaza, Eastern Bypass, PO Box 30238 00100 Nairobi
Wote Branch Mbau Junction Mall Machakos- Wote Road PO Box 30238 00100 Nairobi	Ngong Town branch EdMack Building Kahara road PO Box 30238 00100 Nairobi	Kitengela Branch Blue Ostrich Nairobi Namanga Road PO Box 30238 00100 Nairobi	Sarit Select Branch Sarit Centre Mall Parklands Road PO Box 30238 00100 Nairobi
Kitui Branch City Gate Centre Mama Ngina Street PO Box 30238 00100 Nairobi			

6.10 Digital Banking Channels

In addition to accessing the Bank's services at the branches, its customers can access services through the following channels:

6.10.1 Mobile Banking

I&M Mobile is a convenient and secure way to do banking. It is available to Smartphone and basic phone users. Smartphone users can download the I&M App from the Android or Apple app store while basic phone users access the service by dialling ***458#**.

Some of the services customers can access include: Balance enquiry, mini statement, account summary, mobile airtime top-up, transfer of money from the I&M Bank account to an M-Pesa account and vice versa, among others.

6.10.2 On The Go (OTG) Application

I&M Bank's OTG App offers seamless mobile banking and was pivotal in removing fees for transactions between bank accounts and mobile wallets (M-PESA, Airtel Money).

With OTG, customers can access the following services: view account details and activities, make payments, access credit card services, make utility payments, access financial planning tools e.g. loan calculators and forex converters, among others.

6.10.3 Agency Banking

I&M Karibu offers customers selected I&M Bank services through appointed agents. Services include: cash withdrawal from one's I&M Bank account, cash deposit into any I&M Bank account, utility bill payments and airtime purchase.

Customers can also access agency banking services at Postbank Branches and Kenswitch Bank Agents.

6.11 Digital Transformation

I&M Bank has demonstrated a clear commitment to innovation, digital transformation, and customer-centricity. Summarized below are some of the strategic investments in technology, partnerships with fintechs, and award-winning initiatives that have enabled this.

6.11.1 Partnership with Backbase and OTG App

Since 2021, I&M Bank in Kenya has partnered with Backbase, a global leader in engagement banking platforms. It was the first bank in Africa to adopt Backbase's Digital Onboarding technology across mobile and web platforms. This enabled:

Real-time access to banking services.

6. PROFILE OF THE ISSUER (Continued)

- Streamlined account opening for SMEs via the Solo Biz Account.
- Launch of digital lending capabilities.
- A 44% reduction in customer acquisition costs on the app.
- A unified digital infrastructure across Retail, SME, and Corporate Banking segments.

I&M's On The Go (OTG) App offers seamless mobile banking and was pivotal in removing fees for transactions between bank accounts and mobile wallets (M-PESA, Airtel Money).

6.11.2 iCube – I&M's Innovation Hub

iCube, the in-house innovation hub of I&M Bank, plays a pivotal role in driving the bank's digital transformation and fostering a culture of innovation across the I&M Group. It is designed to operate like a tech start-up rather than a traditional banking department and was created to:

- Accelerate digital transformation.
- Develop customer-centric solutions.
- Foster agile ways of working.
- Serve as a bridge between banking operations and fintech innovation.

Over the years, it has been successful, having built and tested new digital banking products such as seamless digital account opening and onboarding systems, Machine learning-powered predictive analytics, Digital lending platforms and SME-focused solutions like the Solo Biz Account.

6.12 Corporate Awards and Accolades

In 2025, I&M Bank continued to receive significant industry recognition for Issuer's performance and innovative contributions to the financial sector. These accolades reflect the issuer's ongoing commitment to excellence and sustained efforts to deliver value across various facets of operations.

These include:

Award	Category and Position Awarded
Think Banking Business Awards	Best Product Innovation
Think Banking Business Awards	Best Retail Bank
Think Banking Business Awards	Lifetime Achievement Award
Global Banking and Finance Awards	Best Digital Bank Kenya 2025
Global Banking and Finance Awards	Fastest Growing Retail Bank Kenya 2025
Global Banking and Finance Awards	Best Multi-Currency Prepaid Card Kenya 2025
VISA Client Awards	Winner, Excellence in Operations and CX
Africa Bank 4.0 Awards 2025	Excellence in Retail Banking
KATA Awards	Best BSP Bank (1st Runners-Up)
Pesalink Awards	Pesalink Adoption Champion
Pesalink Awards	Pesalink Growth Rate (1st Runners Up)
Kenya Bankers Association Awards	Best Bank in MSME Lending (3rd Runners Up)
ACELI Africa	Agri-lender of the Year (2nd Runner-Up)

6.13 Subsidiary Profiles

The Issuer forms part of the I&M Group and operates as a wholly owned subsidiary of I&M Group PLC, which holds 30,000,000 ordinary shares of KES 100.00 each in the Issuer, representing 100% of the issued and fully paid-up share capital.

The Issuer has subsidiary undertakings through which certain operations are conducted.

6. PROFILE OF THE ISSUER (Continued)

In Kenya, the Issuer conducts bancassurance business through its wholly owned subsidiary, I&M Bancassurance Intermediary Limited. Regionally, the Issuer operates in Tanzania through its subsidiary, I&M Bank (T) Limited.

A summary of each subsidiary is set out below.

6.13.1 I&M Bank (T) Limited, Tanzania

I&M Bank (T) Limited ("I&M-TZ"), formerly known as CF Union Bank Limited ("CFUB"), is a commercial bank in Tanzania, licensed and regulated by the Bank of Tanzania. CFUB was a privately-owned bank, incorporated on 15 April 2002 arising from the merger between Furaha Finance Limited and Crown Finance & Leasing Limited. CFUB was acquired by I&M Bank, Proparco, The Kibo Fund and Mr. Michael N. Shirima on 14 January 2010. I&M Bank holds 49.81% of the shareholding in I&M Bank (T) Limited.

I&M-TZ represents I&M Bank's first major expansion into the regional East African market and was I&M Bank's first step towards establishing an integrated presence to form a truly regional Bank serving as the financial gateway to East and Central Africa. I&M Bank-TZ has a network of 8 branches, with total assets of Tanzanian Shillings ("TZS") 960 billion as at December 31, 2025.

The Board of Directors of I&M-TZ are:

Director	Profile
Madabhushi Soundararajan Chairman	<p>Mr. Soundararajan was appointed on 22 December 2023 as an Independent Director and Chairman. His banking career spans about four decades, initially in India and the United States of America and then in Kenya from 1988. He has held senior executive and leadership positions in Standard Chartered Financial Services as Assistant Director, Corporate Finance; Commercial Bank of Africa (now NCBA) as Director, Corporate Banking; CFC Financial Services (now SBG Securities) as its first Managing Director and CFC Bank as Managing Director before its acquisition by Stanbic Bank in 2008.</p> <p>He served on the board of Central Depository & Settlement Corporation (CDSC) for four years from 2004 to 2008. He is currently an Executive Director of Meghraj Group of Companies in Kenya. Mr. Soundararajan also serves on the Board of I&M Bank Tanzania where he is an Independent Director and the Board Chairman.</p> <p>He also sits on the boards of GA Insurance, GA Life Assurance, GA Insurance-Tanzania and Car & General (Kenya) Plc. Mr. Soundararajan holds a Master of Arts degree from Madras University, India and a Certificate in International Banking from New York University.</p>
Alan Rodrick Mchaki Independent Director	<p>Mr. Alan Mchaki was appointed as an Independent Director of the Bank with effect from 26 September 2016. He is a fellow member of Association of Chartered Certified Accountant of UK and Certified Public Accountant in Tanzania. He serves as Chairman of Board Risk Committee and a member of Board Audit Committee. He is also an Associate at Swaziland Institute of Accountants.</p> <p>He has over 30 years of experience in public practice and industry including oil marketing, broadcasting, healthcare, and mutual fund management. He is currently an independent management consultant.</p>
Emmanuel Johannes Chacha Independent Director	<p>Mr. Emmanuel Chacha was appointed to the Board on 17 November 2021. Holds an MBA in Financial Services, BSc in Electronics and Communication Science, BSc Applied Accounting, Postgraduate Diploma in Digital Business, and CPA(T). He also holds CIA, CISA, CFE, and PMP certifications, with extensive expertise in audit, risk, and digital transformation.</p>

6. PROFILE OF THE ISSUER (Continued)

Zahid Mustafa Executive Director	Mr. Zahid Mustafa was appointed on 16 March 2023. He holds an MBA and a Bachelor of Chemical Engineering. He has extensive executive experience in banking, digital transformation, and corporate leadership.
Paresh Manek Independent Director	Mr. Paresh Manek was appointed on 11 April 2023. He is a seasoned businessman with diverse interests in Tanzania and serves on the Board Audit Committee.
Christian Shirima Non-Executive Director	Mr. Christian Shirima was appointed on 6 April 2023. He holds a Bachelor of Electrical Engineering and brings leadership experience from the engineering and energy sectors.
Kihara Maina Non-Executive Director	Mr. Kihara Maina was appointed on 19 June 2023. Mr. Maina holds an honors degree in Mathematics from Moi University and an Executive MBA from the University of Chicago - Booth School of Business. His banking career spans over 25 years in several senior positions..
Jamhuri Ngelime Independent Director	Mr. Jamhuri Ngelime was appointed on 2 October 2023. Holds an MA in Banking & Finance from the University of Wales, Bangor. He brings experience in corporate banking, credit and financial services.
Nancy Riwa Independent Director	Mrs. Nancy Rita was appointed on 27 February 2025. She holds an MSc in Finance from the University of Strathclyde, BA in Economics & Mathematics from Middlebury College and a Postgraduate Diploma in Management Practice from Henley Business School. She has deep expertise in strategy, risk and corporate governance
Gauri Gupta Non-Executive Director	Ms. Gupta was appointed on the Board on 5 th February 2026. She holds a B.Com degree and is a Chartered Accountant from the Institute of Chartered Accountants of India. In addition, she is a certified International M&A expert and a charter holder of the Institute for Mergers, Acquisitions and Alliances (IMAA). Her experience of nearly 30 years covers Credit, Risk Management, Product Development, Finance, Strategic Planning, Corporate governance, and Sustainability in the banking and financial services. Ms. Gupta also serves as a Non-Executive Director on several other boards within the Group, including, I&M Burbidge Capital Limited, I&M Capital Limited and Giro SEZ Limited.
Sarah Bisanda Independent Director	Ms. Sarah was appointed on the Board on 14 th February 2026. She is a Chartered Accountant (ICAN & SAICA) and a Certified Public Accountant - Tanzania (CPA (T)). She holds a Postgraduate Diploma in Accountancy from Rhodes University and a Bachelor of Accounting (First Class Honours) from the University of Namibia.

6.13.2 I&M Bancassurance Intermediary Limited, Kenya

I&M Bancassurance Intermediary Limited was incorporated on 23 July 2014 as a limited liability company in Kenya under the repealed Companies Act and commenced operations on 1 August 2014. The company is regulated by the Insurance Regulatory Authority (IRA) under the Insurance Act (Cap 487) of the Laws of Kenya.

The core business of the company is the provision of insurance agency services offering a wide range of insurance products and insurance advisory services in partnership with leading insurance companies in the market.

6. PROFILE OF THE ISSUER (Continued)

The Board of Directors of I&M Bancassurance Intermediary Limited are:

Director	Profile
Kihara Maina Chairman	Mr. Kihara Maina is a Kenyan national aged 57 years. He joined I&M Bank in May 2016. Mr. Maina holds an honors degree in Mathematics from Moi University and an Executive MBA from the University of Chicago – Booth School of Business. His banking career spans over 25 years in several senior positions.
L.A.Sivaramakrishnan Non-Executive Director	Mr. Sivaramakrishnan is an Indian National aged 68 years. He joined I&M Bank in 2003. He holds an MSc, Horticulture and a professional banking qualification from the Chartered Associate of Indian Institute of Banker (CAIIB). His banking career spans over 40 years.

6.14 Financial Performance

The following tables contain a selected summary of the financial information of I&M Bank Group i.e. I&M Bank and its subsidiaries i.e. I&M Bank (T) Limited and I&M Bancassurance Intermediary Limited. The information is inclusive of:

- The historical performance for the period 1 January 2021 to 31 December 2025;
- An analysis of the historical financial performance;
- A summary of the financial performance of I&M Bank (T) Limited and I&M Bancassurance Intermediary Limited; and
- A summary of the Bank's outstanding facilities.

The table below is a summarised form of the Bank's consolidated financials for the 5 years ending 31 December, 2025:

Balance Sheet Extracts (KES Millions)	2021	2022	2023	2024	2025
Total Assets	333,976	344,674	446,708	452,221	502,345
Loans and Advances (Net)	179,559	203,355	259,374	239,697	245,675
Customer Deposits	249,435	257,842	341,155	333,044	380,658
Shareholders' Funds	54,200	57,103	60,662	69,485	84,189
Non- Performing Loans	20,253	23,381	32,557	32,951	30,268

(Source: I&M Bank Annual Financial Statements)

6.14.1 Notes to the Financial Performance

6.14.1.1 Total Assets

The Bank's total assets increased at a CAGR of 11% over the last 5 year period to stand at KES 502 billion as at 31 December 2025, from KES 334 billion as at 31 December 2021. The Bank's total assets have been funded through growth in shareholders' funds and net profits, a significant portion of which have been retained in the Bank.

The Bank continues to invest in government securities to manage its interest rate risk exposure. In addition, the Bank continues to consistently invest in capital expenditure to support its growth particularly in areas of digitisation, a focal point of its iMara strategy.

6. PROFILE OF THE ISSUER (Continued)

6.14.1.2 Loans & Advances

The Bank's loan book has grown by a CAGR of 8% over the last 5 years to stand at KES 246 billion as of 31 December 2025. Management attributes this growth to increased business from its existing customers by providing tailored-made products that serve its uniquely defined customer segments.

6.14.1.3 Customer Deposits

I&M Bank's customer deposits increased at a CAGR of 11% between 2021 and 2025 to reach KES 381 billion as at 31 December 2025. Management attributes this to increased mobilisation of customer deposits that has resulted from an improved customer experience and a growing client base.

6.14.1.4 Shareholders' Equity

Shareholders' equity has increased over the last 5 years due to an increase in retained earnings, resulting from the Bank's increased profitability and the need to further cushion the Bank from potential risks. Shareholders' equity increased at a CAGR of 12% in the last five year period to stand at KES 84 billion as at 31 December 2025. The Bank's policy is to maintain a strong capital base so as to maintain regulatory, investor, creditor and market confidence and to sustain future development of business.

6.14.1.5 Non-Performing Loans

The non-performing Loans of the Bank have increased from KES 20 billion in 2021 to KES 30 billion as of 31 December 2025. The non-performing Loans increased by 49% in over the 5 year period and management attributes this to the growth in the Loan Book.

Income Statements Extracts (KES Millions)	2021	2022	2023	2024	2025
Net Interest Income	17,194	17,881	22,019	31,387	36,561
Total Operating Income	24,016	27,728	32,238	37,876	46,426
Operating Expenses	9,418	10,627	13,240	16,094	19,054
Loan Loss Provision	3,363	5,362	6,431	7,047	8,553
Profit Before Tax	11,235	11,739	12,567	14,734	18,620
Profit After Tax	7,447	9,357	10,087	11,924	15,713

(Source: I&M Bank Annual Financial Statements)

6.14.1.6 Net Interest Income

The Bank's net interest income has increased over the last 5 years at a CAGR of 21% to stand at KES 37 billion as of 31 December 2025. Management attributes this to an increase in the Bank's loan book and market share in its core customer segments in line with its iMara strategy aspirations.

6.14.1.7 Total Operating Income

A key focus of the Bank's iMara strategy has been to grow its non-funded income. The Bank's total operating income recorded a CAGR of 18% between 2021 and 2025 to reach KES 46 billion as at 31 December 2025. The Bank's non-interest income consist of fees and commissions-, foreign exchange trading income and other income that recorded 21%, 51% and 65% growth in 2025, respectively.

The Bank's iMara strategy aims to grow its transactional banking business through cross-selling by tapping into its existing client base, providing value chain banking to its corporate customers and building new client relationships.

6. PROFILE OF THE ISSUER (Continued)

6.14.1.8 Operating Expenses

The Bank's operating expenses have recorded a CAGR of 19% between 2021 and 2025 to KES 19 billion as at 31 December 2025. A majority of the Bank's operating expenses are staff costs (42%) and general administrative expenses (44%).

6.14.1.9 Profit Before Tax

Profit Before Tax ("PBT") increased at a CAGR of 13% over the last five years to stand at KES 19 billion as at 31 December 2025. This growth in profitability can be attributed to improved operating efficiency, revenue growth and cost savings as a result of the initiatives that stem from the Bank's iMara strategy.

6.14.2 Financial Analysis

The ratios below are for I&M Bank Kenya excluding its subsidiaries.

I&M Bank Capital Ratios	2021	2022	2023	2024	2025
Core Capital/ Total deposit liabilities	16.9%	18.0%	13.7%	15.6%	15.2%
Core Capital/ Total risk-weighted assets	15.6%	15.2%	12.6%	14.8%	14.5%
Total capital/Total risk-weighted assets	21.4%	20.2%	17.6%	17.4%	16.6%
Loan (net)/Assets ratio	53.8%	59.0%	58.1%	52.2%	47.4%
Liquidity ratio	47.5%	39.4%	38.5%	47.4%	55.3%
Gross NPA/Gross Loans & Advances	10.6%	10.7%	12.0%	13.6%	12.7%

(Source: I&M Bank Annual Financial Statements, IMBC Analysis)

The Bank's core capital ratios have been well above the statutory minimum ratios. The Bank's core capital to risk weighted assets ratio has averaged 14.5% over the last 5 years against a statutory minimum of 10.5%.

The total capital to risk weighted assets ratio has averaged 18.6% against a statutory minimum of 14.5% while the core capital to total deposit liabilities ratio has averaged 15.9% against the statutory minimum of 8%.

The liquidity ratio has averaged 45.6% over the last 5 years against a statutory minimum of 20%.

(Source: I&M Bank Annual Financial Statements, IMBC Analysis)

6.14.3 A Summary of the Financial Performance of I&M Bank Kenya and its subsidiaries

6.14.3.1 I&M Bank Kenya

I&M Bank Kenya is the largest revenue and profit contributor to I&M Bank Group's performance. The table below is a summary of I&M Bank Kenya's financials for the last 5 years ending 31 December, 2025:

Income Statements Extracts					
KES Millions	2021	2022	2023	2024	2025
Net Interest Income	15,667	16,238	19,272	27,505	31,932
Total Operating Income	21,876	25,328	28,616	32,559	40,009
Operating Expenses	8,190	9,007	11,210	13,299	15,575
Loan Loss Provision	3,098	4,061	5,322	5,767	7,070
Profit Before Tax	10,587	12,260	12,084	13,493	17,364
Profit After Tax	7,006	9,762	9,716	10,962	14,679

6. PROFILE OF THE ISSUER (Continued)

(Source: I&M Bank Limited Annual Financial Statements)

Balance Sheet Extracts KES Millions	2021	2022	2023	2024	2025
Total Assets	307,802	315,510	405,613	414,780	459,691
Loans and Advances (Net)	162,146	184,014	231,239	216,494	217,988
Customer Deposits	228,031	233,807	305,995	303,766	348,661
Shareholders' funds	51,920	54,634	56,755	65,787	78,839
Non- Performing Loans	18,563	19,662	27,140	30,944	29,084

(Source: I&M Bank Limited Annual Financial Statements)

6.14.3.2 I&M Bank (T) Limited

The table below is a summary of I&M-Tz's financials for the last 5 years ending 31 December 2025:

Balance Sheet Extracts TZS Millions	2021	2022	2023	2024	2025
Total Assets	587,098	596,989	739,537	803,965	953,964
Loans and Advances (Net)	354,889	365,972	449,814	435,023	527,976
Customer Deposits	436,216	454,193	549,075	548,922	610,184
Shareholders' funds	97,645	85,687	104,606	119,754	153,615
Non-Performing Loans	34,443	70,365	85,420	37,616	22,572

(Source: I&M Bank (T) Limited Annual Financial Statements)

Income Statements Extracts TZS Millions	2021	2022	2023	2024	2025
Net Interest Income	31,387	31,836	47,154	66,722	86,850
Total Operating Income	41,356	43,526	64,223	89,120	118,513
Operating Expenses	25,820	31,757	35,329	48,941	64,949
Loan Loss Provision	5,295	25,283	23,535	21,876	31,419
Profit Before Tax	10,241	(13,515)	5,359	18,303	22,144
Profit After Tax	7,026	(9,931)	4,768	15,164	20,061

(Source: I&M Bank (T) Limited Annual Financial Statements)

6.14.3.3 I&M Bancassurance Intermediary Limited

The table below is a summary of IMIAL's financials for the last 5 years ending 31 December 2025:

Income Statements Extracts (KES '000)	2021	2022	2023	2024	2025
Commission Income	244,030	305,570	325,472	419,410	526,054
Interest Income	18,612	22,007	26,812	43,807	36,989
Total Operating Expenses	68,233	76,152	92,762	113,564	149,716
Impairment loss on trade receivables	10,298	12,515	(5,149)	13,286	21,195
Profit Before Tax	185,773	238,578	263,534	333,822	384,295
Profit After Tax	138,509	171,910	185,490	237,296	273,452

(Source: IMBIL Annual Financial Statement)

6. PROFILE OF THE ISSUER (Continued)

Balance Sheet Extracts					
KES Millions	2021	2022	2023	2024	2025
Non-Current Assets	312,823	310,201	296,465	316,292	326,037
Total Assets	559,978	558,913	642,164	718,721	732,964
Non-Current Liabilities	12,433	11,470	10,233	8,712	7,132
Current Liabilities	39,674	69,031	56,333	88,300	111,138
Shareholders' Funds	507,870	478,412	575,599	621,709	614,694

(Source: IMBIL Annual Financial Statements)

The Issuer is subject to a financial covenant requiring that total liabilities, including the proposed fixed income securities, shall not at any time exceed four (4) times Shareholders' Funds.

Based on the latest audited financial statements, and after giving pro forma effect to the proposed issuance, the Issuer confirms that the ratio of total liabilities to Shareholders' Funds remains comfortably within the prescribed covenant threshold.

6.14.3.4 Material Changes in Business

Over the past five financial years, the Issuer has implemented a strategic repositioning under its iMara strategy, resulting in increased focus on retail and MSME banking, accelerated digital transformation and expansion of its regional footprint. Save as disclosed in this Information Memorandum, there have been no other material changes in the nature of the Issuer's business

6.14.3.5 Audit Status and Scope of Audited Information

The Issuer prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements incorporate the Issuer and its subsidiaries. The auditors' reports for the above financial years were unqualified and did not contain any disclaimer of opinion, refusal to certify, adverse opinion or material qualification.

The historical financial information presented in Section 6 of this Information Memorandum has been extracted from the audited consolidated financial statements of the Issuer without material adjustment.

Save for the audited historical financial statements and the Reporting Accountant's Report set out in Appendix 3, no other information contained in this Information Memorandum has been audited by the Issuer's external auditors.

6.14.3.6 Earnings Per Share

The table below sets out the consolidated earnings per share of I&M Bank Limited for each of the five financial years ended 31 December 2021 to 31 December 2025, calculated on the basis of the consolidated Profit After Tax attributable to equity holders of the Issuer, divided by 30,000,000 issued ordinary shares:

	2021	2022	2023	2024	2025
Profit After Tax (KES Millions)	7,447	9,357	10,087	11,924	15,713
Shares in Issue (Millions)	30.0	30.0	30.0	30.0	30.0
Earnings Per Share (KES)	248.2	311.9	336.2	397.5	523.8

Note: EPS figures are computed on the basis of 30,000,000 ordinary shares of KES 100 each, being the issued and fully paid share capital of the Issuer throughout the five-year period. There has been no change in the number of shares in issue during this period. Detailed EPS computations are also set out in the Reporting Accountant's Report in Appendix 3.

6. PROFILE OF THE ISSUER (Continued)

6.15 Outstanding Facilities

As at 31 December 2025, I&M Bank Kenya had the following outstanding facilities.

Lender(s)	Facility type	Currency	Outstanding Balance as at 31 December 2025	Terms or Pricing	Maturity Date
IFC	Long term borrowing	USD	50,000,000	USD 50 million, Biannual Interest repayment, 6 months SOFR rate+6.5% spread	15-Mar-2028

6.16 Recent Material Developments

Since the date of the most recent audited financial statements, there has been no material adverse change in the financial or trading position of the Issuer which would materially affect an evaluation of the Issuer's solvency.

7. ECONOMIC OVERVIEW

7.1 Introduction

Kenya remains one of Africa's most dynamic and strategically important economies. Over the last five years (2020 - 2025), the country has navigated global disruptions, domestic fiscal pressures and persistent development challenges all while reinforcing its role as the economic and logistical hub of East Africa. Kenya's geographic location makes it a gateway for regional trade. Its port at Mombasa remains critical in linking global markets with East and Central Africa. The country's transport and logistics infrastructure, combined with relatively well-developed social and digital infrastructure, supports activities across manufacturing, ICT and services.

Agriculture continues to play a central role in the economy not only as a significant contributor to livelihoods but also as a major source of foreign exchange through the exports of tea, coffee and horticultural products. That said, the sector's reliance on rain-fed production exposes the economy to climate variability while persistent income inequality, unemployment (especially among youth) and structural bottlenecks in logistics and labour markets temper the pace of inclusive development. More positively, the services sector, particularly finance, ICT, transport and tourism, has become a cornerstone of Kenya's economic identity. Tech startups and digital financial services, including globally recognised innovations from Kenya's mobile money ecosystem, reinforce the country's role in Africa's digital economy.

Overall, Kenya maintains a positive investment climate, and actively promotes itself as a destination for regional and global investors seeking gateway access to African markets. Over the years, government strategies have emphasised the role of special economic zones (SEZs), industrial parks and various upgrades as well as the streamlining of business regulations to enhance competitiveness. Furthermore, Kenya's Strategic Plan (2023-2027), as part of Vision 2030, sets ambitious targets for significantly boosting FDI over the medium term, reflecting the government's commitment to improving the investment climate and aligning reforms with investor priorities.

7.2 Macroeconomic Factors

7.2.1. Economic Growth

Kenya's economic growth picked up strongly following the COVID-19 pandemic demonstrating notable resilience and recovery capacity. This recovery was underpinned by the reopening of the economy, a revival in tourism, stronger local demand and improving external conditions.

However, the growth momentum in 2024 and early 2025 was materially weakened by disruptions linked to the Finance Bill which triggered widespread protests, business interruptions and heightened policy uncertainty. These developments temporarily constrained private sector activity and weighed on consumer confidence.

According to the Kenya National Bureau of Statistics (KNBS), real GDP grew by an estimated 4.7% in 2024, from 5.7% in 2023. In 2025, overall growth is expected to stagnate at a projected 5.0%⁴ following a slowdown of 4.9% in the third quarter of 2025. However, in 2026, the economic outlook is positive with a projected growth of 5.5%⁵.

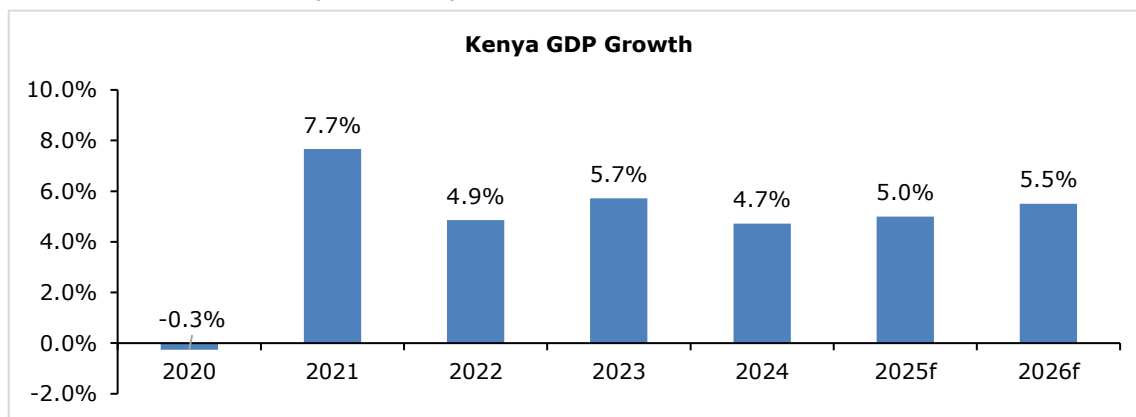
This economic momentum will be anchored on the continued resilience in agriculture, a sustained services expansion and a rebound in industrial and construction activity. Additionally, high-frequency indicators on private sector activity point to improved business conditions in the latter half of 2025 and rising domestic demand which should spillover into 2026.

⁴ Source: Monetary Policy Committee Meeting Press Release, 10th February 2026

⁵ Source: Monetary Policy Committee Meeting Press Release, 10th February 2026

7. ECONOMIC OVERVIEW (Continued)

7.2.1. Economic Growth (Continued)



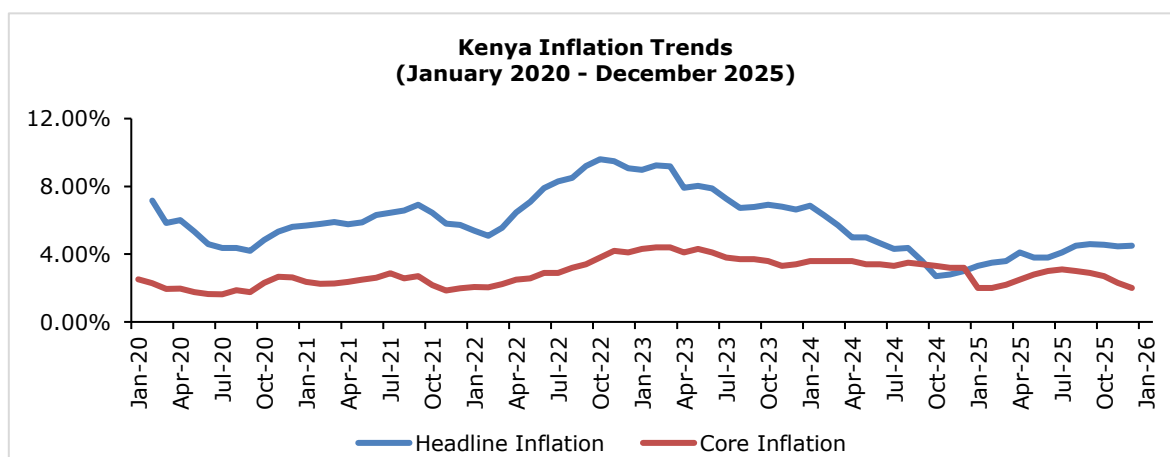
Source: Kenya National Bureau of Standards (KNBS), World Bank

7.2.2. Inflation

Global disruptions, exchange rate dynamics, food price volatility and accommodative monetary policy have shaped inflation in Kenya. In 2020, inflation remained relatively contained as COVID-19 restrictions dampened demand, particularly in transport and services, offsetting food price pressures. As economic activity normalised in 2021, inflation edged higher, driven by supply chain disruptions and a recovery in consumption.

Inflationary pressures then intensified in 2022 and 2023 on account of higher fuel prices, elevated fertiliser and food costs and a weaker shilling which pushed headline inflation toward the upper bound of the Central Bank's target range. Locally, prolonged drought reduced agricultural output, thus amplifying food inflation and emphasising Kenya's structural vulnerabilities to weather shocks.

By 2024 and into 2025, inflation moderated significantly as global commodity prices eased, domestic harvests improved and monetary policy tightening began to anchor expectations. Headline inflation returned comfortably within the Central Bank's target band (2.5% - 7.5%) reflecting greater price stability. This disinflationary trend created policy space for gradual monetary easing in 2025 signalling confidence that inflationary pressures had become more contained.



Source: Kenya National Bureau of Standards (KNBS)

7. ECONOMIC OVERVIEW (Continued)

7.2.2. Inflation (Continued)

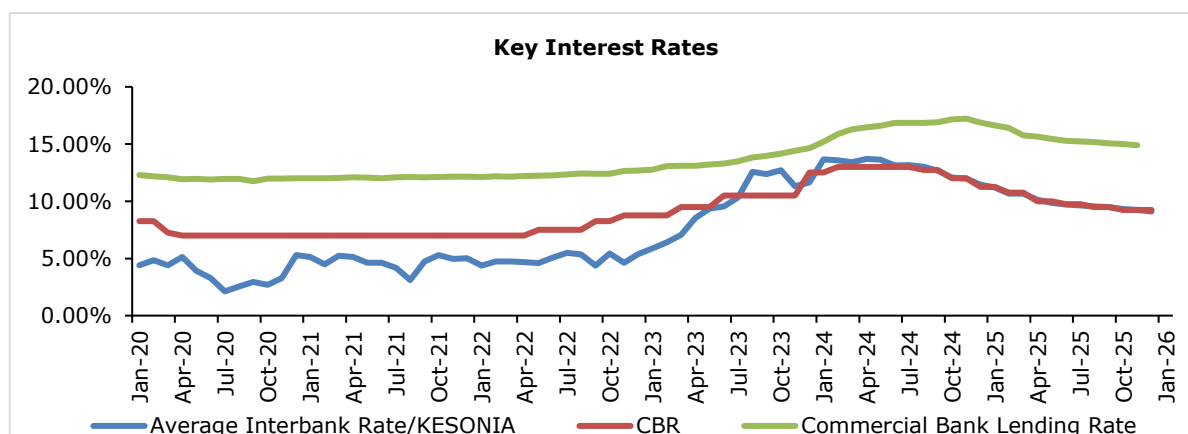
Overall, the inflation cycle over this period underscores Kenya's sensitivity to external shocks but also highlights the stabilizing role of policy credibility and improved domestic supply conditions.

7.2.3. Interest Rates and Monetary Policy

During the COVID-19 period, the central bank of Kenya (CBK) maintained an accommodative policy stance to support economic recovery. The central bank rate (CBR) was cut by 125bps to 7.0%, a level held till Q1-2022. This policy shift was reflected in subdued money market conditions with 91-day and 182-day T-bill yields settling in the 6.0-8.0% range.

From mid-2022 through 2023, CBK embarked on an aggressive policy tightening cycle as inflationary pressures intensified and the Kenya shilling depreciated sharply. Banks responded by repricing loans upward, significantly tightening credit conditions for households and businesses. During this period, the transmission mechanism relied primarily on the policy rate and open market operations, as the interbank market remained fragmented.

In 2025, the introduction of KESONIA (Kenya Shilling Overnight Index Average). KESONIA now anchors the short end of the yield curve providing a transparent and market-based reference for interbank lending and loan pricing. Importantly, KESONIA has strengthened policy transmission by ensuring that interbank rates trade within the policy corridor, reducing volatility and improving price discovery.



Source: Central Bank of Kenya

The implication for lending markets is structural with banks expected to shift toward KESONIA-linked floating rate loans. This enhances transparency, improves pass-through of monetary policy and reduces pricing distortions that characterised earlier regimes.

7.2.4. Foreign Exchange Rate

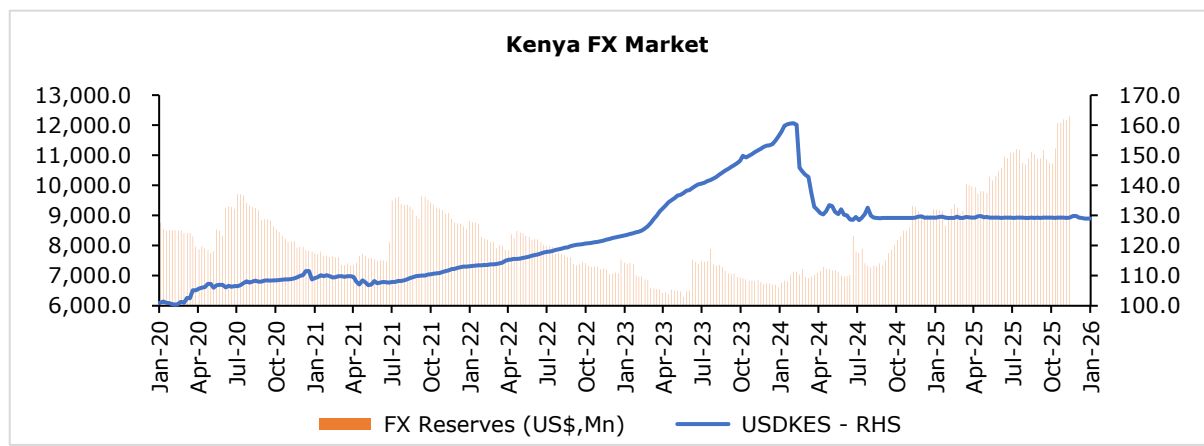
The Kenya shilling's trajectory has been shaped by external shocks, domestic fiscal pressures and evolving monetary policy credibility. In 2020, the exchange rate remained relatively stable, averaging just above KES 100 against the US dollar. Multilateral financing, resilient diaspora remittances and abundant global liquidity largely offset pandemic-driven capital outflows.

From 2021 through mid-2023, the Kenya shilling entered a gradual but persistent depreciation phase. As global financial conditions tightened and domestic demand recovered, pressure on foreign exchange reserves intensified. Rising fuel and fertiliser import bills widened the current account deficit while external debt repayments absorbed scarce FX in the local market. By early 2023, the Kenya shilling weakened beyond 120 reflecting both deteriorating external balances and a reassessment of frontier market risk as US interest rates surged.

7. ECONOMIC OVERVIEW (Continued)

The most acute stress emerged in late 2023 and early 2024, when the Kenya shilling depreciated sharply briefly breaching KES 160 against the US dollar. Import demand remained firm while US dollar inflows lagged creating a structural imbalance in the FX market.

In mid-2024, FX liquidity conditions improved materially as monetary policy tightening took effect, fiscal consolidation gained traction and multilateral support strengthened. As FX reserves rebuilt, the Kenya shilling staged a strong correction, appreciating back toward the KES 128-130 range against the US dollar.



Source: Kenya National Bureau of Standards

Through 2025, the USD/KES rate stabilised within a narrow trading band. This stability has been reinforced by improved market transparency and a better alignment between FX supply (diaspora remittances, multilateral inflows) and demand (imports, debt service). For long-term investors, this stability materially improves the Kenyan FX risk profile, repatriation confidence and macroeconomic predictability.

8. INDUSTRY OVERVIEW

8.1 Kenya Banking Sector Overview

As of 31st December 2024, the Kenyan banking sector comprised of the Central Bank of Kenya (CBK), as the regulatory authority, 40 banking institutions (38 commercial banks, 1 mortgage finance company and 1 mortgage refinance company), 10 representative offices of foreign banks, 14 Microfinance Banks (MFBs), 3 Credit Reference Bureaus (CRBs), 26 Money Remittance Providers (MRPs), 8 non-operating bank holding companies, 85 digital credit providers (DCPs) and 81 foreign exchange (forex) bureaus.

8.2 Performance of the Kenyan Banking Sector

8.2.1 Asset Base

Following a defensive posture during the COVID-19 pandemic, total banking sector assets accelerated strongly in the recovery phase (2022 - 2023). In 2023, total assets grew to KES 7.72 trillion driven mainly by loan book growth. In 2024, assets moderated slightly, contracting to KES 7.65 trillion, reflecting disciplined risk management rather than structural weakness. As of September-2025, total assets stood at KES 8.06 trillion.

8.2.2 Loans and Advances

After subdued lending in 2020-2021, private sector credit rebounded strongly. In 2023, net loans grew by 14.5% (y/y) becoming the largest driver of asset growth. In 2024, however, lending slowed, with net loans declining by 2.7% (y/y), as banks tightened underwriting standards to preserve asset quality. As of September-2025, gross loans stood at KES 4.26 trillion.

8.2.3 Deposit Liabilities

In 2020, deposits grew 8.7% (y/y) to KES 4.02 trillion with a further strong acceleration to KES 5.60 trillion in 2023. By 2024, deposit growth decelerated by 2.1% (y/y) to KES 5.81 trillion. Despite the 2024 softening, the funding base remained deep, diversified and stable. As of September-2025, gross deposits stood at KES 5.95 trillion.

8.2.4 Capital and Reserves

Capital buffers have remained well above regulatory thresholds throughout the period (2020 - 2024). By 2024, core capital increased to KES 989.2 million with core CAR at 18.6% versus the regulatory minimum of 10.5%. In the same year, total capital exceeded KES 1.1 trillion, demonstrating strong internal capital generation and shock absorption capacity. As of September-2025, the Capital Adequacy Ratio (CAR) stood at 20%.

8.2.5 Asset Quality

Post-COVID credit stress emerged gradually with the gross NPL ratio rising from 8.3% in 2022 to 17.1% by the end of 2024. Banks responded by increasing provisioning and tightening credit standards. That said, stress tests confirm the sector remains adequately capitalised even under severe scenarios thus reinforcing the sector's resilience. As of September-2025, the NPL ratio stood at 16.9% and further eased to 15.5% in January-2026.

8.2.6 Profitability

Profitability remained robust with the ROA peaking at 3.6% in 2022. However, through the period 2023-2024, margins compressed due to higher funding costs and provisioning, but the sector remained profitable overall, demonstrating earnings resilience.

8.2.7 Liquidity

Liquidity has remained structurally strong with the liquidity ratio peaking at 59.3% by September-2025 comfortably above the 20% regulatory minimum.

8. INDUSTRY OVERVIEW (Continued)

8.2.8 Select banking sector indicators

	2020	2021	2022	2023	2024	Sept-2025
Total Assets (KES, Tn)	5.42	6.01	6.54	7.69	7.57	8.06
Total Deposits (KES, Tn)	4.02	4.44	4.73	5.81	5.74	5.95
Gross Loans (KES, Tn)	3.00	3.25	3.68	4.20	4.09	4.26
Capital Adequacy Ratio (CAR)	19.0%	19.5%	18.9%	18.6%	19.6%	20.0%
NPL Ratio	14.1%	13.1%	13.3%	15.6%	17.1%	16.9%
ROE	13.9%	22.0%	26.2%	22.4%	22.0%	22.2%

Source: Financial Sector Stability Report, Commercial Banks' Credit Officer Survey

8.3 Recent Developments in the Kenyan Banking Sector

Some of the developments in the banking sector that took place in the recent past are outlined below:

1. CBK introduced the Kenya Green Finance Taxonomy and Climate Risk Disclosure Framework, marking a major step towards integrating climate risk into banking supervision. This framework guides banks in classifying economic activities based on their environmental impact and aligns Kenya's financial system with global sustainability standards, including IFRS and Basel guidelines. The move supports the transition to a low-carbon economy and enhances transparency for investors.
2. To improve credit pricing transparency and strengthen monetary policy transmission, CBK issued a revised Risk-Based Credit Pricing Model (RBCPM). Under the new framework, lending rates will be anchored on the Kenya Shilling Overnight Interbank Average (KESONIA) rather than the Central Bank Rate (CBR). This reform took effect from 1st September 2025 for new variable loans and from 28th February 2026 for existing facilities, aligning Kenya with international benchmark rate practices.
3. To strengthen the resilience of the banking system, the Business Laws (Amendment) Act 2024, effective 27th December 2024, mandated a phased ten-fold increase in the minimum core requirements for banks from KES 1 billion to KES 10 billion by 31st December 2029.
4. CBK announced the lifting of the moratorium on licensing new commercial banks, effective from 1st July 2025. The moratorium, which had been in place since 17th November 2015, was initially introduced to stabilise the sector following governance and risk management challenges. New entrants will now be required to meet the enhanced minimum core capital threshold of KES 10 billion.
5. CBK approved the acquisition of National Bank of Kenya (NBK) by Access Bank Plc from KCB Group in April 2025. This transaction reflects growing regional integration and reinforces the stability of the Kenyan banking system through stronger ownership structures and capital backing.
6. CBK extended the operating hours of the Kenya Electronic Payment and Settlement System (KEPSS) from 8:30am-4:30pm to 7:00am-7:00pm on all business days except public holidays and weekends. This reform supports large-value and time-sensitive transactions, enhances liquidity management and facilitates Kenya's transition to a 24/7 digital economy.
7. In response to rising cyber threats, CBK established the Banking Sector Cybersecurity Operations Centre (BS-SOC). The centre provides threat intelligence, incident response and digital forensic services. All regulated institutions are now required to report cyber incidents to CBK, significantly strengthening sector-wide cyber resilience.
8. The oversight of digital finance was strengthened through the commencement of the Virtual Assets Service Providers Act, 2025. The law designates CBK and the Capital Markets Authority as regulators for digital asset firms, creating a formal framework to address money laundering and terrorism financing risks in the crypto space.

8. INDUSTRY OVERVIEW (Continued)

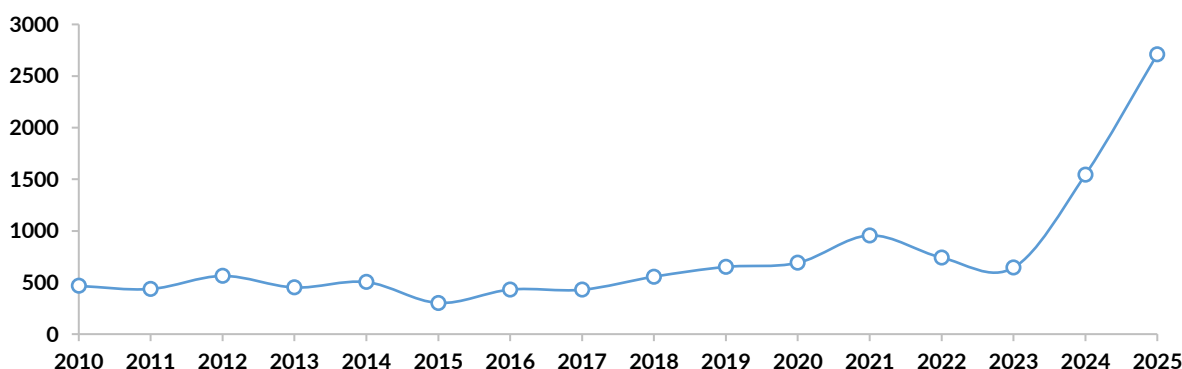
9. CBK launched the National Financial Inclusion Strategy 2025-2028, alongside the Fourth Medium Term Plan for the Financial Services Sector. The strategy prioritises access to affordable financial services for MSMEs, women, youth and underserved communities, while promoting green finance and consumer protection. Additionally, over 40 institutions signed the Women Entrepreneurs Finance Code, committing to closing the financing gap for women-led businesses.
10. CBK rolled out new banknotes in 2024, featuring updated security elements, new signatures and enhanced anti-counterfeiting measures. All previous notes remain legal tender, ensuring a smooth transition for the public.

8.3.1. Fixed Income and Capital Markets

8.3.1.1. Government Securities: Secondary Market Turnover Continues to Rise in 2025

The value of treasury bonds traded on the Nairobi Securities Exchange (NSE) secondary market jumped to KES 2,710.11bn (+75.5% y/y) from KES 1,544.38bn the year prior. This was partially driven by several factors: ample liquidity and new issuances; increased demand as investors sought to secure high yields following cuts to the Central Bank Rate (CBR); institutional portfolio rebalancing; stability and availability of foreign exchange currency; improved sovereign credit ratings; growth in collective investment schemes which normally have substantial holdings of government securities; and a growing interest from retail investors following the introduction of the Dhow CSD platform that has democratized access.

Treasury (Secondary) Market Turnover - KES Bn



Source: Capital Markets Authority (CMA), Chart: SIB

8.3.1.2. Corporate Debt: New Issuances Resume as Coupons Fall

The corporate bond market experienced a resurgence in issuances in 2025, marked by the introduction of innovative securities. In particular, Linzi Finco LLP, a subsidiary company of Liaison Group, successfully listed Kenya's first infrastructure asset-backed bond. The Linzi 003 Infrastructure Asset-Backed Security, valued at KES 44.9bn, was listed on the NSE in July 2025.

On 27 October 2025, East African Breweries Limited PLC opened a Medium-Term Note (MTN) Programme (EABL-FXD01/01/2025/05), of KES 11,000,000,000 (together with a green-shoe option of up to KES 6,000,000,000). The proceeds of the issue of the Notes will be used (i) for the Group's general corporate purposes, and (ii) by the Company to repay certain borrowings taken in the ordinary course of business. Issue date was 18 November 2025, with a maturity of 18 November 2030 with coupon issued semi-annually, with a minimum subscription level of 50%. EABL received applications totaling KES 16.7 billion for this first tranche reflecting a subscription rate of 152.4% at par, on a coupon pricing of 11.8%. Notably, the issuer received approval to increase the total allotment for Tranche 1 to accommodate the oversubscription, remaining within the KES 20.0bn MTN limit approved by the Capital Markets Authority (CMA).

On 25th November 2025, Safaricom PLC announced a Medium-Term Note (MTN) Programme (SCOM-FXD/T01/2025/05), a KES 40 billion financing framework aimed at diversifying funding sources, strengthening financial flexibility, and funding strategic investments in line with its vision. Tranche 1 Amount was KES 15 billion, with a green shoe option of up to KES 5 billion. Issue date was 11 December 2025, with a maturity of 11

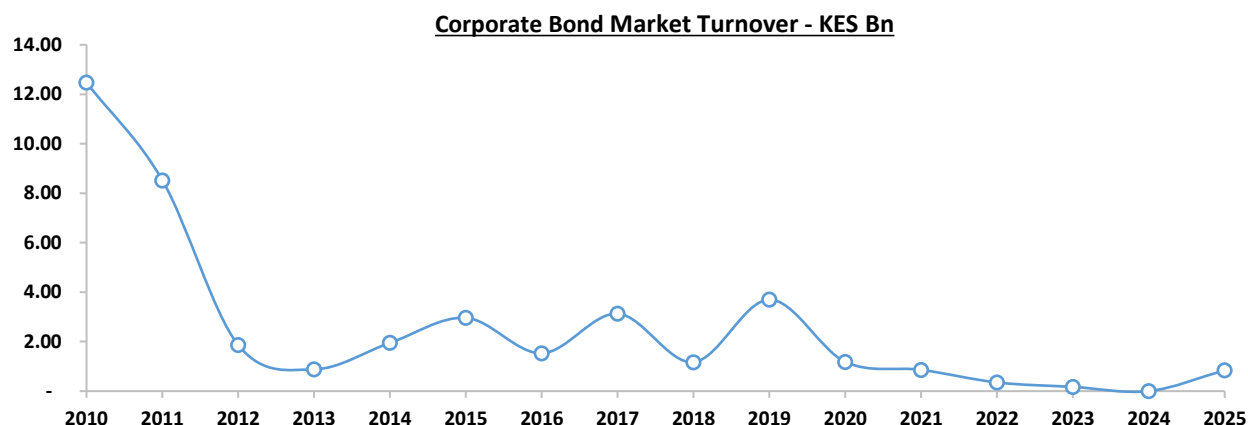
8. INDUSTRY OVERVIEW (Continued)

December 2030 with coupon issued semi-annually, with a minimum subscription level of 50%. Safaricom received applications totaling KES 41.4 billion for this first tranche reflecting a subscription rate of 276% at par, on a coupon pricing of 10.4%. The Issuer shall allocate 100% of net proceeds of this Tranche of Notes to finance and/or refinance the portfolio of Eligible Green Projects as indicated in the Green Project Categories set out under the Sustainable Finance Framework set out by the company. As the issuance relates to Green Notes, the Interest income accruing will be tax exempt (similar to infrastructure bonds) and the issuance was listed at the NSE. Below is a snapshot of the issuances in 2025:

Issue Name	Issue Date	Maturity Date	Outstanding Amount - KES Mn	Fixed Coupon Rate (%)
East African Breweries Medium-Term Note	18-Nov-25	18-Nov-30	16,764.22	11.8%
Linzi 003 IABS Medium Term Note	08-Jul-25	08-Jul-40	44,791.00	15.0%
Safaricom PLC Medium Term Green Note	11-Dec-25	11-Dec-30	20,000.00	10.4%

Source: Nairobi Securities Exchange (NSE), Table: SIB

Trading activity in corporate bonds has remained modest compared to more than 10 years ago. See the chart below:



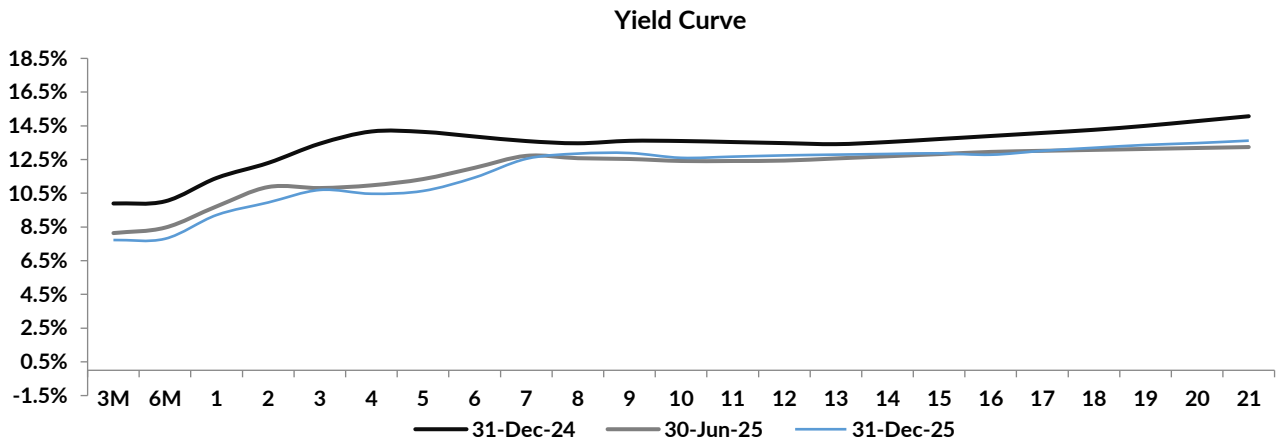
Source: Capital Markets Authority (CMA), Chart: SIB

8.3.1.3. Yield Curve Decline Continues into 2025

The yield curve faced downward pressure in 2025 due to stable inflation, improved liquidity, increased demand for government securities despite longer duration, sustained CBR rate cuts, currency stability, and the government's debt management strategy, which aims to lengthen the maturity profile and lower debt service costs. In particular, the yield curve edged lower by an average of c.154bps in the year, with securities at the short end of the curve recording a significant downward shift.

See a visual summary below;

8. INDUSTRY OVERVIEW (Continued)



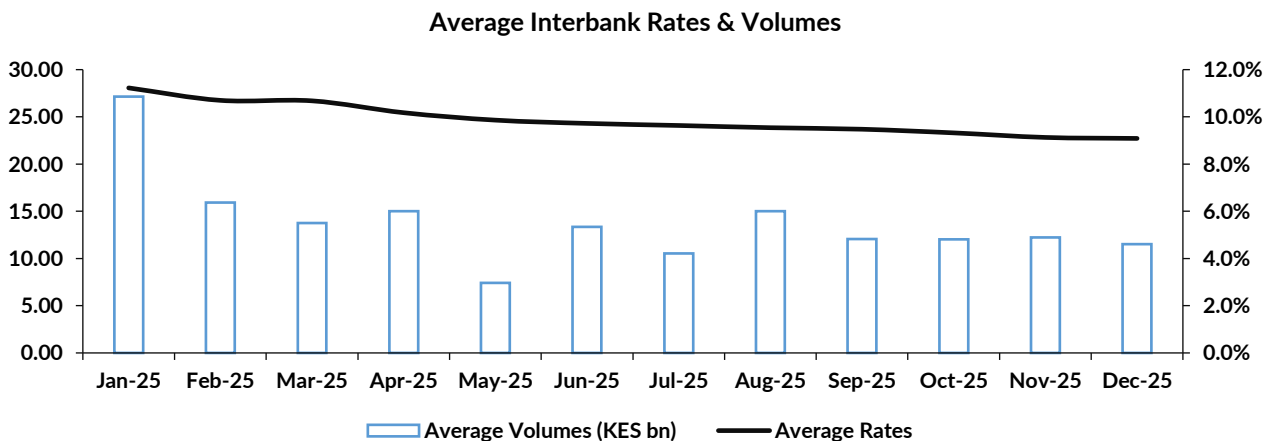
Source: Central Bank of Kenya (CBK), Chart: SIB

8.3.1.4. Eurobonds: Kenya Repurchases the 2032 Note in a bid to Reduce Refinance Risks

In February 2026, the Government initiated a USD 500.0m Eurobond tender as part of its liability management strategy, aimed at enhancing the country's debt maturity profile and reducing refinancing risk. On 20th February 2026, the National Treasury announced that it had successfully raised USD 2.25bn through the issuance of 2 new notes, i.e., a USD 900.0m 7.875% 7-year note due in 2034 and a USD 1.35bn 8.70% 12-year note due in 2039. These proceeds were used to repurchase up to USD 150.0m of the outstanding 7.25% note due in February 2028 and up to USD 350.0m of the outstanding 8.0% note due in May 2032. Overall, the issuance garnered strong demand, supported by improved investor confidence following recent favourable developments regarding the country's sovereign credit rating and previous buyback transactions, which have helped alleviate some concerns around Eurobond repayments and concentration risk over the coming years. The balance of funds is to be used for general budgetary support, but importantly also raised the foreign exchange reserves to more than 6 months import cover.

8.3.1.5. Liquidity: Monetary Policy Easing Drives Improved Liquidity

In 2025, liquidity levels improved, as evidenced by the decline in the average interbank rate to an average of c.9.9% vs c.12.9% in 2024, with average transaction volumes at KES 13.9bn vs KES 26.7bn in 2024. This was partly attributable to the sustained CBR rate cuts, liquidity support from the Central Bank's activities in open market operations, as well as the reduction in the cash reserve ratio (CRR) to 3.25% from 4.25% in February 2025. The chart below illustrates the developments.



Source: Central Bank of Kenya (CBK), Chart: SIB

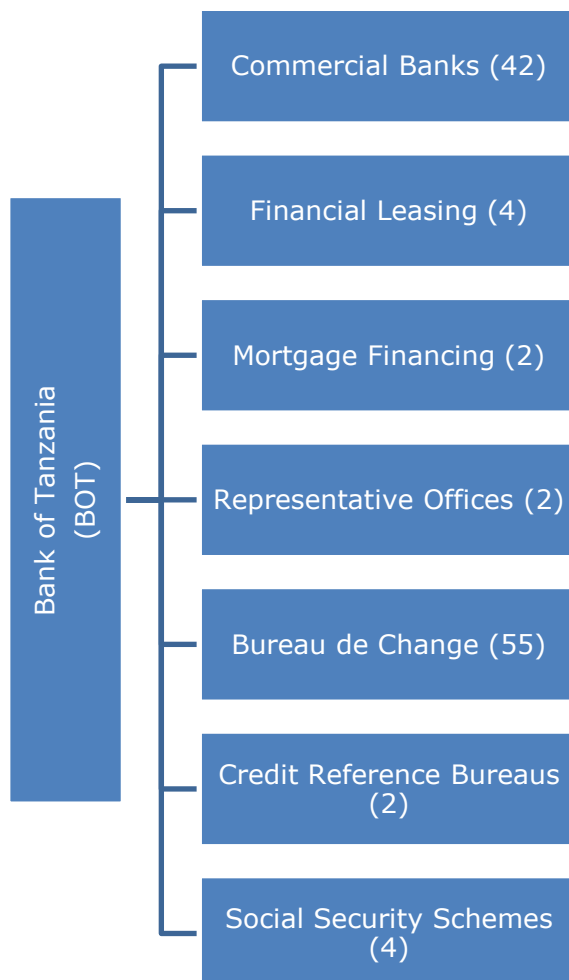
8. INDUSTRY OVERVIEW (Continued)

8.3.1.6. Private sector credit growth still has room to pick up in 2026

In 2025, private sector credit growth staged a slow but steady recovery, hitting 6.3% in November 2025 compared to a contraction of 2.9% in January 2025 (average of c.2.2% from January to November 2025 compared to c.4.7% over the same period in 2024). This performance was attributable to improved uptake of credit across key sectors, particularly in the manufacturing, building and construction, trade, and consumer durables sectors. Additionally, the stable shilling tempered the exchange rate valuation effects on foreign currency-denominated loans compared to 2024. Pending bills, which have been a heavy overhang on the private sector, are gradually being verified and resolved. The Government utilized a syndicated bank loan to pay part of the c.KES 123.0bn worth of pending bills owed to contractors in the road sector. This payment was part of a strategy ahead of an upcoming KES 175.0bn roads bond, which aims to fully clear these arrears and finance ongoing transport infrastructure projects. As such, road construction projects were restarted, with infrastructure construction picking up in the year.

8.4 Tanzania Banking Sector Overview

According to the Bank of Tanzania Annual Report 2024/25 (July-2024 to June-2025) report, the number of supervised financial institutions stood at 111 as below:



8. INDUSTRY OVERVIEW (Continued)

8.5 Performance of the Tanzanian Banking Sector

8.5.1 Asset Base

The banking sector recorded robust balance sheet expansion in 2024/25, with total assets rising to TZS 72.5 trillion, driven mainly by growth in customer deposits and borrowings. This strong expansion reflects sustained public confidence, recovery in economic activity and deepening financial inclusion supported by fintech and agency banking models. Commercial banks continue to dominate the sector, accounting for 96.9% of total banking assets, supported by extensive branch networks and digital distribution channels.

8.5.2 Funding and Deposits

Funding conditions strengthened further with total sector funding increasing to TZS 45.6 trillion in 2024/25. Core deposits remained stable, well above the regulatory threshold of 50%, indicating a strong and stable domestic funding base. The sustained growth in deposits reflects high public confidence in the banking system and rising financial inclusion.

8.5.3. Capital and Liquidity

The sector maintained strong capital and liquidity buffers throughout 2024/25. The total capital adequacy ratio stood at 19.4% against a minimum of 12%. Liquidity conditions also remained comfortable with liquid assets to demand liabilities holding at 27.7%, well above the regulatory minimum of 20%. These buffers provide strong shock-absorption capacity and support continued credit intermediation.

8.5.4. Asset Quality

Asset quality continued to improve materially. The gross NPL ratio declined to 3.3% by June-2025 from 4.1% a year before. This improvement signals enhanced credit risk management and stronger borrower performance

8.5.5. Profitability

Profitability remained stable in 2024/25 with the Return on Equity (ROE) settling at 25%. The commendable earnings performance was driven by improved loan portfolio quality, sustained operational efficiency and supportive business environment.

8.5.6. Select banking sector indicators

As at end of June	2021	2022	2023	2024	2025
Total Assets (TZS, Bn)	39,590.1	45,749.2	53,744.7	62,066.2	72,468.9
Customer Deposits (TZS, Bn)	24,345.8	28,038.3	33,744.6	37,951.1	45,627.9
Total Loans (TZS, Bn)	22,112.2	26,599.3	32,493.1	38,819.0	47,670.2
Capital Adequacy Ratio (CAR)	17.9%	20.2%	19.0%	19.3%	19.4%
NPL Ratio	9.3%	7.8%	5.3%	4.1%	3.3%
ROE	10.4%	18.5%	21.5%	27.3%	25.0%

Source: Bank of Tanzania, Annual Report 2024/25

9. GLOBAL ECONOMIC OVERVIEW

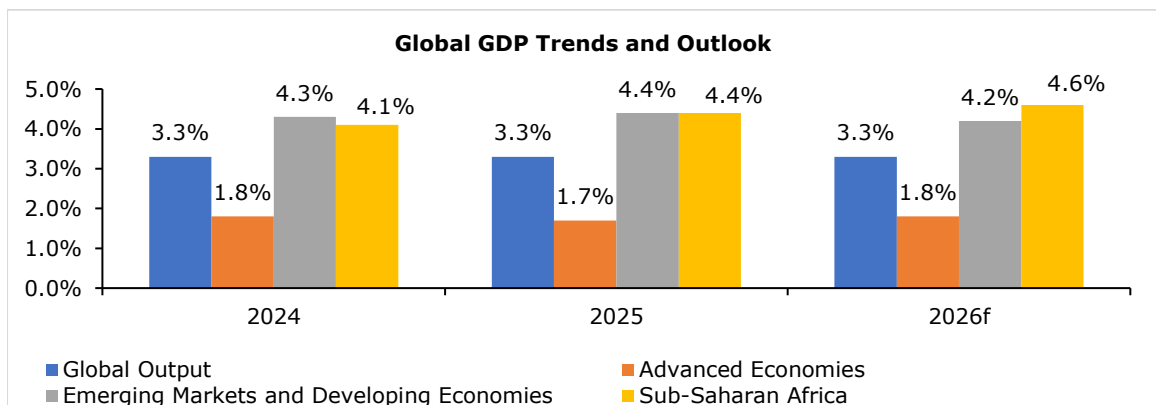
Macroeconomic Factors

9.1 Economic Trends and Outlook

Since 2020, the global economy has moved through three distinct phases. The COVID-19 shock in 2020 triggered the deepest global recession in decades, followed by a strong policy-led recovery in 2021-2022 driven by unprecedented fiscal stimulus, accommodative monetary policy and reopening of economies. Growth then moderated in 2023-2024 as inflation surged, interest rates tightened sharply and geopolitical tensions intensified.

By 2025, the global economy had stabilised, supported by resilient labour markets and substantial investment in technology. According to the IMF, global growth is now projected to remain steady at 3.3% in 2026 and 3.2% in 2027, broadly in line with recent economic performance.

In the near term, key drivers supporting growth include technology and AI-related investments, the gradual easing of monetary policy, continued resilience in emerging markets, and structural reforms in developing economies.

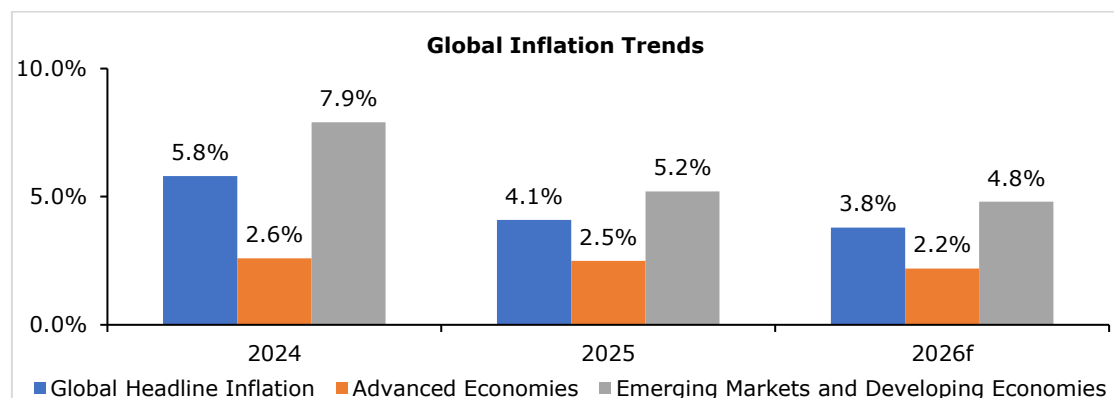


Source: IMF World Economic Outlook, January 2026

9.2 Inflation and Monetary Policy

From 2020 to 2021, inflation remained subdued due to weak demand. This changed sharply in 2022 to 2023 when global inflation surged to multi-decade highs due to supply chain disruptions, energy price shocks and strong post-pandemic demand. Central banks responded with aggressive policy rate hikes, tightening global financial conditions.

Since 2024, inflation has been on a sustained downward trend. The IMF projects global inflation to decline from 4.1% in 2025 to 3.8% in 2026 and 3.4% in 2027. Looking ahead, inflation trends will mainly be driven by easing energy prices, weaker global demand, a lagged impact of earlier rate hikes and a shift from tightening to gradual monetary easing across major economies.



Source: IMF World Economic Outlook, January 2026

9. GLOBAL ECONOMIC OVERVIEW (Continued)

9.3 Foreign Exchange

During the 2020-2021 period, global currency trends were shaped by crisis capital flows and ultra-loose monetary policy. From 2022, sharp interest rate differentials strengthened the US dollar and increased FX volatility especially in emerging markets and developing economies (EMDEs).

The IMF's recent World Economic Outlook notes that global financial conditions remain accommodative, supporting portfolio inflows to emerging markets and developing economies (EMDEs) and improved access to global capital markets. Currency volatility has remained contained, aided by falling inflation and expectations of lower interest rates.

9.4 Emerging Issues

Several structural themes have intensified since 2020. The most significant is the rise of AI and digital investment as a key global growth engine. While this has boosted productivity and capital flows, the IMF warns that growth is increasingly concentrated in a few tech firms, raising market concentration risks.

Geopolitical risks have also increased since 2022, with conflicts and trade fragmentation reshaping supply chains. At the same time, global public debt has risen sharply and is projected to exceed 100% of global GDP by the end of the decade.

Financial sector risks are also evolving, particularly due to the rapid growth of non-bank lenders and private credit, raising concerns over transparency and underwriting standards. Climate change and the energy transition are also reshaping investment flows and policy priorities.

10. RISK MANAGEMENT AND RISK FACTORS

I&M Bank recognizes that effective risk management is fundamental to sustainable value creation. The Bank's Enterprise Risk Management (ERM) approach is designed to balance risk-taking with value creation, enabling the Bank to pursue growth opportunities responsibly while safeguarding stakeholders' interests. Risk is therefore considered not only as a potential threat, but also as an integral component of strategic decision-making and capital allocation.

The Bank's ERM Framework provides a consistent, structured, and forward-looking approach to identifying, assessing, managing, and monitoring risks across all subsidiaries, while allowing appropriate flexibility to reflect local market conditions and regulatory requirements.

10.1 Risk Governance and Oversight

Strong governance underpins the Bank's risk management practices.

The Board of Directors has ultimate responsibility for risk oversight and sets the tone for a strong risk culture across the Bank and approves the Bank's Risk Appetite Framework, ensuring alignment between strategy, capital strength, liquidity position, and acceptable levels of risk.

Oversight responsibility is delegated to the Board Risk Committee, which:

- Reviews the Bank's risk profile and risk appetite on a quarterly basis.
- Oversees the effectiveness of risk management and internal control systems.
- Considers the risk implications of major strategic initiatives, investments, acquisitions, and business model changes; and
- Monitors emerging risks that may affect the Bank's long-term resilience.

At management level, the management risk committee (Riskco) supports coordinated risk management, including oversight of enterprise-wide risks, balance sheet risks, and strategic risk themes.

The Chief Risk Officer (CRO) provides independent oversight of risk management, ensures consistent application of the ERM Framework across subsidiaries, and reports regularly to senior management and the Board.

Risk Culture and Accountability

Risk ownership and accountability are clearly defined, ensuring that risks are actively managed at the appropriate level of the organization.

Key features of the Bank's risk culture include:

- Clear allocation of risk ownership and accountability.
- Open communication and constructive challenge.
- Timely escalation of material issues; and
- Integration of risk considerations into performance management and decision-making.

Risk Management Framework & Process

The Bank operates a Three Lines of Defense model, ensuring appropriate separation between risk ownership, independent oversight, and assurance and applies a comprehensive and consistent risk management process across all subsidiaries, covering the full risk lifecycle:

Risk identification - capturing existing, emerging, and potential risks arising from internal activities and external developments.

- Risk assessment and prioritization - evaluating risks based on impact and likelihood, considering control effectiveness, and identifying key risk concentrations.
- Risk response and mitigation - implementing appropriate actions to avoid, reduce, transfer, or

10.RISK MANAGEMENT AND RISK FACTORS (Continued)

accept risks in line with approved risk appetite.

- Monitoring and reporting - tracking risk exposures, control performance, and early warning indicators through structured reporting.
- Review and improvement - continuously enhancing risk practices based on lessons learned, audits, stress testing, and changes in the operating environment.

This approach ensures that risk management remains dynamic and responsive to evolving conditions.

The Bank regularly reviews its risk profile to identify material changes, emerging trends, and concentrations across businesses and geographies. Risk assessments consider interdependence between risks and the potential for cascading effects during periods of stress.

Risk Appetite and Performance

The Group defines the level and types of risk it is willing to accept in pursuit of its strategic objectives. It combines quantitative limits with qualitative statements across key risk categories.

Performance against risk appetite is monitored continuously and reported to Senior Management and the Board. Where risk exposures approach or exceed approved thresholds, Management actions are implemented promptly, and material breaches are escalated in line with governance requirements.

This disciplined approach ensures that risk-taking remains aligned with the Group's financial capacity, regulatory expectations, and long-term sustainability goals.

Emerging risks are identified through horizon scanning, thematic reviews, and scenario analysis with particular focus on:

- Climate and environmental risks
- Technological change, including cyber and artificial intelligence risks.
- Regulatory and disclosure developments; and
- Geopolitical and macroeconomic uncertainties.

Stress testing and scenario analysis are used to assess the potential impact of severe but plausible events on the Group's capital, liquidity, and operational resilience, informing strategic planning and contingency measures.

Resilience, Incident Management and Continuity

The Group maintains robust frameworks to enhance resilience and respond effectively to disruptions. These include:

- Business continuity and disaster recovery arrangements.
- Liquidity contingency planning.
- Crisis management and escalation protocols; and
- Structured incident management and root cause analysis processes.

Significant incidents are reviewed at Senior Management and Board level, with lessons learned embedded into policies, systems, and training to strengthen future resilience.

I&M Bank, like any other player in banking industry, is exposed to several risks which, upon crystallisation, could have material adverse effects on its financial performance. The specific risks which I&M Bank faces and the steps to mitigate them are outlined below.

10.RISK MANAGEMENT AND RISK FACTORS (Continued)

10.2 External and Macroeconomic Risks

Geopolitical and Global Supply Chain Risks

The Group's operations (Kenya, Uganda, Rwanda, Tanzania and Mauritius) are susceptible to international geopolitical tensions that can disrupt trade and heighten inflationary pressures. As of Q1 2026, a major combat operation in the Middle East has introduced a significant risk premium into global energy markets. Persistent instability in the Strait of Hormuz threatens the smooth flow of energy and maritime cargo. Continued volatility in critical maritime corridors could lead to an increase in the cost of imported inputs such as fuel, gas, and fertilizers adversely affecting the credit quality of some of the Group's clients in the transport, manufacturing and agricultural sectors.

Heightened geopolitical conflicts has catalyzed significant volatility across international and domestic financial markets. The Group's financial performance and liquidity are exposed to these fluctuations through:

- Heightened market volatility may lead to mark-to-market losses on its portfolio of interest-earning assets, particularly if such shocks lead to a depression of prices.
- As an issuer, shifting investor risk appetites may influence the Group's cost of funding and increase the pricing of future tranches. As a market intermediary: On behalf of its clients, the Group actively facilitates trade and investment in foreign exchange, government securities, and equities. Rapid market shifts can lead to increased operational pressure and reduced transaction volumes.
- As a listed entity on the NSE, the Group's share price remains sensitive to broader market sentiment.

Political and Economic Risks

I&M Bank's operations (Kenya, Uganda, Rwanda, Tanzania and Mauritius) cover markets which at times have been characterized by political instability. Kenya, the home market, is politically young and has been subject to various forms of political unrest since independence. For example, the anti-Finance Bill protests in 2024 raised tensions in the country. Kenya has also in the past experienced volatility in its macroeconomic situation, with high inflation and volatility in the exchange rate impacting the smooth functioning of banking business. While the Bank has systems, controls and procedures designed to mitigate political risk, there can be no assurance that any adverse political events will not have a negative impact on the Bank's business.

Environment and Social Risks

Environmental and Social Risks encompass both human-driven and natural environmental factors arising from business activities. These risks manifest as environmental challenges such as declining water quality, solid waste accumulation, climate change effects, and biodiversity loss. From a Social risk perspective, they may involve poor working conditions, breaches of fundamental rights, and non-compliance with labour regulations. The Group acknowledges the significant challenges posed by climate change, including recurring droughts, floods, and extreme weather events which may have an adverse impact on critical sectors such as energy, agriculture, and manufacturing.

To mitigate this, the Group has incorporated Environmental and Social risk screening as part of its credit appraisal process. This ensures that environmental and social risks are systematically assessed alongside other risk factors before any credit facilities are approved or disbursed. Recognizing the importance of strong governance, I&M has also prioritized the Climate Action Plan to ensure that climate-related risks and opportunities are effectively identified, assessed, and integrated into the decision-making processes.

To effectively manage the scale and complexity of its operations, the Group relies on a strong governance structure, clear communication, and seamless coordination across all levels of the Group including corporate functions and business units. This governance framework enables I&M to mitigate risks, capitalize on climate related opportunities, and promptly escalate critical issues to key management committees as required. The Group acknowledges the importance of providing capital for green initiatives. It does this by channeling funds into projects that reduce carbon emissions, promote renewable energy and foster sustainable development.

10.RISK MANAGEMENT AND RISK FACTORS (Continued)

10.3. Sector & Risks Specific to I&M Bank

10.3.1. Strategic Risk

Strategic risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions or lack of responsiveness to industry changes. I&M Bank is managing strategic risk as below:

- I&M Bank has a Board approved Corporate and Strategic Planning policy that is reviewed periodically and whose implementation is monitored by the EXCO.
- A business strategy that covers a 5-year planning cycle which is well defined and documented and covers each area of product development, growth, marketing, sales, human resource development and information and communication technology.
- Implementation of well-defined annual budgets and corporate objectives.
- I&M Bank has in place internal systems to ensure regular monitoring and analysis of its external and internal environment so as to gather relevant management information and ensure that I&M Bank is not unduly exposed to strategic risk.

Additionally, the Issuer is exposed to risks arising out of the operating environment characterized by increased competition in the banking industry, retention of key staff, continued development of financial and management controls and information technology systems and their implementation, and maintaining if not growing the profit margins.

10.3.2. Credit Risk

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

The Board has delegated responsibility of the management of credit risk to its Board Credit Committee. A separate Bank Credit Risk Management Committee reporting to the Board Credit Committee is responsible for oversight of I&M Bank credit risk.

The risk that the counter-parties to trading instruments might default on their obligation is monitored on an on-going basis. In monitoring credit risk exposure, consideration is given to trading instruments with a positive fair value and to the volatility of the fair value of trading instruments over their remaining life.

To manage the level of credit risk, I&M Bank deals with counter parties of good credit standing, enters into master netting agreements wherever possible and when appropriate, obtains collateral.

I&M Bank also monitors concentrations of credit risk that arise by industry and type of customer in relation to bank loans and advances to customers by carrying a balanced portfolio. I&M Bank has no significant exposure to any individual customer or counter-party.

To determine impairment of loans and advances, the Issuer assesses whether it is probable that it will be unable to collect all principal and interest according to the contractual terms of the loans and advances.

10.3.3. Liquidity Risk

Liquidity risk includes the risk of being unable to meet I&M Bank's financial obligations as they fall due, because of its inability to liquidate assets at a reasonable price and in an appropriate timeframe.

I&M Bank continually assesses liquidity risk by identifying and monitoring changes in funding requirements to meet business goals and targets set in terms of the overall Bank strategy. In addition, the Issuer holds a portfolio of liquid assets as part of its liquidity risk management strategy.

10.RISK MANAGEMENT AND RISK FACTORS (Continued)

10.3.4. Market Risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spread (not relating to changes in the obligator's/issuer's credit standing) will affect the Issuer's income or the value of its holdings of financial instruments.

All trading instruments are subject to market risk, the risk that the future changes in market conditions may make an instrument less valuable or more onerous. I&M Bank manages its use of trading instruments in response to changing market conditions.

The Board has delegated responsibility for the management of Market Risk to the Board Risk Committee. Exposure to market risk is formally managed within Risk Limits and Policy Guidelines issued by the Board, on recommendation of the Board Risk Committee. ALCO, a Management Committee is responsible for ensuring implementation and monitoring of the Risk Management framework in line with Policy Guidelines.

I&M Bank is primarily exposed to Interest Rate and Foreign Exchange Risk. The policy guidelines and procedures in place are adequate to effectively manage these risks.

10.3.5. Operational Risk

The overall responsibility of managing Operational Risks - the risk arising from failed or inadequate internal processes, people, systems and external events - is vested with the Board. The Board through the Board Risk Committee issues policies that guide management on appropriate practices of operational risk mitigation. An independent Risk Manager assures the Board Risk Committee of the implementation of the said policies.

The following are key measures that the Issuer undertakes in managing operational risk:

- Documentation of procedures and controls, including regular review and updates to reflect changes in the dynamic business environment.
- Appropriate segregation of duties, including the independent authorization of transactions
- Reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Reporting of operational losses and ensuring appropriate remedial action to avoid recurrence.
- Development and implementation of Business Continuity and Disaster Recovery Plans
- Training and professional development of employees to ensure they are well equipped to identify and mitigate operational risks in a timely manner.
- Establishment of ethical practices at business and individual employee's level.
- Implementation of Risk mitigation parameters, including insurance where this is considered effective.

10.3.6. Legal, Regulatory and Governance Risk

The banking sector operates in a highly regulated environment and is subject to extensive statutory requirements. Changes in the legal or regulatory framework, or a failure to comply with existing laws, could result in significant financial penalties, litigation, or the loss of operating licenses.

Key risk areas include:

- **Prudential and Market Regulation:** Banks are subject to supervision of the Central Banks regarding capital adequacy, liquidity ratios, and asset quality. Listed banks, such as I&M Bank, must also adhere to the continuing obligations and corporate governance guidelines of the Nairobi Securities Exchange and the Capital Markets Authority.
- **Litigation and Contingent Liabilities:** In the ordinary course of business, banks may be a party to legal disputes with clients, employees, and third-party suppliers. Unfavorable rulings in high-value commercial litigation could lead to substantial monetary damages

10.RISK MANAGEMENT AND RISK FACTORS (Continued)

and reputational harm.

- **Tax Compliance:** Banks are also subject to periodic tax audits and assessments by the Kenya Revenue Authority (KRA) and tax authorities in subsidiaries where the banks operate. Disputes regarding the interpretation of various tax laws and subsequent non-compliance may lead to significant unforeseen tax obligations.
- **Financial Crimes and Compliance:** Under the Proceeds of Crime and Anti-Money Laundering Act (POCAMLA), banks are required to maintain robust AML/CFT (Anti-Money Laundering and Counter-Financing of Terrorism) frameworks. Oversight by the Financial Reporting Centre (FRC) in Kenya and similar entities in other subsidiary markets necessitates stringent Know Your Customer protocols. Weakness in these controls could result in regulatory sanctions or the termination of correspondent banking relationships.

10.3.7. Reputation risk

Reputational risk is the potential that negative publicity regarding an institution's business practices, whether true or false, will cause a decline in the customer base or revenue reductions. This risk may result from an institution's failure to manage any or all of the other risk types effectively.

I&M Bank has in place a Reputational Risk Policy that offers guidelines on how to monitor, respond and remedy events that could lead to reputational damage.

10.4. Risks Relating to this Transaction

10.4.1. Credit Default Risk

In the event that I&M Bank fails to make required payments, Noteholders will be exposed to; financial loss, that is, lost principal and interest; disruption to cash flows; and increased collection costs. In the event of liquidation, Noteholders rank ahead of shareholders but below depositors and other senior creditors. However, the risk of default is low as the Issuer has profitable operations, stable cash flows and a demonstrated history of timely bond repayments.

10.4.2. Liquidity Risk

The Notes to be issued will be tradable on the NSE thus the Noteholders may encounter lack of liquidity for their Notes if there are no willing buyers. Furthermore, liquidity depends on secondary market demand and is therefore not guaranteed. The management of I&M Bank intends to market the Notes to a wide distribution of prospective investors thereby mitigating this risk by ensuring that a large number of investors will provide the required liquidity and marketability for the Notes on the NSE.

10.4.3. Interest Rate Risk

As the Notes carry a fixed rate of interest, changes in prevailing market interest rates may affect the relative attractiveness and market value of the Notes. A rise in market interest rates after the date of issuance may cause the market price of the Notes to fall below their face value for investors seeking to sell prior to maturity.

10.4.4. Foreign Exchange Risk

The Notes are denominated in Kenya Shillings and investors who convert other currencies to invest in the Notes will be faced by foreign exchange risk if the value of the Kenya Shillings depreciates relative to their domestic currencies.

10.RISK MANAGEMENT AND RISK FACTORS (Continued)

10.4.5. Regulatory Risk

The Terms and Conditions of the Notes are based on Kenyan law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to Kenyan law or administrative practice after the date of issue of the relevant Notes. A change in the taxation laws relating to investment in the Notes may positively or negatively impact the ultimate return on the investment in the Notes.

10.4.6. Investors Regulation Risk

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules. I&M Bank has recommended that investors should seek professional advice where clarification is required.

11. GENERAL AND STATUTORY INFORMATION

Legal Information and Contracts

11.1 Objects of the Company

1. The Issuer's objects as contained in Article 4 of its Articles of Association include:

4.1 To establish, carry on, continue, extend and develop the business of banking in all its branches in Kenya and elsewhere and, in particular, but without restricting the generality of the foregoing, to carry on the business of obtaining, receiving and holding of money on any current and deposit account or in any manner whatsoever and whether at interest or otherwise, of paying or collecting cheques drawn or paid in by customers of providing facilities for the withdrawal or transfer on moneys held by the Company and the making of advances to customers and to do all matters and things incidental thereto or which may, at any time hereafter, at any place where the Company shall carry on business, be usual in connection with the business of banking or dealing in money or securities for money.

4.2 To apply for, obtain and hold a licence to transact banking business in Kenya granted by the authorised licensing authority and to apply for, obtain and hold all such other licences or judicial, government or legal sanctions as the Directors of the Company may think necessary or desirable to enable the Company to carry any of its objects into effect.

4.3 To advance and lend money without security or on immoveable, moveable and mixed securities, on cash, credit or other accounts, on policies, bonds, debentures, bills of exchange, promissory notes, letters of credit or other obligations or on rates or tolls, duly authorised to be made or levied by any written law, or on the deposit of title deeds, wares and merchandise, bills of sale and lading, delivery orders, warehousemen's and wharfingers' certificates, notes, dock warrants or other mercantile indicia or tokens, bullion, stocks and shares.

4.4 To carry on business as merchant bankers, financiers, discounters, factors and concessionaires and to undertake and to carry on and to execute all kinds of merchant banking in all its branches and financial and commercial trading and dealing in money or securities for money foreign exchange and bullion.

4.5 To promote, effect, insure, guarantee, underwrite participate in, manage and carry out any issue. public or private, of state, municipal or other loans or of stocks shares debentures or debenture stock of any other person, company, corporation or association and to lend money for the purpose of such issue and to make advances upon, hold in trust, issue on commission, sell or dispose of any security of any description and to act as agent for any of the above or the like purposes.

11.2 Provisions of the Memorandum and Articles relating to borrowing

Article 8.6: of the Issuer's Articles of Association stipulates as follows:

"The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

11. GENERAL AND STATUTORY INFORMATION (Continued)

11.2.1 SHARE CAPITAL

As at 31 December 2025, the share capital of the Issuer was KES 3,000,000,000 divided into 30,000,000 ordinary shares of KES 100.00 each, all of which, are issued and fully paid-up.

The Issuer has only one class of ordinary shares in issue. Each ordinary share ranks pari passu in all respects and carries one vote at general meetings of the Issuer. Holders of ordinary shares are entitled to receive dividends as and when declared.

I&M Group PLC holds 100% of the issued and fully paid-up share capital of the Issuer and exercises full control over the Issuer. The Issuer is therefore a wholly owned subsidiary of I&M Group PLC. There are no other persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Issuer.

The Issuer is not directly or indirectly owned or controlled by any foreign government.

Major Shareholders

As at the date of this Information Memorandum, the Issuer is a wholly owned subsidiary of I&M Group PLC, which holds 30,000,000 ordinary shares representing 100% of the issued and voting share capital of the Issuer.

There are no other shareholders holding three per cent (3%) or more of the issued share capital of the Issuer.

There has been no significant change in the percentage ownership held by I&M Group PLC between 31 December 2025 and the date of publication of this Information Memorandum. All issued shares carry equal voting rights and there are no differential voting rights attaching to any shares of the Issuer.

Control of the Issuer

By virtue of holding 100% of the issued and voting share capital of the Issuer, I&M Group PLC has the ability to appoint and remove directors of the Issuer and to exercise control over its strategic direction, subject to applicable regulatory requirements under the Banking Act and the Prudential Guidelines issued by the Central Bank of Kenya.

The Issuer is not controlled, directly or indirectly, by any foreign government or other natural or legal person and is not aware of any arrangements, agreements or understandings, the operation of which may at a subsequent date result in a change in control of the Issuer.

Material Inter-Company Finance

The Issuer engages in intra-group transactions in the ordinary course of business with its subsidiaries and parent company on arm's length terms.

As at 31 December 2025, there were no material inter-company loans, guarantees or advances outside the ordinary course of banking operations which would have a significant effect on the Issuer's financial position.

11. GENERAL AND STATUTORY INFORMATION (Continued)

Interests of Experts

None of the transaction advisors, reporting accountants, legal advisors or other named experts:

- was employed on a contingent fee basis dependent on the success of the Offer;
- holds shares in the Issuer or its subsidiaries which are material to such person; or
- has any material direct or indirect economic interest in the Issuer dependent upon the success of the Offer.

Fees payable to the advisors are disclosed under Section 2.4 - Costs of the Issue.

11.3 Material Agreements (not being a contract entered into in the ordinary course of business)

Save as disclosed above, there are no material contracts entered into by the Issuer outside the ordinary course of business which are material to the Issue

11.3.1 The Trust Deed

The Notes are issued subject to a Trust Deed made between the Issuer and Ropat Trust Company as Note Trustee. The Issuer covenants with the Note Trustee to pay to the Note Trustee or to the order of the Note Trustee in accordance with the Conditions of the Notes all sums falling due for payment as and when they fall due.

The Trustee has provided a statutory declaration confirming that:

- It is independent of the Issuer and other transaction parties;
- It has no material conflict of interest in relation to the Programme; and
- It understands and accepts its responsibilities as set out in the Trust Deed.

The Issuer also covenants with the Note Trustee to comply with the provisions of the Trust Deed and other Note Documents to which it is a party. Notable provisions of the Trust Deed are highlighted below:

11.3.1.1 Rights of the Note Trustee

- Determination of questions:** The Note Trustee shall make a conclusive and binding determination of all questions and doubts arising in relation to any of the provisions of this Trust Deed.
- Conversion of Currency:** The Note Trustee shall determine the rate of exchange and method of conversion of currency where necessary in connection with this Trust Deed.
- Appointment of agents:** The Note Trustee may, upon giving Notice to the Issuer, appoint other agents to transact and conduct any business to be done on its behalf provided that the Note Trustee shall not be liable for the conduct of the appointed agent.
- Delegation:** The Note Trustee may delegate to any person the trusts, powers, authorities and discretions vested in it by the Trust Deed and such delegation may be made upon such terms and conditions and regulations as the Note Trustee may think fit in the interests of the Noteholders.
- Custodians and nominees:** subject to the provisions of the Trust Deed, the Note Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trust as the Note Trustee may determine.

11.3.1.2 Appointment and removal of Note Trustees

- No person shall be appointed who shall not previously have been approved by an Extraordinary Resolution.
- Only Ropat Trust Company Limited or a trust corporation may be appointed as a sole Note Trustee.

11. GENERAL AND STATUTORY INFORMATION (Continued)

- c) Any appointment of a Note Trustee shall as soon as practicable thereafter be notified by the Issuer to the Note Agents and the Noteholders.
- d) The Noteholders shall have the power, exercisable by Extraordinary Resolution, to remove any Note Trustee.
- e) The removal of any Note Trustee shall not become effective unless there is a Note Trustee in office after such removal.

11.3.1.3 Retirement of Note Trustees

- a) The Note Trustee may retire at any time upon giving not less than three calendar months' notice in writing to the Issuer without assigning any reason therefor and without being responsible for any costs (other than its own costs) occasioned by such retirement.
- b) The retirement of any Note Trustee shall not become effective unless there remains a trustee (being Ropat Trust Company Limited or a trust corporation) in office after such retirement.
- c) The Issuer covenants under the Trust Deed that in the event of the only trustee hereof giving notice, it shall use its reasonable endeavours to procure a new trustee, being a trust corporation, to be appointed and if the Issuer has not procured the appointment of a new trustee within 30 days of the expiry of the Note Trustee notice, the Note Trustee shall be entitled to procure forthwith a new trustee.
- d) The failure by the Issuer to procure the appointment of a new trustee shall not constitute an Event of Default and any costs incurred by the Note Trustee shall be borne by the Note Trustee.

11.3.1.4 Rights on Occurrence of Event of Default

- a) **Legal proceedings** - The Note Trustee may, at any time after delivery of an Enforcement Notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed.
- b) **Action by Note Trustee** - Only the Note Trustee may pursue the remedies available under the Note Documents to enforce its rights and those of the Noteholders.
- c) **Application of money** - All money received by the Note Trustee in respect of the Notes following the occurrence of an Event of Default will despite any appropriation of all or part of them by the Issuer, be held by the Note Trustee on trust to apply them in or towards payment *pari passu* and rateably of all arrears of interest remaining unpaid in respect of the Notes.

The Issuer has not entered into any material contracts other than contracts entered into in the ordinary course of business.

There are no contractual arrangements between the Issuer and its controlling shareholder which are required to ensure that the Issuer is capable of carrying on its business independently of its controlling shareholder.

The Issuer conducts its operations independently and in compliance with applicable laws and regulatory requirements.

Other Markets and Offer Structure

The Notes are not being offered simultaneously in any jurisdiction other than the Republic of Kenya and no tranche of the Notes has been reserved for any specific jurisdiction.

No debt securities of the same class as the Notes are currently listed on any securities exchange or dealt in on any other regulated, regularly operating, recognised or open market.

The Notes do not carry any pre-emptive rights or subscription rights. The Issue is not being effected pursuant to any rights offering and there are no subscription rights capable of being exercised, renounced or traded. The Notes will be fully paid on issue and no issue premium or discount is

11. GENERAL AND STATUTORY INFORMATION (Continued)

specifically charged to subscribers other than as may be specified in the relevant Pricing Supplement.

11.4 Onerous Covenants and Default

The Issuer has no material contracts with third parties which have any onerous covenants. As at the date of this Information Memorandum, the Company is not in breach of any of the terms of its loan agreements and is in compliance with regulatory requirements.

11.5 Related Party Agreements

The Issuer has also entered into various rental agreements with related parties detailed below.

Premises	Landlord	Term	Annual rent (Kshs.)	Escalation
I&M TOWER - L.R. No. 209/7265				
Shop No. 9 and 10	I&M Realty Limited	5 Years 3 Months	2,940,000	7.5% Every Year
Shop No. 11	I&M Realty Limited	5 Years 3 Months	3,623,507	7.5% Every Year
Shop No. 12	I&M Realty Limited	6 Years	1,341,600	7.5% Every Year

Premises	Landlord	Term	Annual rent (Kshs.)	Escalation
Annex, 1st and 2nd Floors	I&M Realty Limited	5 Years 3 Months	58,258,200	7.5% Every Year
3rd - 7th Floor	I&M Realty Limited	5 Years 3 Months	34,147,780	7.5% Every Year
8 th Floor	I&M Realty Limited	6 Years	7,048,296	7.5% Every Year
9 th Floor	I&M Realty Limited	6 Years	5,184,252	7.5% Every Year
10th Floor	I&M Realty Limited	5 Years	4,991,040	5.0% Every Year
Subtotal			118,711,005	

Premises	Landlord	Term	Annual rent (Kshs.)	Escalation
1 PARK AVENUE - L.R No.				
Banking Hall	I&M Realty Limited	5 Years 3 Months	8,660,852	5.0% Every 2 Years
1st, 2nd, 7th & Roof Terrace	I&M Realty Limited	5 Years 3 Months	58,689,787	5.0% Every 2 Years
3rd Floor IMS	I&M Realty Limited	6 Years	1,264,937	5.0% Every Year
3rd Floor Oil & Gas	I&M Realty Limited	6 Years	1,718,442	5.0% Every Year
4th Floor	I&M Realty Limited	6 Years	6,075,660	5.0% Every Year
5th Floor	I&M Realty Limited	6 Years	6,180,060	5.0% Every Year
Subtotal			103,623,230	

Save as is expressly set out herein, the Issuer has not entered into any other agreements with related parties.

11. GENERAL AND STATUTORY INFORMATION (Continued)

11.6 Loan/Finance Agreements

- a) Loan Agreement between I&M Bank Limited and International Finance Corporation dated 9th June 2021

	Loan amount:	USD 50,000,000
	Purpose:	To be used as Tier 2 Capital as construed under the Banking Regulations for financing the Bank's lending operations.
	Interest rate:	Sum of the Relevant Spread and 6-months SOFR (or such shorter period as may be closest to the duration of the relevant Interest Period)
	Duration:	7 years
	Drawdown:	Maximum 2 disbursements of not less than USD20,000,000 each pursuant to delivery of Disbursement Requests to the Lender
	Repayment:	Semi-annual on 15 March and 15 September
	Security:	Unsecured

- b) The Issuer is a participant in the Kenya Mortgage Refinance Company Scheme (KMRC) mortgage scheme and has drawn down an amount of KES.150,361,523 for a tenor of 123 months and has created a Deed of Assignment and a Lien over the relevant portfolio in favour of KMRC.

11.7 Licenses and Permits

The Issuer has been issued with a perpetual licence to transact banking business dated 14 July 2016 issued by the Central Bank of Kenya pursuant to which it is unconditionally licensed to carry out banking business at its Head Office as well as the branches listed below unless the licence is revoked.

The Issuer has also received the following authorisations:

- a) Capital Markets Authority - perpetual licence to conduct the business of authorised depositories
- b) Licence to conduct hire purchase business for the period ending 31 December 2025
- c) Retirement Benefits Authority - Registration as Custodian in respect of the Issuer's retirement benefit scheme.

11. GENERAL AND STATUTORY INFORMATION (Continued)

11.8 Material Litigation

The Issuer is involved in the following material litigation or dispute resolution proceedings:

Name of Parties	Nature of Matter	Estimated Value of Claim
<p>HCCC No. 8 of 2016 - Paragon Electronics Limited vs I&M Bank Limited . Case No. E315 of 2022 - Paragon Electronics Limited and Bulent Gulbahar vs I&M Bank Limited (Defendant), Velos Enterprises Limited, the Chief Lands Registrar and Nairobi City County Government (Interested Parties)</p>	<p>The applicant, Paragon Electronics Limited commenced suit against the Issuer by Originating Summons, which was determined in the Applicant's favour on 27th September 2016. The terms of the order issued on 6th October 2016 imposed a duty on the Issuer in the first instance to deliver to the Applicant, the Discharge of the Charge dated 17th January 2008 and registered on 24th July 2008 in respect of Block 1C on L.R 209 /16027; a duly executed registrable memorandum of satisfaction of Debenture for the debenture dated 17th January 2008; the further Debenture dated 14th August 2008, the original lease in respect of Block 1C on L. R 209/16027, and Originals of the Debenture and the Guarantee within seven (7) days from 27th September 2016. The Bank has complied with the order of 27th September 2016 in giving the requisite documents which were rejected by the Registry but the discharge of charge was not registrable.</p> <p>The applicant sued the Bank for contempt of court orders on account of non-provision of the discharge documents. The matter has been through several judges and the Court recently ruled that the contempt had been purged. However, the applicant is challenging the ruling as well and has also filed an application for recusal of the presiding charge. The ruling on the recusal application is expected to be delivered on 4th June 2026.</p>	<p>KES 550,000,000</p>
<p>HCCC No. E268 of 2022- Planes for Africa Limited vs I&M Bank Limited</p>	<p>The plaintiff, Planes for Africa Limited, is seeking an injunction to stop an auction and has also sought a stay of eviction by the interested party. The Court has directed that a Notice to Show Cause be issued to the plaintiff on 23rd April 2026 to show cause why the suit should not be dismissed.</p>	<p>KES 140,206,607</p>
<p>HCCC No. E700 of 2021 - Asterisk Limited and 2 Others vs I&M Bank Limited</p>	<p>The Issuer seeks to enforce personal guarantees provided as security for advances to [Asterisk Limited]. The borrower filed a suit against the Bank to prevent precipitate action.</p>	<p>KES 110,000,000</p>

11. GENERAL AND STATUTORY INFORMATION (Continued)

Name of Parties	Nature of Matter	Estimated Value of Claim
Milimani HCCOMM E759 of 2024-Three N International Limited vs I&M Bank Limited	The suit is an injunction proceeding against the Issuer seeking to recover an outstanding loan. The Court gave a conditional injunction and the matter is scheduled for mention on 25 th April 2026.	KES 103,897,198

11.9 Directors' Declaration

The Directors of I&M Bank Limited whose names appear on Section 6.2.2 of this Information Memorandum, accept responsibility for the information contained in this document. To the best knowledge and belief of the directors who have taken reasonable care to ensure that such is the case, the information contained in this document is in accordance with facts and does not omit anything that is likely to affect the import of such information.

In addition to the Directors' declaration above, the following experts accept responsibility for the specific parts of this Information Memorandum attributed to them:

KPMG Kenya – Reporting Accountants

KPMG Kenya accepts responsibility for the Reporting Accountant's Report set out in Appendix 3 of this Information Memorandum and the financial information derived therefrom. To the best of KPMG Kenya's knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in Appendix 3 is in accordance with the facts and does not omit anything likely to affect the import of such information. KPMG Kenya has given and not withdrawn its written consent to the inclusion of its report in this Information Memorandum.

Walker Kontos Advocates – Legal Advisors

Walker Kontos Advocates accepts responsibility for the legal opinion referenced in this Information Memorandum. To the best of Walker Kontos Advocates' knowledge and belief, the information in those parts of the Information Memorandum for which it is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information. Walker Kontos Advocates has given and not withdrawn its written consent to the inclusion of references to its name and opinion in this Information Memorandum.

11.10 Documents available for inspection

For a period of not less than five (5) working days from the date of this Information Memorandum or for the duration of the Offer, copies of the following documents may be inspected at the registered office of the Issuer during normal business hours.

Constitutive Documents

The Articles of Association.

Trust Deed and Transaction Documents

The Trust Deed relating to the Notes and all other transaction documents referred to in this Information Memorandum, including without limitation:

- d) the Agency Agreement;
- e) any applicable Pricing Supplement issued under the Programme;
- f) any subscription or placing agreement entered into in connection with an issue of Notes; and
- g) any other material agreement relating to the establishment or operation of the Programme.

11.GENERAL AND STATUTORY INFORMATION (Continued)

Audited Financial Statements

The audited financial statements of the Issuer for the two financial years preceding the date of this Information Memorandum, together with all notes, reports and information required under the Companies Act and applicable accounting standards.

Expert Reports and Consents

All reports, letters, consents and other documents issued by experts any part of which is included or referred to in this Information Memorandum, including without limitation:

- (a) the Legal Advisor's Opinion; and
- (b) the Reporting Accountant's Report.

Material Contracts

All material contracts referred to in this Information Memorandum which are not entered into in the ordinary course of business.

Other Material Documents

All other documents that would be relevant and material for consideration by an investor in evaluating the Issuer and the Notes.

Certified copies of the above documents shall be available for inspection where applicable. Where any document referred to above is not in the English language, a certified English translation thereof shall be available for inspection.

11.11 Third- Party Information

This Information Memorandum contains certain information relating to the Kenyan banking industry, macroeconomic environment and regulatory framework that has been sourced from third parties including, inter alia, the Central Bank of Kenya (CBK), the Kenya National Bureau of Statistics (KNBS), the Nairobi Securities Exchange (NSE), the Capital Markets Authority (CMA), publicly available financial statements, and other publicly available reports.

The Issuer confirms that such information has been accurately reproduced in this Information Memorandum and that, as far as the Issuer is aware and is able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used, the source of such information has been identified in the relevant section of this Information Memorandum. The Issuer accepts responsibility for the accurate extraction and reproduction of such third-party information but does not accept responsibility for the underlying accuracy of such information.



ADVOCATES · NOTARIES PUBLIC · COMMISSIONERS FOR OATHS

Michael S. Kontos

Peter M. Mwangi

Greg Karungo

Paul Ogunde

Diana Situma

Rahma W. Karanja

Martha Gitonga-Muturi

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30th April 2026

Ropat Trust Company Limited
KMA Apartments
Block D, 1st Floor, Suite 1.3
Chyulu Road, Upperhill
P.O. Box 1243-00100
Nairobi

Dear Sirs,

OPINION UNDER REGULATION 19(b) OF THE CAPITAL MARKETS (PUBLIC OFFERS, LISTING AND DISCLOSURES) REGULATIONS, 2023

This legal opinion (“the **opinion**”) is given pursuant to Regulation 19(b) of the Capital Markets (Public Offers, Listing and Disclosures) Regulations, 2023 (“the **Regulations**”) and relates to the intended issue (“the **Proposed Issue**”) by I&M Bank Limited (“the **Issuer**”) of unsecured medium term notes (“the **Notes**”) in the aggregate up to KES.20,000,000,000.00 with a green shoe option.

We have acted as the Legal Advisors in the Proposed Issue and have been mandated to issue this opinion for inclusion in the Information Memorandum, as required by the said Regulations. Terms defined in the Trust Deed pursuant to which the Notes were constituted unless otherwise defined herein have the same meanings in this opinion.

1. Preliminary Matters

1.1 This opinion is addressed to the Note Trustee.

1.2 This opinion is limited to Kenyan Law as applied in the Courts of Kenya and as of the date of this opinion and to matters of fact prevailing as of the date of this opinion.

2. Assumptions and Documents Reviewed

- 2.1 For the purposes of this opinion we have assumed that:-
- 2.1.1 each party to the Note Documents exists as a legal person, has the power to carry on its business and has been duly authorised to execute the said Note Documents;
 - 2.1.2 the Note Documents and the signatures and seals thereon are genuine and the copies of the documents we have examined conform to the original documents and no alteration, variation or modification has been made to them;
 - 2.1.3 all information contained in the Information Memorandum and all information provided to us by the Issuer, the Placement Agent and their respective officers and advisers is true, accurate and up to date;
 - 2.1.4 all factual statements including representations contained in the Note Documents are true and correct;
 - 2.1.5 there are no facts or circumstances in existence and no events have occurred which would render any of the Note Documents void or voidable or capable of rescission for any reason.
- 2.2 In rendering this opinion, we have relied upon documents and information provided to us by the Issuer comprising copies of:
- (a) the Certificate of Incorporation of the Issuer dated 14th May 1974;
 - (b) the Certificates of Change of Name dated 2nd April 1996 and 25th September 2008 certifying that the name of the Issuer as at the date of this opinion is I&M Bank Limited;
 - (c) the Articles of Association of the Issuer;
 - (d) The Licence to conduct banking business dated 14th July 2016 issued to the Issuer by the Central Bank of Kenya valid unless revoked;
 - (e) The Licence to Conduct the Business of Authorised Depositories dated 30th January 2014 issued by the Capital Markets Authority;
 - (f) Licence to Conduct Hire purchase business for the period ending 14th April 2027;
 - (g) Authorization to act as a central depository agent issued by the Central Depository & Settlement Corporation Limited;
 - (h) The Certificate of Registration dated 16th February 2012 issued by the Retirement Benefits Authority in respect of registration of the Issuer as custodian of its staff Retirement Benefit Scheme;
 - (i) Various Single Business Permits issued by the relevant County Governments (or proof of payment for the business permit) in respect of the Issuer's branches;
 - (j) The Annual Returns filed on behalf of the Issuer made up to 4th April 2025;

- (k) Resolution dated 7th April 2026 passed by the Board of Directors of the Issuer approving the Issue;
- (l) Resolution dated 7th April 2026 passed by the shareholders of the Issuer approving the Issue;
- (m) A letter dated 10th March 2026 from the Company Secretary of the Issuer confirming the current share capital of the Issuer as well as the names of the Directors;
- (n) Letters signed by each Director of the Issuer confirming that they are not involved in any material litigation, prosecution or other civil or criminal action; and
- (o) A letter dated 22nd April 2026 from the Capital Markets Authority approving the Issue.

3. **Opinion**

Subject to the foregoing and to the reservations expressed below we opine as follows:-

3.1 Status of the Issuer

3.1.1 The Issuer is a limited liability company, duly registered under the Companies Act (Chapter 486 of the Laws of Kenya) under Certificate of Registration Number C.8/90. The Issuer's registered offices are situated at 1 Park Avenue, Land Reference Number 209/21705, 1st Parklands Avenue, Nairobi and its postal address is P.O Box 30238-00100 Nairobi.

3.1.2 The Issuer has the power and authority to enter into, deliver and perform its obligations under the Notes and the Note Documents and all necessary corporate and other action has been taken to enable it to execute and deliver the Notes and the Note Documents.

3.2 Licences and Consents

The Issuer has been issued with a licence to carry out banking business as well as hire purchase business and the business of an authorized depository and it is also registered as a custodian of retirement benefits scheme funds.

3.3 Ownership of Assets

3.3.1 We are informed by the Issuer that it does not own any immovable property.

3.3.2 The Issuer holds the entire share capital of I&M Bancassurance Intermediary Limited comprised of KES.5,100,000 divided into 51,000 ordinary shares of KES.100 each. We have carried out a search of I&M Bancassurance Intermediary Limited and confirm that the records at the Registry of Companies reflect such ownership.

3.3.3 As at 31 December 2025, the Issuer held 2,727 Ordinary A Class shares and 16,079 Ordinary B Class Shares in I & M Bank (T) Limited, a banking company in Tanzania. We have sighted a copy of the Annual report and Financial Statements for the year ended 31st December 2025 of I & M Bank (T) Limited which reflects such ownership.

3.4 Contracts with respect to the Proposed Issue

The Issuer has entered into various agreements with respect to the Proposed Issue, including the Note Documents, which are available for inspection at the Issuer's registered offices 1 Park Avenue, Land Reference Number 209/21705, 1st Parklands Avenue, Nairobi. No underwriting contracts have been disclosed to us.

3.5 Material Litigation

The Issuer is engaged in various litigation matters in the ordinary course of its business and we have set out in Schedule 2 of this opinion, the material litigation disclosed to us. We express no opinion as to the merits of the claims or the probability of success of any of the suits.

3.6 Share Capital

The authorised share capital of the Issuer is KES.3,000,000,000 divided into 30,000,000 ordinary shares of KES. 100 each all of which are issued and are fully paid. The share capital of the Issuer meets the minimum capital requirements specified in the Banking Act.

3.7 Material Agreements with respect to the Proposed Issue

The Issuer has entered into various agreements with respect to the Proposed Issue including the Note Documents, which are available for inspection at the Issuer's registered offices.

3.8 Other Contracts

Save for the contracts disclosed in the Information Memorandum at section 11.3 (*Material Agreements*), the Issuer has not entered into any material contracts other than contracts entered into in the ordinary course of the business carried on by the Issuer. No opinion is expressed as to the validity or enforceability thereof or as to the rights of the parties thereto.

3.9 Other Matters relating to the Issue

The Note Documents and the Notes (when issued) constitute legal, valid and binding obligations of the Issuer enforceable under Kenyan Law in accordance with their respective terms subject to the effect of bankruptcy, fraudulent conveyance, insolvency and other laws affecting creditors' rights and subject also to any limitation imposed by doctrines of good faith and fair conduct, the availability of equitable remedies and other matters.

The term "enforceable" means that the relevant instrument and the obligations created by it are of a type and form ordinarily recognized and enforceable by the Kenyan courts but not that each obligation will be enforced in accordance with its terms as certain rights and obligations may be qualified by doctrines of good faith and fair conduct, the availability of equitable remedies and other matters.

4. **Consent**

We have given, and have not prior to the date of the Information Memorandum withdrawn our consent to the issue of the Information Memorandum containing the statements by us in the form and context in which they are included.

5. **Effective Date**

This letter and the opinions in it are governed by Kenyan law and relate only to Kenyan law as applied by the Kenyan courts as at today's date.

Yours faithfully,

Walker Kontos

WALKER KONTOS

Schedule 1

Material Litigation

1. HCCC No. 8 of 2016 - Paragon Electronics Limited vs I&M Bank Limited
Case No. E315 of 2022 – Paragon Electronics Limited and Bulent Gulbahar vs I&M Bank Limited (Defendant), Velos Enterprises Limited, the Chief Lands Registrar and Nairobi City County Government (Interested Parties)

The applicant, Paragon Electronics Limited commenced suit against the Issuer by Originating Summons, which was determined in the Applicant's favour on 27th September 2016. The terms of the order issued on 6th October 2016 imposed a duty on the Issuer in the first instance to deliver to the Applicant, the Discharge of the Charge dated 17th January 2008 and registered on 24th July 2008 in respect of Block 1C on L.R 209 /16027; a duly executed registrable memorandum of satisfaction of Debenture for the debenture dated 17th January 2008; the further Debenture dated 14th August 2008, the original lease in respect of Block 1C on L. R 209/16027, and Originals of the Debenture and the Guarantee within seven (7) days from 27th September 2016. The Bank has complied with the order of 27th September 2016 in giving the requisite documents which were rejected by the Registry but the discharge of charge was not registrable.

The applicant sued the Bank for contempt of court orders on account of non-provision of the discharge documents. The matter has been through several judges and the Court recently ruled that the contempt had been purged. However, the applicant is challenging the ruling as well and has also filed an application for recusal of the presiding charge.

The Issuer estimates the value of the claim as KES 550,000,000.00.

We express no opinion as to the merits of the claims or the probability of success.

2. HCCC No. E700 of 2021 – Asterisk Limited and 2 Others vs I&M Bank Limited

The Issuer seeks to enforce personal guarantees provided as security for advances to Asterisk Limited. The borrower filed a suit against the Bank to prevent precipitate action. The value of the claim is estimated by the Issuer as KES 110,000,000.00.

No opinion is expressed as to the merits of the claim or the probability of success.

3. HCCC No. E268 of 2022– Planes for Africa Limited vs I&M Bank Limited

The plaintiff, Planes for Africa Limited, is seeking an injunction to stop an auction and has also sought a stay of eviction by the interested party. The Court has directed that a Notice to Show Cause be issued to the plaintiff to show cause why the suit should not be dismissed. The value of the claim is estimated by Issuer as KES.140,206,607.00.

No opinion is expressed as to the merits of the claim or the probability of success.

4. Milimani HCCOMM E759 of 2024– Three N International Limited vs I&M Bank Limited

The suit is an injunction proceeding against the Issuer seeking to recover an outstanding loan. The Court gave a conditional injunction. The value of the claim is estimated by Issuer as KES.103,897,198.00

No opinion is expressed as to the merits of the claim or the probability of success.

PUBLIC OFFERING OF I&M BANK LIMITED ("I&M") TRANCHE 1 NOTES

Issue of Medium-Term Notes under a programme with an aggregate principal amount of up to KES 20,000,000,000, comprising Tranche 1 of up to KES 10,000,000,000.

IMPORTANT INSTRUCTIONS TO APPLICANTS

1. Please read the **Information Memorandum** and **Pricing Supplement dated 30th April 2026** before completing this form.
2. This application is **irrevocable** once submitted, subject to allotment.
3. All applications **must be accompanied by cleared funds**.
4. Applicants must have a **valid CDSC account number**.
5. In the event of oversubscription, allotment may be partial and refunds will be processed accordingly.
6. Please complete all relevant sections of this form using **BLOCK LETTERS** where applicable.
7. Application must be made in accordance with the instructions provided in this Form. Care must be taken to follow these instructions as applications that do not comply may be rejected. If you are in any doubt please consult the arrangers, placing agents or issuer for guidance.

I/We, the undersigned hereby apply to purchase the amount specified below of the Fixed Rate (the "Notes") to be issued by I&M Bank Limited ("I&M") upon the terms and conditions set out in the information memorandum.

DATE:	SERIAL NO:
--------------	-------------------

SECTION A: INVESTOR INFORMATION**A1. Resident Status (Please tick)**

Resident Non-Resident

A2. Tax Status (Please tick)

Tax Exempt Taxable

(Please attach the tax exemption certificate for tax exempt investors)

A3. Investor Type

Local Individual (LI) East African Individual (EI) Foreign Individual (FI) Junior (JR)
 Broker (BR) Local Corporate (LC) East African Corporate (EC) Foreign Corporate (FC)
 Professional Investor (PI)/Qualified Institutional Investor (QII)

A4. Investor Details (please attach copies of IDs, PIN, Company Registration Documents)**For Individuals / Joint Applicants****First Applicant**

Field	Details
Full Name (as per ID)	
National ID / Passport No.	
KRA PIN	

For Joint Applications**Second Applicant**

Field	Details
Full Name (as per ID)	
National ID / Passport No.	
KRA PIN	

Third Applicant

Field	Details
Full Name (as per ID)	
National ID / Passport No.	
KRA PIN	

For Corporate / Institutional Applicants

Field	Details
Company Name	
Certificate of Incorporation No.	
KRA PIN	
Nature of Business	

SECTION B: CONTACT DETAILS

Field	Details
Postal Address	
Email Address	
Mobile Telephone	

Note: All offer communication will be sent electronically.

SECTION C: CDS ACCOUNT DETAILS (MANDATORY)

Field	Details
CDS Account Number	
CDS Account Name	
CDA Agent (Broker / Custodian Code)	
Placing Agent	Standard Investment Bank Limited

⚠ Important:

The name(s) on this application must **match the CDS account name**. Mismatches may delay or prevent allotment.

SECTION D: BANK ACCOUNT DETAILS (for refunds if any)

Field	Details
Bank Name	
Branch	
Swift Code	
IBAN	
Bank Account Number	

SECTION E: MTN INVESTMENT DETAILS (Minimum investment KES [500,000] and in tranches of Kes.,50,000)

Amount Applied (KES in figures)	
---------------------------------	--

Amount in Words	
-----------------	--

Note: Allocations are based on cleared funds received. Variances may affect allocation or refunds.

SECTION F: PAYMENT DETAILS

Field	Details
Amount Paid (KES)	
Payment Date	
Payment Reference / Transaction ID	

Note: Payment must reference the applicant's name and application reference.

Note: Attach proof of payment

SECTION G: DECLARATIONS & UNDERTAKINGS

I/We hereby declare that:

1. I/We have read and understood the Information Memorandum and Pricing Supplement.
2. By signing an application form the applicant undertakes to pay to the Issuer the purchase price for the Notes subscribed for.
3. I/We confirm that the source of funds used for this investment are from legitimate sources.
4. I/We agree to be bound by the terms and conditions of the MTN Programme and this application.
5. I/We authorise you to enter my/our name on the Register of Noteholders of the Notes that may be allotted to me/us and to register my/our address as given above.
6. I/We authorise the Issuer, the Registrar, CDSC and the Settlement Bank to credit the Notes allotted pursuant to this Application to the CDS account specified herein, and acknowledge that such credit shall constitute valid delivery of the Notes.
7. I/we hereby irrevocably undertake and confirm my/our application(s) for Notes is on the terms outlined in the relevant Pricing Supplement.
8. I/We acknowledge that allotment may be partial and that any refunds will be processed without interest.
9. Where the Applicant is a body corporate, the Applicant hereby confirms and declares that:
 - i. it has the legal capacity and authority to apply for and invest in the Notes;
 - ii. all necessary internal approvals, authorisations, and consents required to make this application have been duly obtained and remain in full force and effect; and
 - iii. the person executing this application is duly authorised to bind the Applicant.
10. I/We consent to the use of our information for purposes of administering the MTN.

Individual Applicant Signature(s)

Name	Signature	Date

Corporate Applicant Signature(s)

Name of authority Signatory	Designation	Signature	Date

SECTION H: NOTES ONLY

1. Completing the form

This completed form should be forwarded by email or by hand to the Arrangers or Placing Agents or Share Registrar at the following address:

Att: Job Kihumba
 Chief Executive Officer
 Standard Investment Bank Ltd OR
 16th Floor, JKUAT Towers
 Kenyatta Avenue,
 P.O.Box 13714 - 00800
 Nairobi, Kenya
 Tel: 254(20)2277038
 Email: jkkihumba@sib.co.ke

Att: Kihara Maina
 Interim Chief Executive Officer
 I&M Bank Limited
 I&M Bank, 1 Park, 3rd Floor,
 1st Parklands Avenue, Limuru Road
 P.O.BOX 30238 - 00100
 Nairobi, Kenya
 Tel: +254 719 088 000 | +254 (20) 322 1000
Email: investmtn@imbank.co.ke

The offer closes at 17h00 on 15th May 2026.

- All alterations to this Application Form must be authenticated by the full signature of the Applicants. Applications must be submitted without any conditions imposed by the Applicants.
- Any alteration to the name of the Applicant shall automatically render the application invalid, notwithstanding any authentication of such alteration.
- Applications are made subject to the provisions of the Information Memorandum and Pricing Supplement to which this form is attached

- Applications are irrevocable and may not be withdrawn or amended without the written consent of the Issuer.
- Individual applicants must be 18 years of age or older.

2. Acceptance

By signing an application form the applicant undertakes:

- For **Non Professional Investors**: to pay to the Issuer on the date the offer closes, in same-day funds, the purchase price for the Notes subscribed for;
- For **Professional Investors/ Qualified Institutional Investors (QII)**: to pay to the Issuer, on the Issue Date and in same-day funds, the purchase price for the Notes allotted to it in accordance with the provisions of the Agency Agreement.

For the purposes of this clause, a Professional Investor/Qualified Institutional Investors (QII) refers to (i) any person licensed under the CMA Act; (ii) an authorized scheme or collective investment scheme; (iii) a bank or subsidiary of a bank, insurance company, cooperative, statutory fund, pension or retirement fund; or (iv) a person including a company, partnership, association or a trustee on behalf of a trust which, either alone, or with any associates on a joint account subscribes for Notes with an issue price of at least ten million shillings.

3. Settlement Procedure

Payment of the purchase price for the Notes may be made to the receiving bank by no later than the closing date 15th May 2026 and no later than the Issue Date as specified in the Pricing Supplement in the case of Professional Investors/Qualified Institutional Investors (QII) via the following methods:

a. By Bank Transfer (remittance using real time gross settlement (RTGS), Electronic Funds Transfer and Telegraphic Transfer) to the bank details below;

Account Name: I&M BANK MTN-TRUST ACCOUNT
Account Number: 01102931087001
Bank Name: Cooperative Bank of Kenya Limited
Branch: Upper Hill Branch
Swift Code: KCOOKENA
Narration: Application form Serial Number

b. By Mobile Money (M-Pesa) payment via:

Pay Bill Number: 400200
Account Number: 01102931087001

4. If the Application Form is Signed under a Power of Attorney

The completed Application Form to be returned shall be accompanied by a certified true copy of the power of attorney (or a notarised copy)

5. Your Personal Information

- We will only collect the personal information needed to assess and process your application. This may include identification and contact details, tax registration, nationality and residency, signature and specimen signatures, CDSC Account details, mobile money details, and bank account details. If you do not provide required information or if it is inaccurate, we may not be able to process your application or amendment. All personal information that you include in this Application Form is collected, stored, retained and processed in accordance with the Issuer's Privacy Statement available at:

<https://www.imbankgroup.com/ke/information-security/privacy-notice/>. This part of the Application Form should be read and interpreted together with the Issuer's Privacy Statement. Where there is a conflict, the Issuer's Privacy Statement will prevail. It is important that you read this I&M Bank's Privacy Notice which contains more detailed information about data processing. We rely on your consent for limited processing activities. Withdrawal of consent does not affect processing carried out before withdrawal or processing based on other lawful bases. The Issuer's/Share Registrar's data protection officer (DPO) can be contacted at: DataProtectionComm@imbank.co.ke, P.O. Box 30238 - 00100 Nairobi., Tel: +254 719 088 000 should you have any queries regarding your personal information, or in case you wish to exercise your data subject access rights.

- (b) We collect your personal information directly from you and your advisers. We may also obtain data from third parties for verification and compliance purposes, such as credit reference agencies, screening providers, government databases, tax authorities, regulators, and publicly available sources.
- (c) We may use automated tools for identity verification and fraud prevention. These checks may affect our ability to accept your application. You can request human review of any decision that is based solely on automated processing, express your point of view, and contest the decision.
- (d) We apply appropriate technical and organisational measures designed to protect your personal information against loss, misuse, unauthorised access, alteration, or disclosure. We require third parties and our service providers to implement appropriate security measures when handling your personal information on our behalf.
- (e) We will not send you marketing communications without your prior consent in accordance with this Application Form. You may change your preferences or withdraw consent at any time by contacting the DPOs using the details provided above.
- (f) In submitting the completed Application Form you agree and understand that your personal information will be shared by I&M Bank Limited, the Arranger and Placing Agent, the Fiscal Agent and Calculation Agent, the Registrar, the Settlement/Receiving Bank, the Capital Markets Authority and all such parties that require access to your information for the purposes of meeting their obligations under this Application Form, the Pricing Supplement or the Information Memorandum. Such parties will safeguard your personal information and use it only for the permitted purposes.
- (g) Where you submit the Application Form on behalf of a third party, you confirm that you have all necessary consents and authorisations from the relevant investor. By signing the Application Form, you confirm that:
 - i. you have read and understood these data protection provisions;
 - ii. the information you provide is accurate; and
 - iii. where you provide data about another person (such as an Investor, joint applicant or authorised signatory), you have informed them of these provisions and obtained their relevant consent, required by law.
- (h) All collection and processing of personal information will be carried out in accordance with the Data Protection Act and the regulations issued thereunder. We may update these data protection provisions to reflect changes in law or our practices. We will communicate material changes where required.

6. General

The Information Memorandum, Pricing Supplement and any contracts resulting from an acceptance of an application for the Notes shall be governed and construed in accordance with Kenyan law.

I&M Bank LIMITED

Reporting Accountant's Report

KPMG Kenya

15th April 2026

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KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers
Waiyaki Way
PO Box 40612 00100 GPO
Nairobi, Kenya

Telephone +254-20-2806000
Email info@kpmg.co.ke
Website www.kpmg.com/estafrica

1. Reporting Accountant's Report

To the Directors
I&M Bank Limited
P.O. Box 30238-00100
Nairobi

Introduction

At your request, we submit our Reporting Accountant's Report for the Information Memorandum to facilitate the Company's plan with respect to the public offer of Medium Term Notes (MTN) by I&M Bank Limited as required by The Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023.

Responsibilities of the Directors

The Directors of I&M Bank Limited are responsible for the preparation and accuracy of the consolidated and separate financial statements of I&M Bank Limited for the years ended 31 December 2025, 31 December 2024, 31 December 2023, 31 December 2022, and 31 December 2021.

The statutory financial statements for the years ended 31 December 2024, 31 December 2023, 31 December 2022, and 31 December 2021 were audited by KPMG Kenya, while those relating to the years ended 31 December 2025 were audited by PricewaterhouseCoopers Kenya, all of which received unmodified audit opinions.

Our responsibilities as reporting accountants

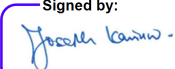
Our responsibilities are detailed in our engagement letter. These included compiling a Reporting Accountant's Report that includes the following:

- compilation report in accordance with the requirements of the Third Schedule of the the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023, and the International Standard on Related Services applicable to compilation engagements (ISRS) 4410 *Compilation Engagements* set out on page 5.

Consent

We as the Reporting Accountants confirm that we have given, and have not, prior to the date of the Prospectus, withdrawn our written consent to the inclusion of the Reporting Accountant's Report in the Information Memorandum in the form and context in which it appears.

The engagement partner responsible for the engagement resulting in this Reporting Accountant's Report is FCPA Joseph Kariuki, Practicing Certificate No. P/2102.

Signed by:

70B6CE205CB6401...

For and on behalf of:

KPMG Kenya
Certified Public Accountants
PO Box 40612 – 00100, Nairobi



UNIQUE CODE: 89485260416

Date: 15 April 2026.

KPMG Kenya, a registered partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

Partners

AM Mbai
BM Ndung'u
BO Amukah
GM Kasimu
JI Kariuki
JM Gathecha
JM Ndunyu

JM Ngonga
MM Gachuhi
M Muthusi
PI Kinuthia
S Ituku
S Obock
W Genga



KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers
Waiyaki Way
PO Box 40612 00100 GPO
Nairobi, Kenya

Telephone +254-20-2806000
Email info@kpmg.co.ke
Website www.kpmg.com/estafrica

REPORTING ACCOUNTANT'S COMPILATION REPORT TO THE DIRECTORS OF I&M BANK LIMITED

We have compiled the accompanying consolidated and separate financial statements of I&M Bank Limited ("the Group and Company") set out on pages 6 to 250, based on information you have provided. These financial statements comprise the consolidated and company statements of financial position of I&M Bank Limited as at 31 December 2025, 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021, and the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the for the years then ended, and notes to the consolidated and separate financial statements, including a summary of material accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), *Compilation Engagements*.


We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These consolidated and separate financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these consolidated and separate financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether the consolidated and separate financial statements are prepared in accordance with IFRS Accounting Standards.

The engagement partner responsible for the compilation engagement resulting in this practitioner's compilation is FCPA Joseph Kariuki, Practicing Certificate No. P/2102.

Signed by:


70B6CE205CB6401...

For and on behalf of:

KPMG Kenya
Certified Public Accountants
PO Box 40612 – 00100, Nairobi



UNIQUE CODE: 69485260416

Date: 15 April 2026

KPMG Kenya, a registered partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

Partners

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JM Gathecha
JM Ndunyu

JM Ngonga
MM Gachuhi
M Muthusi
PI Kinuthia
S Ituku
S Obock
W Genga

2 Statement of profit or loss and other comprehensive income

The audited consolidated statement of profit or loss for the five years ended 31 December 2025, 2024, 2023, 2022 and 2021 are set out below:

Consolidated

	Note	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
		Audited	Audited	Audited	Audited	Audited
Interest income	6.7	55,479,549	57,765,743	40,640,989	29,656,323	27,120,691
Interest expense	6.8	(18,918,258)	(26,378,420)	(18,622,178)	(11,774,896)	(9,926,439)
Net interest income		36,561,291	31,387,323	22,018,811	17,881,427	17,194,252
Fees and commission income	6.9	5,142,386	4,443,533	5,550,184	4,730,089	4,120,463
Fees and commission expense	6.9	(376,664)	(503,699)	(421,639)	(253,588)	(204,181)
Net fee and commission income		4,765,722	3,939,834	5,128,545	4,476,501	3,916,282
Revenue		41,327,013	35,327,157	27,147,356	22,357,928	21,110,534
Net trading income	6.10	3,676,393	2,432,344	4,825,842	5,101,542	2,796,500
Other operating income	6.11	1,215,211	737,592	265,023	268,726	108,547
Operating income		46,218,617	38,497,093	32,238,221	27,728,196	24,015,581
Staff costs	6.12	(8,091,920)	(6,466,280)	(5,297,317)	(4,660,311)	(4,466,804)
Premises and equipment costs		(551,065)	(497,735)	(451,580)	(411,608)	(405,174)
General administrative expenses		(8,364,761)	(6,963,977)	(5,580,819)	(3,927,122)	(3,217,148)
Depreciation and amortisation		(2,046,181)	(2,166,451)	(1,910,117)	(1,628,243)	(1,328,631)
Operating expenses		(19,053,927)	(16,094,443)	(13,239,833)	(10,627,284)	(9,417,757)
Operating profit before impairment, losses and taxation		27,164,690	22,402,650	18,998,388	17,100,912	14,597,824

2 Statement of profit or loss and other comprehensive income (Continued)

Consolidated (Continued)

		12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
	Note	Audited	Audited	Audited	Audited	Audited
Fair value gain/ (loss) on loan notes at FVTPL	6.19	207,359	(621,510)	-	-	-
Net impairment losses on loans and advances	6.19	(8,752,517)	(7,047,492)	(6,431,474)	(5,361,698)	(3,362,703)
Profit before income tax		18,619,532	14,733,648	12,566,914	11,739,214	11,235,121
Income tax expense	6.13	(2,906,187)	(2,809,653)	(2,480,326)	(2,381,908)	(3,788,103)
Net profit for the year after tax		15,713,345	11,923,995	10,086,588	9,357,306	7,447,018
Other comprehensive income						
Items that will never be reclassified to profit or loss						
Net change in fair value of FVOCI						
Financial assets - Equity instruments	6.20	-	(275,229)	76,019	26,148	(269,358)
Deferred tax on fair value of FVOCI						
Financial assets - Equity instruments	6.25	-	82,569	(22,806)	(7,844)	80,807
Items that are or may be reclassified to profit or loss:						
Net change in fair value of FVOCI	6.20	4,605,955	3,430,498	(2,109,611)	(4,110,773)	(828,461)
Financial assets- Debt instruments				749,212	1,286,093	248,540
Deferred tax on fair value of FVOCI	6.25	(1,283,912)	(1,026,532)			
Financial assets - Debt instruments	6.41	(181,340)	(119,147)	-	-	-
Change in Cashflow hedge reserve						
		54,402	35,744	-	-	-
Deferred income tax on cash flow hedge reserve				1,079,536	349,752	
Exchange differences on translation of foreign operations		(74,513)	(1,178,804)			194,628
Total other comprehensive income for the year		3,120,592	949,099	(227,650)	(2,456,624)	(573,844)

2. Statement of profit or loss and other comprehensive income (Continued)

Consolidated (Continued)

	Note	12 mths to 31.12.2025 KShs'000 Audited	12 mths to 31.12.2024 KShs'000 Audited	12 mths to 31.12.2023 KShs'000 Audited	12 mths to 31.12.2022 KShs'000 Audited	12 mths to 31.12.2021 KShs'000 Audited
Total comprehensive income for the year		18,833,937	12,873,094	9,858,938	6,900,682	6,873,174
Profit attributable to:						
Equity holders of the company		15,297,752	11,735,177	10,027,469	9,469,652	7,372,029
Non-controlling interest	6.22	415,593	188,818	59,119	(112,346)	74,989
		15,713,345	11,923,995	10,086,588	9,357,306	7,447,018
Comprehensive income attributable to:						
Equity holders of the company		18,453,414	12,906,538	9,605,099	6,935,399	6,755,444
Non-controlling interest	6.22	380,523	(33,444)	253,839	(34,717)	117,730
		18,833,937	12,873,094	9,858,938	6,900,682	6,873,174
Basic and diluted earnings per share - (KShs)	6.14	509.93	405.67	334.25	315.66	247.38

2 Statement of profit or loss and other comprehensive income (Continued)

Company

		2025 KShs'000	2024 KShs'000	2023 KShs'000	2022 KShs'000	2021 KShs'000
	Note	Audited	Audited	Audited	Audited	Audited
Interest income	6.7	48,961,104	52,102,253	36,437,339	26,847,186	24,614,610
Interest expense	6.8	(17,029,107)	(24,596,773)	(17,164,951)	(10,608,939)	(8,947,180)
Net interest income		31,931,997	27,505,480	19,272,388	16,238,247	15,667,430
Fee and commission income	6.9	4,217,719	3,630,097	4,924,577	4,102,608	3,598,068
Fee and commission expense	6.9	(365,532)	(500,181)	(419,205)	(250,997)	(194,958)
Net fee and commission income		3,852,187	3,129,916	4,505,372	3,851,611	3,403,110
Revenue		35,784,184	30,635,396	23,777,760	20,089,858	19,070,540
Net trading income	6.10	3,219,663	1,981,461	4,430,189	4,882,080	2,643,895
Other operating income	6.11	497,417	363,326	291,512	268,954	134,325
Dividend income	6.11	300,000	200,000	117,000	87,387	27,500
Operating income		39,801,264	33,180,183	28,616,461	25,328,279	21,876,260
Staff costs	6.12	(6,971,347)	(5,443,702)	(4,431,264)	(3,906,936)	(3,829,782)
Premises and equipment costs	6.12	(497,770)	(426,891)	(398,620)	(359,564)	(364,084)
General administrative expenses	6.12	(6,307,142)	(5,525,150)	(4,666,185)	(3,325,759)	(2,846,313)
Depreciation and amortisation	6.12	(1,798,647)	(1,902,793)	(1,714,091)	(1,415,141)	(1,150,167)
Operating expenses		(15,574,906)	(13,298,536)	(11,210,160)	(9,007,400)	(8,190,346)
Operating profit before impairment losses and taxation		24,226,358	19,881,647	17,406,301	16,320,879	13,685,914

2. Statement of profit or loss and other comprehensive income (Continued)

Company (Continued)

		12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
	Note	Audited	Audited	Audited	Audited	Audited
Fair value gain/ (loss) on loan notes at FVTPL	6.19	207,359	(621,510)	-	-	-
Net impairment charge on loans and advances	6.19	(7,069,648)	(5,766,648)	(5,322,102)	(4,060,796)	(3,098,467)
Profit before income tax		17,364,069	13,493,489	12,084,199	12,260,083	10,587,447
Income tax expense	6.13	(2,685,180)	(2,531,217)	(2,368,200)	(2,497,932)	(3,581,766)
Net profit for the year after tax		14,678,889	10,962,272	9,715,999	9,762,151	7,005,681
Other comprehensive income						
<i>Items that will never be reclassified to profit or loss</i>						
Net change in fair value of FVOCI financial assets - Equity instruments	6.20	-	(275,229)	76,019	26,148	(78,065)
Deferred tax on fair value of FVOCI financial assets - Equity instruments	6.25	-	82,569	(22,806)	(7,844)	23,420
<i>Items that are or may be reclassified to profit or loss:</i>						
Net change in fair value of FVOCI financial assets- Debt instruments	6.20	4,584,147	3,421,773	(2,097,090)	(4,495,366)	(822,573)
Deferred tax on fair value of FVOCI-financial assets - Debt instruments	6.25	(1,283,912)	(1,026,532)	749,212	1,401,442	246,771
Change in cashflow hedge reserve		(181,340)	(119,147)	-	-	-
Deferred tax on cash flow hedge reserve		54,402	35,744	-	-	-
Total other comprehensive income for the year		3,173,297	2,119,178	(1,294,665)	(3,075,620)	(630,447)
Total comprehensive income for the year		17,852,186	13,081,450	8,421,334	6,686,531	6,375,234
Basic and diluted earnings per share - (KShs)	6.14	489.30	379.91	323.87	325.41	235.09

3. Statement of financial position

The audited consolidated statement of financial position for the five years ended 31 December 2025, 2024, 2023, 2022 and 2021 are set out below:

Consolidated	Note	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
		Audited	Audited	Audited	Audited	Audited
ASSETS						
Cash and balances with central banks	6.16	21,498,578	24,011,805	24,124,036	15,966,304	17,539,247
Items in the course of collection	6.17	378,928	669,433	343,983	433,996	654,632
Loans and advances to banks	6.18	38,684,596	29,055,596	44,341,612	10,981,678	6,005,054
Loans and advances to customers	6.19	245,674,847	239,697,121	259,374,033	203,355,150	179,559,148
Financial assets at fair value through profit or loss (FVTPL)	6.20	-	90,078	738,185	15,080,925	15,932,960
Financial assets measured at fair value through other comprehensive income (FVOCI)	6.20	126,296,763	61,481,188	51,369,238	45,385,857	57,845,629
Financial assets at amortised cost	6.20	42,994,227	71,889,366	41,048,415	33,764,323	40,870,675
Derivative financial instruments	6.32	146,672	341,795	-	-	-
Assets held for sale	6.21	-	507,314	307,501	748,849	1,001,430
Investment Property	6.21	509,492	-	-	-	-
Property and equipment	6.23	1,730,222	1,815,188	1,939,145	2,034,012	2,359,628
Intangible assets	6.24	3,059,136	3,329,179	3,537,223	3,236,228	2,903,085
Right-of-use assets	6.23	2,242,312	2,207,402	2,275,670	1,242,366	1,493,910
Income tax receivable	6.13	1,162,230	131,300	605,555	353,305	126,054
Deferred income tax	6.25	10,176,360	10,605,331	9,795,614	7,708,969	4,876,653
Due from related parties	6.26	1,520,609	1,588,011	2,947,483	782,325	790,849
Other assets	6.27	6,269,801	4,801,256	3,959,856	3,599,744	2,016,943
TOTAL ASSETS		502,344,773	452,221,363	446,707,549	344,674,031	333,975,897

3. Statement of financial position (Continued)

Consolidated (Continued)		12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
	Note	Audited	Audited	Audited	Audited	Audited
LIABILITIES AND SHAREHOLDERS' EQUITY						
Liabilities						
Derivative financial instruments	6.32	348,085	1,263,289	-	-	-
Deposits from banks	6.28	20,572,031	27,451,723	21,629,821	11,182,714	11,990,628
Items in the course of collection	6.17	-	2,237	-	-	-
Deposits from customers	6.29	380,658,195	333,043,966	341,154,590	257,841,512	249,434,667
Due to related parties	6.26	1,394,787	2,533,081	4,699,449	1,732,442	1,792,385
Income tax payable	6.13	7,969	1,133,802	-	5,727	29,310
Other liabilities	6.30	5,255,530	4,662,484	3,725,728	4,330,755	2,239,735
Borrowings	6.31	7,500,059	10,485,431	12,737,111	11,364,012	12,888,866
Lease liabilities	6.33	2,419,356	2,160,149	2,098,743	1,113,700	1,400,775
		418,156,012	382,736,162	386,045,442	287,570,862	279,776,366
Shareholders' equity						
Share capital	6.34	3,000,000	3,000,000	3,000,000	3,000,000	2,980,000
Share premium	6.34	5,531,267	5,531,267	5,531,267	5,531,267	5,531,267
Retained earnings		60,024,563	51,451,836	44,109,715	44,624,663	37,975,789
Cashflow hedge reserve	6.34	(210,341)	(83,403)	-	-	-
Statutory credit risk reserve	6.34	10,856,075	10,547,305	10,204,249	6,109,112	7,281,534
Fair value reserve	6.34	870,560	(2,451,483)	(4,662,969)	(3,356,167)	(536,377)
Translation reserve	6.34	73,644	113,087	1,069,809	185,377	(100,160)
		80,145,768	68,108,609	59,252,071	56,094,252	53,132,053
Non- controlling interest	6.22	4,042,993	1,376,592	1,410,036	1,008,917	1,067,478
Total shareholders' equity		84,188,761	69,485,201	60,662,107	57,103,169	54,199,531
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		502,344,773	452,221,363	446,707,549	344,674,031	333,975,897

3. Statement of financial position (Continued)

Company

	Note	12 mths to 31.12.2025 KShs'000 Audited	12 mths to 31.12.2024 KShs'000 Audited	12 mths to 31.12.2023 KShs'000 Audited	12 mths to 31.12.2022 KShs'000 Audited	12 mths to 31.12.2021 KShs'000 Audited
ASSETS						
Cash and balances with Central Bank of Kenya	6.16	16,199,185	19,396,678	20,884,419	12,978,570	13,931,296
Items in the course of collection	6.17	376,440	669,433	316,197	433,996	648,914
Loans and advances to banks	6.18	32,892,301	25,474,262	41,860,158	9,985,263	4,990,799
Loans and advances to customers	6.19	217,988,489	216,494,174	231,238,716	184,013,890	162,145,643
Financial assets at fair value through profit or loss (FVTPL)		-	-	538,513	15,080,925	15,932,960
Financial assets measured at fair value through other comprehensive income (FVOCI)	6.20	126,076,095	61,278,791	51,069,656	44,973,857	57,592,898
Financial assets at amortised cost	6.20	35,172,168	63,003,934	31,519,612	27,304,280	35,851,262
Derivative financial instruments	6.32	146,672	341,795	-	-	-
Investment in subsidiaries	6.22	3,882,712	3,882,712	3,882,712	3,057,685	3,057,685
Assets held for sale	6.21	-	507,314	307,501	748,849	1,001,430
Investment Property	6.21	509,492	-	-	-	-
Property and equipment	6.23	1,396,171	1,470,680	1,695,240	1,789,988	2,119,175
Right-of-use Assets	6.23	1,739,414	1,811,692	1,763,969	1,153,965	1,373,435
Intangible assets	6.24	1,978,999	2,307,121	2,432,479	2,272,416	1,916,636
Income tax receivable	6.13	941,564	-	444,373	278,849	125,958
Deferred income tax	6.25	9,426,049	9,910,140	9,004,556	7,089,531	4,408,125
Due from related parties	6.26	5,878,768	4,147,774	5,172,971	1,009,654	839,071
Other assets	6.27	5,086,752	4,083,612	3,481,960	3,338,641	1,866,978
TOTAL ASSETS		459,691,271	414,780,112	405,613,032	315,510,359	307,802,265

3. Statement of financial position (Continued)

Company (Continued)

	Note	12 mths to 31.12.2025 KShs'000 Audited	12 mths to 31.12.2024 KShs'000 Audited	12 mths to 31.12.2023 KShs'000 Audited	12 mths to 31.12.2022 KShs'000 Audited	12 mths to 31.12.2021 KShs'000 Audited
LIABILITIES AND SHAREHOLDERS' EQUITY						
Liabilities						
Derivative financial instruments	6.32	348,085	1,263,289	-	-	-
Deposits from banks	6.28	17,474,928	24,377,799	20,570,517	9,715,491	11,572,476
Deposits from customers	6.29	348,660,947	303,765,965	305,995,191	233,806,796	228,030,619
Due to related parties	6.26	1,527,611	2,674,020	5,087,206	1,914,149	1,773,808
Other liabilities	6.30	4,279,384	3,708,931	3,088,492	3,769,002	1,892,592
Borrowings	6.31	6,652,064	10,310,689	12,532,190	10,684,513	11,356,441
Current income tax	6.13	-	1,118,973	-	-	-
Lease liabilities	6.33	1,909,525	1,773,905	1,584,345	986,650	1,255,902
		380,852,544	348,993,571	348,857,941	260,876,601	255,881,838
Shareholders' equity						
Share capital	6.34	3,000,000	3,000,000	3,000,000	3,000,000	2,980,000
Share premium	6.34	5,531,267	5,531,267	5,531,267	5,531,267	5,531,267
Retained earnings		58,775,834	49,468,376	43,528,200	43,444,898	36,937,303
Statutory credit risk reserve	6.34	10,884,877	10,313,446	9,341,350	6,008,653	6,747,297
Cash flow hedge reserve	6.34	(210,341)	(83,403)			
Fair value reserve	6.34	857,090	(2,443,145)	(4,645,726)	(3,351,060)	(275,440)
		78,838,727	65,786,541	56,755,091	54,633,758	51,920,427
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		459,691,271	414,780,112	405,613,032	315,510,359	307,802,265

4. Statement of cashflows

The audited consolidated statement of cash flows for the five years ended 31 December 2025, 2024, 2023, 2022 and 2021 are set out below:

Consolidated

	Note	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
		Audited	Audited	Audited	Audited	Audited
Net cash flows generated from operating activities	6.35	15,704,731	(3,938,407)	50,914,005	11,340,310	(4,451,047)
Cash flows from investing activities						
Purchase of property and equipment	6.23	(749,158)	(812,857)	(643,295)	(356,194)	(613,337)
Purchase of intangible assets	6.24	(571,517)	(732,149)	(991,023)	(920,658)	(738,593)
Proceeds from disposal of property and equipment		193,083	(25,579)	45,405	20,068	12,831
Rights issue-I&M Bank (T) Limited			-	-	-	35,039
Net cash used in/(from) investing activities		(1,127,592)	(1,570,585)	(1,588,913)	(1,256,784)	(1,304,060)
Cash flows from financing activities						
Payment of lease liabilities	6.33	(645,757)	(766,120)	(361,642)	(323,979)	(351,297)
Payment on principal - long term borrowing	6.31	(2,829,405)	(2,828)	(1,500,690)	(2,892,781)	-
Net inflow of subordinated debt			-	-	-	5,544,769
Dividend paid to shareholders of the company	6.34	(4,800,000)	(4,050,000)	(6,300,000)	(3,993,200)	(6,778,527)
Issue of shares - I&M Bank LIMITED		669,623	-	-	20,000	-
Dividend paid to non-controlling interest			-	-	(23,844)	-
Net cash flow used in financing activities		(7,605,539)	(4,818,948)	(8,162,332)	(7,213,804)	(1,585,055)
Net (decrease)/increase in cash and cash equivalents		6,971,600	(10,327,940)	41,162,760	2,869,722	(7,340,162)
Cash and cash equivalents at start of the year		51,472,277	68,808,984	27,034,442	23,883,595	30,793,429
Effect of exchange rate fluctuations on cash and cash equivalent held		423,895	(7,008,767)	611,782	281,125	430,328
Cash and cash equivalents at end of the year	6.35	58,867,772	51,472,277	68,808,984	27,034,442	23,883,595

4. Statement of cashflows (Continued)

Company		12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
	Note	Audited	Audited	Audited	Audited	Audited
Net cash flows generated from operating activities	6.35	14,097,595	(8,012,983)	49,687,813	8,201,498	(6,239,332)
Cash flows from investing activities						
Purchase of property and equipment	6.23	(672,466)	(573,914)	(603,016)	(299,510)	(541,669)
Purchase of intangible assets	6.24	(445,942)	(628,553)	(914,206)	(914,122)	(712,035)
Proceeds from disposal of property and equipment		237,979	20,577	22,927	3,600	12,831
Purchase of additional shares in a subsidiary - I&M Bank (T) Limited		-	-	(825,027)	-	(306,932)
Dividends received	6.11	300,000	200,000	117,000	87,387	27,500
Net cash used in investing activities		(580,429)	(981,890)	(2,202,322)	(1,122,645)	(1,520,305)
Cash flows from financing activities						
Payment of lease liabilities	6.33	(269,470)	(227,156)	(293,863)	(279,194)	(320,764)
Payment of principal portion of debt capital	6.31	(3,528,150)	-	(999,286)	-	-
Net inflow of subordinated debt		-	-	-	875,253	5,874,069
Issue of shares- I&M Bank LIMITED		-	-	-	20,000	-
Dividend paid	6.34	(4,800,000)	(4,050,000)	(6,300,000)	(3,993,200)	(6,778,527)
Net cash outflow from financing activities		(8,597,620)	(4,277,156)	(7,593,149)	(3,377,141)	(1,225,222)
Net increase in cash and cash equivalents		4,919,546	(13,272,029)	39,892,342	3,701,712	(8,984,859)
Cash and cash equivalents at start of the year		43,278,053	63,060,127	23,050,293	19,255,671	27,869,588
Effect of exchange rate fluctuations on cash and cash equivalent held		(424,003)	(6,510,045)	117,492	92,910	370,942
Cash and cash equivalents at end of the year	6.35	47,773,596	43,278,053	63,060,127	23,050,293	19,255,671

5. Statement of changes in equity

The audited consolidated statement of changes equity for the five years ended 31 December 2025, 2024, 2023, 2022 and 2021 are set out below:

Consolidated

	Share capital KShs'000	Share premium KShs'000	Retained earnings KShs'000	Cash flow hedge reserve KShs'000	Statutory credit risk reserve KShs'000	Fair value reserve KShs'000	Translation reserve KShs'000	Total KShs'000	Non controlling interest KShs'000	Total KShs'000
2025:										
At 1 January 2025:										
As previously reported	3,000,000	5,531,267	51,886,893	(83,403)	10,547,305	(2,451,483)	113,087	68,543,666	1,376,592	69,920,258
Prior adjustment	-	-	(435,057)	-	-	-	-	(435,057)	-	(435,057)
As restated	3,000,000	5,531,267	51,451,836	(83,403)	10,547,305	(2,451,483)	113,087	68,108,609	1,376,592	69,485,201
Profit for the year										
Net profit after tax	-	-	15,297,752	-	-	-	-	15,297,752	415,593	15,713,345
	-	-	15,297,752	-	-	-	-	15,297,752	415,593	15,713,345
Other comprehensive income										
Translation reserve	-	-	-	-	-	-	(39,443)	(39,443)	(35,070)	(74,513)
Cash flow hedge	-	-	-	(181,340)	-	-	-	(181,340)	-	(181,340)
Deferred income tax - Cash flow hedge	-	-	-	54,402	-	-	-	54,402	-	54,402
Fair value reserve	-	-	-	-	-	4,605,955	-	4,605,955	-	4,605,955
Deferred income tax - fair value reserve	-	-	-	-	-	(1,283,912)	-	(1,283,912)	-	(1,283,912)
Statutory credit risk reserve	-	-	(308,770)	-	308,770	-	-	-	-	-
Total other comprehensive income	-	-	(308,770)	(126,938)	308,770	3,322,043	(39,443)	3,155,662	(35,070)	3,120,592
Total comprehensive income	-	-	14,988,982	(126,938)	308,770	3,322,043	(39,443)	18,453,414	380,523	18,833,937
Transactions with owners, recorded directly in equity										
Dividend - 2024	-	-	(4,800,000)	-	-	-	-	(4,800,000)	-	(4,800,000)
Transaction with non-controlling interest	-	-	(1,616,255)	-	-	-	-	(1,616,255)	2,285,878	669,623
Total transactions with owners for the year	-	-	(6,416,255)	-	-	-	-	(6,416,255)	2,285,878	(4,130,377)
Balance as at 31 December 2025	3,000,000	5,531,267	60,024,563	(210,341)	10,856,075	870,560	73,644	80,145,768	4,042,993	84,188,761

5. Statement of changes in equity (Continued)

Consolidated (Continued)

2024 Restated:	Share capital KShs'000	Share premium KShs'000	Retained earnings KShs'000	Cash flow hedge reserve KShs'000	Statutory credit risk reserve KShs'000	Fair value reserve KShs'000	Translation reserve KShs'000	Total KShs'000	Non controlling interest KShs'000	Total KShs'000
At 1 January 2024	3,000,000	5,531,267	44,109,715	-	10,204,249	(4,662,969)	1,069,809	59,252,071	1,410,036	60,662,107
Profit for the year										
As previously reported										
Net profit after tax	-	-	12,170,234	-	-	-	-	12,170,234	188,818	12,359,052
Prior adjustment	-	-	(435,057)	-	-	-	-	(435,057)	-	(435,057)
	-	-	11,735,177	-	-	-	-	11,735,177	188,818	11,923,995
Other comprehensive income										
Translation reserve	-	-	-	-	-	-	(956,722)	(956,722)	(222,082)	(1,178,804)
Cash flow hedge	-	-	-	(119,147)	-	-	-	(119,147)	-	(119,147)
Deferred income tax - Cash flow hedge	-	-	-	35,744	-	-	-	35,744	-	35,744
Fair value reserve	-	-	-	-	-	3,155,449	-	3,155,449	(180)	3,155,269
Deferred income tax - fair value reserve	-	-	-	-	-	(943,963)	-	(943,963)	-	(943,963)
Statutory credit risk reserve	-	-	(343,056)	-	343,056	-	-	-	-	-
Total other comprehensive income	-	-	(343,056)	(83,403)	343,056	2,211,486	(956,722)	1,171,361	(222,262)	949,099
Total comprehensive income	-	-	11,392,121	(83,403)	343,056	2,211,486	(956,722)	12,906,538	(33,444)	12,873,094
Transactions with owners, recorded directly in equity										
Dividend - 2023	-	-	(4,050,000)	-	-	-	-	(4,050,000)	-	(4,050,000)
Total transactions with owners for the year	-	-	(4,050,000)	-	-	-	-	(4,050,000)	-	(4,050,000)
Balance as at 31 December 2024 - Restated	3,000,000	5,531,267	51,451,836	(83,403)	10,547,305	(2,451,483)	113,087	68,108,609	1,376,592	69,485,201

5. Statement of changes in equity (Continued)

Consolidated (Continued)

2023:

	Share capital KShs'000	Share premium KShs'000	Retained earnings KShs'000	Statutory credit risk reserve KShs'000	Fair Value reserve KShs'000	Translation reserve KShs'000	Total KShs'000	Non controlling interest KShs'000	Total KShs'000
At 1 January 2023	3,000,000	5,531,267	44,624,663	6,109,112	(3,356,167)	185,377	56,094,252	1,008,917	57,103,169
Profit for the year									
Net profit after tax	-	-	10,027,469	-	-	-	10,027,469	59,119	10,086,588
	-		10,027,469				10,027,469	59,119	10,086,588
Other comprehensive income									
Translation reserve	-	-	-	-	-	884,432	884,432	195,104	1,079,536
Fair value reserve	-	-	-	-	(2,033,208)	-	(2,033,208)	(384)	(2,033,592)
Deferred tax - fair value reserve	-	-	-	-	726,406	-	726,406	-	726,406
Statutory credit risk reserve	-	-	(4,094,023)	4,094,023	-	-	-	-	-
Total other comprehensive income	-	-	(4,094,023)	4,094,023	(1,306,802)	884,432	(422,370)	194,720	(227,650)
Total comprehensive income	-	-	5,933,446	4,094,023	(1,306,802)	884,432	9,605,099	253,839	9,858,938
Transactions with owners, recorded directly in equity									
Rights issue - I&M Bank (T) Limited	-	-	(148,394)	1,114	-	(147,280)	147,280	-	-
Dividend - 2022	-	-	(6,300,000)	-	-	-	(6,300,000)	-	(6,300,000)
Total transactions with owners for the year	-	-	(6,448,394)	1,114	-	-	(6,447,280)	147,280	(6,300,000)
Balance as at 31 December 2023	3,000,000	5,531,267	44,109,715	10,204,249	(4,662,969)	1,069,809	59,252,071	1,410,036	60,662,107

5. Statement of changes in equity (Continued)

Consolidated (Continued)

2022:

	Share capital KShs'000	Share premium KShs'000	Retained earnings KShs'000	Statutory credit risk reserve KShs'000	Fair Value reserve KShs'000	Translation reserve KShs'000	Total KShs'000	Non controlling interest KShs'000	Total KShs'000
At 1 January 2022	2,980,000	5,531,267	37,975,789	7,281,534	(536,377)	(100,160)	53,132,053	1,067,478	54,199,531
Profit for the year									
Net profit after tax	-	-	9,469,652	-	-	-	9,469,652	(112,346)	9,357,306
	-		9,469,652	-			9,469,652	(112,346)	9,357,306
Other comprehensive income									
Translation reserve	-	-	-	-	-	285,537	285,537	64,215	349,752
Fair value reserve	-	-	-	-	(4,098,039)	-	(4,098,039)	13,414	(4,084,625)
Deferred tax - fair value reserve	-	-	-	-	1,278,249	-	1,278,249	-	1,278,249
Statutory credit risk reserve	-	-	1,172,422	(1,172,422)	-	-	-	-	-
Total other comprehensive income	-	-	1,172,422	(1,172,422)	(2,819,790)	285,537	(2,534,253)	77,629	(2,456,624)
Total comprehensive income	-	-	10,642,074	(1,172,422)	(2,819,790)	285,537	6,935,399	(34,717)	6,900,682
Transactions with owners, recorded directly in equity									
Allotment of shares	20,000	-	-	-	-	-	20,000	-	20,000
Dividend - 2021	-	-	(3,993,200)	-	-	-	(3,993,200)	(23,844)	(4,017,044)
Total transactions with owners for the year	20,000	-	(3,993,200)	-	-	-	(3,973,200)	(23,844)	(3,997,044)
Balance as at 31 December 2022	3,000,000	5,531,267	44,624,663	6,109,112	(3,356,167)	185,377	56,094,252	1,008,917	57,103,169

5. Statement of changes in equity (Continued)

Consolidated (Continued)

2021:

	Share capital KShs'000	Share premium KShs'000	Retained earnings KShs'000	Statutory credit risk reserve KShs'000	Fair Value reserve KShs'000	Translation reserve KShs'000	Total KShs'000	Non controlling interest KShs'000	Total KShs'000
As previously stated at 1 January 2021	2,980,000	5,531,267	39,278,973	5,179,151	183,218	(252,101)	52,900,508	1,169,337	54,069,845
Correction of prior year error									
Fair value revaluation prior year reversal	-	-	(69,901)	-	69,901	-	-	-	-
Deferred tax - fair value reval prior year reversal	-	-	20,970	-	(20,970)	-	-	-	-
At 1 January 2021 restated	2,980,000	5,531,267	39,230,042	5,179,151	232,149	(252,101)	52,900,508	1,169,337	54,069,845
Profit for the year									
Net profit after tax	-	-	7,372,029	-	-	-	7,372,029	74,989	7,447,018
	-	-	7,372,029	-	-	-	7,372,029	74,989	7,447,018
Other comprehensive income									
Translation reserve	-	-	-	-	-	151,941	151,941	42,687	194,628
Fair value reserve	-	-	-	-	(1,097,896)	-	(1,097,896)	77	(1,097,819)
Deferred tax - fair value reserve	-	-	-	-	329,370	-	329,370	(23)	329,347
Statutory credit risk reserve	-	-	(2,036,982)	2,036,982	-	-	-	-	-
Total other comprehensive income	-	-	(2,036,982)	2,036,982	(768,526)	151,941	(616,585)	42,741	(573,844)
Total comprehensive income	-	-	5,335,047	2,036,982	(768,526)	151,941	6,755,444	117,730	6,873,174
Transactions with owners, recorded directly in equity									
Rights issue - I&M Bank (T) Limited	-	-	189,227	65,401	-	-	254,628	(219,589)	35,039
Special dividend - 2020	-	-	(4,300,000)	-	-	-	(4,300,000)	-	(4,300,000)
Final Dividend - 2020	-	-	(2,478,527)	-	-	-	(2,478,527)	-	(2,478,527)
Total transactions with owners for the year	-	-	(6,589,300)	65,401	-	-	(6,523,899)	(219,589)	(6,743,488)
Balance as at 31 December 2021	2,980,000	5,531,267	37,975,789	7,281,534	(536,377)	(100,160)	53,132,053	1,067,478	54,199,531

5. Statement of changes in equity (Continued)

Company							
2025:							
	Share capital	Share premium	Retained earnings	Cash flow hedge reserve	Statutory credit risk reserve	Fair value reserve	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
At 1 January 2025:							
As previously reported	3,000,000	5,531,267	49,903,433	(83,403)	10,313,446	(2,443,145)	66,221,598
Prior adjustment	-	-	(435,057)	-	-	-	(435,057)
As restated	3,000,000	5,531,267	49,468,376	(83,403)	10,313,446	(2,443,145)	65,786,541
Profit for the year							
Net profit after tax	-	-	14,678,889	-	-	-	14,678,889
	-	-	14,678,889	-	-	-	14,678,889
Other comprehensive income							
Statutory credit risk reserve	-	-	(571,431)	-	571,431	-	-
Cash flow hedge	-	-	-	(181,340)	-	-	(181,340)
Deferred tax - Cash flow hedge	-	-	-	54,402	-	-	54,402
Fair value reserve	-	-	-	-	-	4,584,147	4,584,147
Deferred tax - fair value reserve	-	-	-	-	-	(1,283,912)	(1,283,912)
Total other comprehensive income	-	-	(571,431)	(126,938)	571,431	3,300,235	3,173,297
Total comprehensive income	-	-	14,107,458	(126,938)	571,431	3,300,235	17,852,186
Transactions with owners recorded directly in equity							
Final dividend - 2024	-	-	(4,800,000)	-	-	-	(4,800,000)
Total transactions with owners for the year	-	-	(4,800,000)	-	-	-	(4,800,000)
Balance as at 31 December 2025	3,000,000	5,531,267	58,775,834	(210,341)	10,884,877	857,090	78,838,727

5. Statement of changes in equity (Continued)

Company (Continued)

2024:

	Share capital KShs'000	Share premium KShs'000	Retained earnings KShs'000	Cash flow hedge reserve KShs'000	Statutory credit risk reserve KShs'000	Fair value reserve KShs'000	Total KShs'000
At 1 January 2025:	3,000,000	5,531,267	43,528,200	-	9,341,350	(4,645,726)	56,755,091
Profit for the year							
Net profit after tax	-	-	10,962,272	-	-	-	10,962,272
	-	-	10,962,272	-	-	-	10,962,272
Other comprehensive income							
Statutory credit risk reserve	-	-	(972,096)	-	972,096	-	-
Cash flow hedge	-	-	-	(119,147)	-	-	(119,147)
Deferred tax - cash flow hedge	-	-	-	35,744	-	-	35,744
Fair value reserve	-	-	-	-	-	3,146,544	3,146,544
Deferred tax - fair value reserve	-	-	-	-	-	(943,963)	(943,963)
Total other comprehensive income	-	-	(972,096)	(83,403)	972,096	2,202,581	2,119,178
Total comprehensive income	-	-	9,990,176	(83,403)	972,096	2,202,581	13,081,450
Transactions with owners recorded directly in equity							
Final dividend - 2023	-	-	(4,050,000)	-	-	-	(4,050,000)
Total transactions with owners for the year	-	-	(4,050,000)	-	-	-	(4,050,000)
Balance as at 31 December 2024	3,000,000	5,531,267	49,468,376	(83,403)	10,313,446	(2,443,145)	65,786,541

5. Statement of changes in equity (Continued)

Company (Continued)

2023:

	Share capital KShs'000	Share premium KShs'000	Retained earnings KShs'000	Statutory credit risk reserve KShs'000	Fair Value reserve KShs'000	Total KShs'000
At 1 January 2023	3,000,000	5,531,267	43,444,898	6,008,653	(3,351,061)	54,633,757
Profit for the year						
Net profit after tax	-	-	9,715,999	-	-	9,715,999
	-		9,715,999	-	-	9,715,999
Other comprehensive income						
Fair value reserve	-	-	-	-	(2,021,071)	(2,021,071)
Deferred tax - fair value reserve	-	-	-	-	726,406	726,406
Statutory credit risk reserve	-	-	(3,332,697)	3,332,697	-	-
Total other comprehensive income	-	-	(3,332,697)	3,332,697	(1,294,665)	(1,294,665)
Total comprehensive income	-	-	6,383,302	3,332,697	(1,294,665)	8,421,334
Transactions with owners, recorded directly in equity						
Dividend - 2022	-	-	(6,300,000)	-	-	(6,300,000)
Total transactions with owners for the year	-	-	(6,300,000)	-	-	(6,300,000)
Balance as at 31 December 2023	3,000,000	5,531,267	43,528,200	9,341,350	(4,645,726)	56,755,091

5. Statement of changes in equity (Continued)

Company (Continued)

2022:

	Share capital KShs'000	Share premium KShs'000	Retained earnings KShs'000	Statutory credit risk reserve KShs'000	Fair Value reserve KShs'000	Total KShs'000
At 1 January 2022	2,980,000	5,531,267	36,937,303	6,747,297	(275,440)	51,920,427
Profit for the year						
Net profit after tax	-	-	9,762,151	-	-	9,762,151
	-		9,762,151	-		9,762,151
Other comprehensive income						
Fair value reserve	-	-	-	-	(4,469,218)	(4,469,218)
Deferred tax - fair value reserve	-	-	-	-	1,393,598	1,393,598
Statutory credit risk reserve	-	-	738,644	(738,644)	-	-
Total other comprehensive income	-	-	738,644	(738,644)	(3,075,620)	(3,075,620)
Total comprehensive income	-	-	10,500,795	(738,644)	(3,075,620)	6,686,531
Transactions with owners, recorded directly in equity						
Allotment of shares	20,000	-	-	-	-	20,000
Dividend - 2021	-	-	(3,993,200)	-	-	(3,993,200)
Total transactions with owners for the year	20,000	-	(3,993,200)	-	-	(3,973,200)
Balance as at 31 December 2022	3,000,000	5,531,267	43,444,898	6,008,653	(3,351,060)	54,633,758

5. Statement of changes in equity (Continued)

Company (Continued)

2021:

	Share capital KShs'000	Share premium KShs'000	Retained earnings KShs'000	Statutory credit risk reserve KShs'000	Fair Value reserve KShs'000	Total KShs'000
As previously stated at 1 January 2021	2,980,000	5,531,267	38,925,990	4,580,387	306,076	52,323,720
Correction of prior year error						
Fair value revaluation prior year reversal	-	-	(69,901)	-	69,901	-
Deferred tax - fair value reval prior year reversal	-	-	20,970	-	(20,970)	-
At 1 January 2021 restated	2,980,000	5,531,267	38,877,059	4,580,387	355,007	52,323,720
Profit for the year						
Net profit after tax	-	-	7,005,681	-	-	7,005,681
	-	-	7,005,681	-	-	7,005,681
Other comprehensive income						
Fair value reserve	-	-	-	-	(900,638)	(900,638)
Deferred tax - fair value reserve	-	-	-	-	270,191	270,191
Statutory credit risk reserve	-	-	(2,166,910)	2,166,910	-	-
Total other comprehensive income	-	-	(2,166,910)	2,166,910	(630,447)	(630,447)
Total comprehensive income	-	-	4,838,771	2,166,910	(630,447)	6,375,234
Transactions with owners, recorded directly in equity						
Special dividend - 2020	-	-	(4,300,000)	-	-	(4,300,000)
Final Dividend - 2020	-	-	(2,478,527)	-	-	(2,478,527)
Total transactions with owners for the year	-	-	(6,778,527)	-	-	(6,778,527)
Balance as at 31 December 2021	2,980,000	5,531,267	36,937,303	6,747,297	(275,440)	51,920,427

6. Notes to the consolidated financial statements

6.1 Reporting entity

I&M Bank LIMITED (the “Bank” or “Company”), a financial institution licensed under the Kenyan Banking Act (Chapter 488), provides corporate and retail banking services in various parts of the country. The Bank is incorporated in Kenya under the Kenyan Companies Act and has subsidiaries in Kenya and Tanzania. The consolidated financial statements of the Bank as at and for the year ended 31 December 2025 comprise the Bank and its subsidiaries (together referred to as the “Group”). The address of its registered office is as follows:

1 Park Avenue
1st Parklands Avenue
PO Box 30238-00100
Nairobi, Kenya

The Bank has a 49.51% shareholding in I&M Bank (T) Limited and 100% shareholding in I&M Bancassurance Intermediary Limited (IMBIL) (incorporated on 23 July 2014).”

6.2 Basis of preparation

6.2.1 Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Kenyan Companies Act, 2015.

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

Details of significant accounting policies are contained in Note 6.3.

6.2.2 Basis of measurement

These consolidated and separate financial statements have been prepared under the historical cost basis of accounting except for the financial assets classified as fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) which are measured at fair value.

6.2.3 Functional and presentation currency

These consolidated and separate financial statements are presented in Kenya Shillings (KShs), which also is the Bank’s functional currency. All financial information presented in KShs has been rounded to the nearest thousand (KShs’000) except where otherwise stated.

6. Notes to the consolidated financial statements (Continued)

6.2 Basis of preparation (Continued)

6.2.4 Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

In particular information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 6.5.

6.2.5 New standards, amendments and interpretations

6.2.5.1 New standards, amendments and interpretations effective and adopted during the year.

The following are the new standards and amendments effective during the year ended 31st December 2025, including consequential amendments to other standards with the date of initial application being 1st January 2025.

New standards or amendments	Effective for annual period beginning or after
— Lack of Exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	1 January 2025

The Group did not early adopt new or amended standards in the year ended 31st December 2025. None of the standards had a material effect on the financial statements of the Group and Company.

6.2.5.2 New and amended standards and interpretations in issue but not yet effective for the year ended 31st December 2025

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31st December 2025, and have not been applied in preparing these financial statements.

The Group does not plan to early adopt these standards. These are summarised below:

New standards or amendments	Effective for annual period beginning or after
— Annual Improvements to IFRS Accounting Standards - Amendments to: <ul style="list-style-type: none">• 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	1 January 2026
— Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	1 January 2026

6. Notes to the consolidated financial statements (Continued)

6.2 Basis of preparation (Continued)

6.2.5 New standards, amendments and interpretations (continued)

6.2.5.2 *New and amended standards and interpretations in issue but not yet effective for the year ended 31st December 2025 - continued*

New standards or amendments	Effective for annual period beginning or after
— Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency	1 January 2027
— Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7	1 January 2026
— IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
— IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
— 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*	To be determined

All standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not applicable to the entity).

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements;

Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing and discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cashflows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Bank's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs.

None of the other standards are expected to have a material effect on the financial statements of the Group and Company.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies

The material accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below:

6.3.1 Basis of consolidation

6.3.1.1 *Non-controlling interests*

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

6.3.1.2 *Subsidiaries*

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intercompany transactions are eliminated during consolidation.

6.3.1.3 *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

6.3.1.4 *Transactions eliminated on consolidation*

Intra-group balances, and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

6.3.2 Foreign currencies

Foreign currency transactions are translated into the functional currency of Group entities using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss in the year in which they arise.

Foreign currency non-monetary items measured at fair value are translated into functional currency using the rate of exchange at the date the fair value was determined. Foreign currency gains and losses on non-monetary items are recognised in the Consolidated Statement of Income or Consolidated Statement of Comprehensive Income consistent with the gain or loss on the non-monetary item.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies(Continued)

6.3.3 Foreign operations

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

- (i) Assets and liabilities at each reporting period are translated at the closing rate at the reporting date;
- (ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

6.3.4 Income recognition

6.3.4.1 Net interest income

Effective interest rate and amortised cost

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

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

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

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

Amortised cost and gross carrying amount

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

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.4 Income recognition (Continued)

6.3.4.1 Net interest income (Continued)

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see Note 6.3.6.3

Presentation

Interest income and expense presented in the statement of profit or loss and OCI include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- interest on debt instruments measured at FVOCI calculated on an effective interest basis;

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

6.3.4.2 Net fee and commission income

Fee and commission income and expenses that are integral to the effective interest rate of a financial asset or liability are included in the measurement of the effective interest rate.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised overtime as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, which are recognised at a point in time as the service is performed.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.4 Income recognition (Continued)

6.3.4.3 Net trading income and net income on financial assets at fair value through profit or loss

Net trading income and net income on financial assets at fair value through profit or loss' comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, interest, dividends and foreign exchange differences.

6.3.4.4 Other operating income

Other operating income comprises rental income and gain on disposal of property and equipment. Rental income is recognised in the profit or loss on a straight-line basis over the term of the lease.

6.3.4.5 Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of operating income.

6.3.5 Income tax expense

Income tax expense comprises current tax and change in deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for:

- Temporary differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination and which affects neither accounting nor taxable profit and does not give rise to equal taxable and deductible temporary differences.
- Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they 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 realized.

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

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.6 Financial instruments

6.3.6.1 Initial recognition and initial measurement of financial assets

The Group recognises a financial asset in its statement of financial position when it becomes party to the contractual provisions of the instrument. A Financial asset (except for certain trade receivables) is measured at initial recognition at its fair value plus, for financial assets not subsequently measured 'at fair value through profit or loss' transaction costs that are directly attributable to the acquisition of the financial asset. The Group's trade receivables that do not have a significant financing component (determined in accordance with IFRS 15- Revenue from Contracts with Customers) are not initially measured at fair value, rather they are initially measured at their transaction price.

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

6.3.6.2 Classification and measurement of financial assets

After initial recognition, the Group's financial assets are measured at:

- 6.3.6.2.1 amortised cost
- 6.3.6.2.2 fair value through other comprehensive income (FVOCI) or
- 6.3.6.2.3 fair value through profit or loss (FVTPL).

Except for the Group's financial assets that are designated at initial recognition as at fair value through profit or loss, the Group's financial assets are classified on the basis of both:

- (a) the Group's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

6.3.6.2.1 Amortised cost

Except for the Group's financial assets that are designated at initial recognition as at fair value through profit or loss the Group's financial assets are measured at amortised cost only if both of the following conditions are met:

- (a) the financial asset of the Group is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the Group's financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If the Group's financial asset satisfies both of these conditions, the Group measures the financial asset at amortised cost unless it is designated as at fair value through profit or loss (FVTPL) on initial recognition. Any of the Group's Financial assets that do not meet the conditions stated above, are required to be subsequently measured at fair value through profit or loss except for investments in equity instruments not held for trading that are elected at initial recognition to be measured at fair value through other comprehensive income. Financial assets of the Group that meet the condition in (b) above but do not meet the condition in (a) above, may meet the criteria to be measured at fair value through other comprehensive income.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.6 Financial instruments (Continued)

6.3.6.2 Classification and measurement of financial assets(continued)

6.3.6.2.1 Amortised cost (continued)

Because both conditions (the business model test and the contractual cash flows characteristics test) must be met for amortised cost measurement, the order in which the tests are performed is irrelevant for the Group. The Group classifies its financial assets into the following categories: financial assets at fair value through profit and loss (FVTPL); equity investments designated as at fair value through other comprehensive income (FVOCI) and financial assets at amortised cost. Management determines the appropriate classification of its investment at initial recognition.

The classification of financial instruments 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		
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	
		Deposits from customers	
		Borrowings	
		Due to group companies	
		Other liabilities	
	Fair value through profit or loss	Financial liabilities at fair value through profit or loss	
Off-balance sheet financial instruments	Loan commitments		
	Guarantees, acceptances, letters of credit and other financial liabilities		
The Group recognises ECL based on unbiased forward-looking information. ECL is recognised on all financial assets measured at amortised cost, lease receivables, debt instruments measured at fair value through other comprehensive income, loan commitments not measured at fair value and financial guarantee contracts not measured at fair value.			

Business model assessment for amortised cost measurement

For amortised cost measurement, the Group's financial assets are held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows.

Financial assets of the Group that are held within a business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. That is, the Group manages the assets held within the portfolio to collect those contractual cash flows (instead of managing the overall return on the portfolio by both holding and selling assets).

In determining whether cash flows are going to be realised by collecting the Group's financial assets' contractual cash flows, the Group considers the frequency, value and timing of sales in prior periods, the reasons for those sales and expectations about future sales activity.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.6 Financial instruments (Continued)

6.3.6.2 Classification and measurement of financial assets (continued)

6.3.6.2.1 Amortised cost (continued)

Business model assessment for amortised cost measurement (Continued)

However, sales in themselves do not determine the business model of the Group and therefore cannot be considered in isolation. Instead, information about the Group's past sales and expectations about future sales provide evidence related to how the Group's stated objective for managing the financial assets is achieved and, specifically, how cash flows are realised. The Group considers information about past sales within the context of the reasons for those sales and the conditions that existed at that time as compared to current conditions.

6.3.6.2.2 Fair value through other comprehensive income (FVOCI)

Except for financial assets of the Group that are designated at initial recognition as at fair value through profit or loss the Group's financial assets are measured at fair value through other comprehensive income (FVOCI) if both of the following conditions are met:

- (a) the Group's financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) the contractual terms of the Group's financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets of the Group that do not meet the condition in (b) above, are required to be subsequently measured at fair value through profit or loss or in the case of certain investments in equity instruments may be elected at initial recognition to be measured at fair value through other comprehensive income. Financial asset of the Group that meets the condition in (b) above but does not meet the condition in (a) above, may meet the criteria to be measured at amortised cost.

Designation of equity instruments as at FVOCI

At initial recognition, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3-Business Combinations applies. The Group's financial asset is held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term.
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

The election by the Group to designate an investment in an equity instrument at FVOCI is made on an instrument-by-instrument (i.e., share-by-share) basis. If the election is made, only dividend income that does not clearly represent a recovery of part of the cost of the investment is recognised in profit or loss, with all other gains and losses (including those relating to foreign exchange) recognised in other comprehensive income. These gains and losses remain permanently in equity and are not subsequently reclassified to profit or loss, even on derecognition. However, the Group may transfer the cumulative gain or loss within equity as a reserve movement.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.6 Financial instruments (Continued)

6.3.6.2 Classification and measurement of financial assets (continued)

6.3.6.2.2 Fair value through other comprehensive income (FVOCI)

Business model assessment for FVOCI measurement

Fair value through other comprehensive income measurement financial assets must be held within the Group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

The Group may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In this type of business model, the Group's key management personnel have made a decision that both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model. There are various objectives that may be consistent with this type of business model.

For example, the objective of the Group's business model may be to manage everyday liquidity needs, to maintain a particular interest yield profile or to match the duration of the financial assets to the duration of the liabilities that those assets are funding. To achieve such an objective, the Group will both collect contractual cash flows and sell financial assets.

Compared to the Group's business model whose objective is to hold financial assets to collect contractual cash flows, this business model will typically involve greater frequency and value of sales. This is because selling financial assets is integral to achieving the business model's objective instead of being only incidental to it. However, there is no threshold for the frequency or value of sales that must occur in this business model because both collecting contractual cash flows and selling the Group's financial assets are integral to achieving its objective

6.3.6.2.3 Fair value through profit or loss (FVTPL)

The Group classifies assets that do not qualify for amortised cost measurement or measurement at FVOCI to be measured subsequently to initial recognition at FVTPL (except if it is an investment in an equity instrument designated at FVOCI).

Gains and losses that arise between the end of the last annual reporting period and the date an instrument is derecognised do not constitute a separate 'profit/loss on disposal'. Such gains and losses will have arisen prior to disposal, while the item is still being measured at FVTPL, and should be recognised in profit or loss when they occur.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice in particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.6 Financial instruments (Continued)

6.3.6.2 Classification and measurement of financial assets (continued)

6.3.6.2.3 Fair value through profit or loss (FVTPL) (continued)

Business model assessment (continued)

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g. periodical reset of interest rates.

The Group holds a portfolio of long-term fixed rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty.

The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.6 Financial instruments (Continued)

6.3.6.2 Classification and measurement of financial assets (continued)

Debt instruments measured at amortised cost

Debt instruments are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost. Interest income on these instruments is recognised in interest income using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated by taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.

Impairment on debt instruments measured at amortized cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position.

Debt instruments measured at FVOCI

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest.

Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive income (OCI), unless the instrument is designated in a fair value hedge relationship. When designated in a fair value hedge relationship, any changes in fair value due to changes in the hedged risk are recognised in non-interest income in the Consolidated Statement of profit or loss and other comprehensive income. Upon derecognition, realized gains and losses are reclassified from OCI and recorded in non-interest income in the consolidated Statement of Profit or Loss and Other Comprehensive Income on an average cost basis. Foreign exchange gains and losses that relate to the amortized cost of the debt instrument are recognised in the statement of profit or loss and other comprehensive income.

Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to Interest income in the consolidated statement of profit or loss and other comprehensive income using the effective interest rate method.

Impairment on debt instruments measured at FVOCI is calculated using the expected credit loss approach. The ECL on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the statement of financial position, which remains at its fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to provision for credit losses in the statement of profit or loss and other comprehensive income. The accumulated allowance recognised in OCI is recycled to the statement of profit or loss and other comprehensive income upon derecognition of the debt instrument.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.6 Financial instruments (Continued)

6.3.6.2 Classification and measurement of financial assets (continued)

Debt instruments measured at FVTPL

Debt instruments are measured at FVTPL if assets:

- (i) Are held for trading purposes;
- (ii) Are held as part of a portfolio managed on a fair value basis; or
- (iii) Whose cash flows do not represent payments that are solely payments of principal and interest.

These instruments are measured at fair value in the statement of financial position, with transaction costs recognised immediately in the statement of profit or loss and other comprehensive income as part of Non-interest income. Realized and unrealized gains and losses are recognised as part of Non-interest income in the statement of profit or loss and other comprehensive income.

Debt instruments designated at FVTPL

Financial assets classified in this category are those that have been designated by the Bank upon initial recognition, and once designated, the designation is irrevocable. The FVTPL designation is available only for those financial assets for which a reliable estimate of fair value can be obtained.

Financial assets are designated at FVTPL if doing so eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognised in Non-interest income in the statement of profit or loss.

Equity instruments

The Group has elected at initial recognition to irrevocably designate an equity investment, held for purposes other than trading, to FVOCI. The fair value changes, including any associated foreign exchange gains or losses, are recognised in OCI and are not subsequently reclassified in the statement of profit or loss and other comprehensive income, including upon disposal. Realized gains and losses are transferred directly to retained earnings upon disposal. Consequently, there is no review required for impairment. Dividends will normally be recognised in the statement of profit or loss and other comprehensive income..

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. The Group internal policy does not allow reclassification of financial assets after initial recognition.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.6 Financial instruments (Continued)

6.3.6.2 Classification and measurement of financial assets (continued)

Derivatives

The Group uses financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. 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 Group's net interest income, net trading income, and derivative assets and liabilities. The Group may enter 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.

The fair value of forward exchange contracts is the amount of the mark to market adjustment at the reporting date.

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:

6.3.6.3 Impairment of financial assets

The Group recognises loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets (amortised cost and FVOCI) including debt instruments, loans and advances and trade receivables from Bancassurance.
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date i.e. balances held with central banks, domestic government bills and bonds, and loans and advances to banks; and
- other financial instruments (other than lease receivables) on which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since their initial recognition i.e. stage 1 (see Note 6.4.1.1).

Loss allowances for trade receivables (bancassurance) are always measured at an amount equal to lifetime ECL. Trade receivables are considered fully impaired if they are over 360 days past due.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.6 Financial instruments (Continued)

6.3.6.3 Impairment of financial assets(Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due and or shows qualitative factors such as change in industry behaviours eg breach in covenants, restructuring and decline in trading activities.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

In determining whether debt securities have a low credit risk, the Group assess both quantitative and qualitative factors, including

- sovereign credit rating (Rating AAA,AA,A,BBB, BB,B)
- proven track record of continued debt servicing,
- continued access to funding from local and international debt markets, including bilateral and multilateral institutions,
- demonstrated economic resilience through GDP growth, inflation, currency depreciation, stable fiscal revenue streams and stable central bank foreign reserves, and
- active trading in the secondary market if such securities are listed.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.6 Financial Instruments (Continued)

6.3.6.3 Impairment of financial assets (Continued)

Significant Increase in Credit Risk (SICR)

At each reporting date, the Group performs both qualitative and quantitative assessments whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors.

The common assessments for SICR is largely determined by the macroeconomic outlook, management judgement, and delinquency and monitoring. The Group considers that a Significant increase in credit risk occurs when assets are more than 30 days past due and or shows qualitative factors such as change in industry behaviours eg breach in covenants, restructuring and decline in trading activities and to be in default if more than 90 days past due.

Quantitative models may not always be able to capture all reasonable and supportable information that may indicate a significant increase in credit risk. Qualitative factors may be assessed to supplement the gap. Examples of situations include a significant departure from the primary source of repayment, changes in adjudication criteria for a particular group of borrowers; changes in portfolio composition; and legislative changes impacting certain portfolios.

With regards to delinquency and monitoring, there is a rebuttable presumption that delinquency backstop when contractual payments are more than 30 days past due.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date (stage 1 and 2):* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- *financial assets that are credit-impaired at the reporting date (stage 3):* as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- *financial guarantee contracts:* the expected payments to reimburse the holder less any amounts that the Group expects to recover. See also Note 6.4.1.1.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see note 6.3.6.5) and ECL are measured as follows:

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.6 Financial Instruments (Continued)

6.3.6.3 Impairment on financial assets (Continued)

Restructured financial assets (Continued)

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired (referred to as stage 3 financial assets). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for a security because of financial difficulties.

A loan that is overdue for 90 days or more is considered impaired. In addition, a loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Government securities (debt instruments)

In making an assessment of whether an investment in sovereign debt (government bills and bonds, balances due from central banks) is credit-impaired, the Group considers the following factors;

- (i) The country's ability to access own local capital markets for new debt issuance;
- (ii) The respective government ability to maintain sovereignty on its currency; and
- (iii) The intentions and capacity, reflected in public statements, of governments and agencies honor these commitments.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.6 Financial Instruments (Continued)

6.3.6.3 Impairment on financial assets (Continued)

Government securities (debt instruments) (Continued)

Loss allowances for ECL are presented in the statement of financial position as follows:

- *financial assets measured at amortised cost*: as a deduction from the gross carrying amount of the assets;
- *loan commitments and financial guarantee contracts*: generally, as a provision;
- *where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component*: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- *debt instruments measured at FVOCI*: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

Financial assets at both amortised and FVOCI are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, 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.

6.3.6.4 De-recognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.6 Financial Instruments (Continued)

6.3.6.4 De-recognition (Continued) Financial assets (Continued)

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Before 1 January 2018, retained interests were primarily classified as available-for-sale investment securities and measured at fair value.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

6.3.6.5 Modifications of financial assets and financial liabilities Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

The impact of modifications of financial assets on the expected credit loss calculation is discussed in note 6.3.6.3.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.6 Financial Instruments (Continued)

6.3.6.5 Modifications of financial assets and financial liabilities (Continued) Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

The terms are deemed to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

6.3.7 Fair value measurement

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.7 Fair value measurement (Continued)

If an asset or liability measure at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolio of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- 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.

6.3.8 Hedge accounting

Group uses derivatives in hedging strategies to manage exposure to interest rate risks. Where hedge accounting can be applied, a hedge relationship is designated and documented at inception to detail the particular risk management objective and strategy for undertaking the hedge transaction. The documentation identifies the specific asset, liability or anticipated cash flows being hedged, the risk that is being hedged, the type of hedging instrument used and how effectiveness will be assessed.

Assessment is done both at the inception of the hedge and on an ongoing basis to assess whether the hedging instruments are 'highly effective' in offsetting changes in the fair value or cash flows of the hedged items.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.8 Hedge accounting (Continued)

Cashflow hedges

In a cash flow hedging relationship, the effective portion of the change in the fair value of the hedging derivative, net of taxes, is recognised in OCI and reclassified to profit or loss as the

If an asset or liability measure at

associated hedged forecast transaction occurs, while the ineffective portion is recognised in profit or loss. When hedge accounting is discontinued, the cumulative amounts previously recognised in OCI are reclassified to profit or loss during the periods when the variability in the cash flows of the hedged item affects profit or loss. Unrealized gains and losses on derivatives are reclassified immediately to profit or loss when the hedged item is sold or terminated early, or when the forecast transaction is no longer expected to occur.

The Group does not apply fair value hedge accounting.

6.3.9 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows in the financial statements, cash and cash equivalents' include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

6.3.10 Property and equipment

Items of property and equipment are measured at cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the asset

Subsequent expenditure is capitalised only when it is probable that future economic benefits of the expenditure will flow to the Group. On-going repairs and maintenance are expensed as incurred.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.10 Property and equipment (Continued)

Depreciation is charged on a straight -line basis to allocate the cost of each asset, to its residual value over its estimated useful life as follows:

- Leasehold improvements	8 - 10 years or over the period of Lease if shorter than 8 years
- Computer equipment and computer software	3 - 4 years
- Furniture, fittings and fixtures	8 years
- Motor vehicles	4- 5 years

Depreciation is recognised in profit or loss. The assets residual values and useful lives are reviewed and adjusted as appropriate, at each reporting date.

Any gains or losses on disposal of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in other income in profit or loss.

6.3.11 Intangible assets

6.3.11.1 Computer software

The costs incurred to acquire and bring to use specific computer software licences are capitalised. Software is measured at cost less accumulated amortisation and accumulated impairment. The costs are amortised on a straight line basis over the expected useful lives, from the date it is available for use, not exceeding three years. Costs associated with maintaining software are recognised as an expense as incurred.

Amortisation methods, residual values and useful lives are reviewed and adjusted as appropriate, at each reporting date.

6.3.11.2 Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's interest in the net fair value of the acquired company's identifiable assets, liabilities and contingent liabilities as at the date of acquisition. Goodwill is stated at cost less accumulated impairment losses. At the reporting date, the Group assesses the goodwill carried in the books for impairment. The task involves comparing the carrying value of a cash generating unit (CGU) including cashflows discounted at a rate of interest that reflects the inherent risks of the CGU to which the goodwill relates to.

6.3.12 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Group acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.12 Leases (Continued)

Group acting as a lessee(Continued)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.13 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and group. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

6.3.14 Employee benefits

6.3.14.1 Defined contribution plan

The majority of the Group's employees are eligible for retirement benefits under a defined contribution plan.

The assets of the defined contribution scheme are held in a separate trustee administered guaranteed scheme managed by an insurance company. Retirement plans are funded by contributions from the employees and the respective entities. The Group's contributions are recognised in profit or loss in the year to which they relate.

The Group also contributes to various national social security funds in the countries it operates. Contributions are determined by local statute and the Group's contributions are charged to the income statement in the year to which they relate.

6.3.14.2 Leave accrual

The monetary value of the unutilised leave by staff as at year end is recognised within accruals and the movement in the year is debited/credited to the profit or loss.

6.3.15 Share capital and share issue costs

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of an equity instrument are deducted from initial measurement of the equity instruments.

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.16 Earnings per share

Earnings per share are calculated based on the profit attributable to owners of the company divided by the number of ordinary shares. Diluted earnings per share are computed using the weighted average number of equity shares and dilutive potential ordinary shares outstanding during the year.

6.3.17 Dividends

Dividends are charged to equity in the period in which they are declared. Proposed dividends are not accrued until they have been ratified at the Annual General Meeting.

6.3.18 Contingent liabilities

Letters of credit, acceptances and guarantees are not recognised and are disclosed as contingent liabilities. Estimates of the outcome and the financial effect of contingent liabilities is made by management based on the information available up to the date the financial statements are approved for issue by the directors. Any expected loss is charged to profit or loss.

6.3.19 Provisions

Provisions are recognised when the Company 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. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

6.3.20 Fiduciary activities

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

6.3.21 Non-current assets held for sale

Non-current assets are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal, are re-measured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal, are measured at the lower of their carrying amount and fair value less cost to sell. For non-financial assets, fair value takes into account the highest and best use either on a standalone basis or in combination with other assets or other assets and liabilities.

Any impairment loss on a disposal is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to financial assets, deferred tax assets and employee benefit assets which continue to be measured in accordance with the Bank'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.

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

6. Notes to the consolidated financial statements (Continued)

6.3 Material accounting policies (Continued)

6.3.22 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.

6.3.23 Comparative information

Except otherwise required, all amounts are reported or disclosed with comparative information. Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management

This section provides details of the Group's exposure to risk and describes the methods used by management to control risk.

Financial risk

The most important types of risk to which the Group is exposed are credit risk, market risks and operational risk. Market risk includes liquidity risk, currency risk and interest rate risk.

6.4.1 Credit risk

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

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the statement of financial position. In the case of credit derivatives, the Group is also exposed to or protected from the risk of default of the underlying entity referenced by the derivative. With gross-settled derivatives, the Group is also exposed to a settlement risk, being the risk that the Group honours its obligation but the counterparty fails to deliver the counter-value.

Credit-related commitment risks

The Group makes available to its customers guarantees which may require that the Group makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Group to similar risks to loans and are mitigated by the same control processes and policies.

The Board of Directors of the individual Group entities have delegated responsibility of the management of credit risk to their respective Board Credit Committees. Further, each entity has its own and separate Credit Risk Management Committee that reports to its Board Credit Committee. The Group's credit exposure at the reporting date from financial instruments held or issued for trading purposes is represented by the fair value of instruments with a positive fair value at that date, as recorded on the statement of financial position.

The risk that the counter-parties to trading instruments might default on their obligation is monitored on an on-going basis. In monitoring credit risk exposure, consideration is given to trading instruments with a positive fair value and to the volatility of the fair value of trading instruments over their remaining life.

To manage the level of credit risk, the Group deals with counter parties of good credit standing wherever possible and when appropriate, obtains collateral.

The Group also monitors concentrations of credit risk that arise by industry or sector and type of customer in relation to Group loans and advances to customers by carrying a balanced portfolio. The Group concentration is on manufacturing, wholesale and retail and real estate and all are within internal policy limits on single sector concentration.

To determine impairment of loans and advances, the Group assesses whether it is probable that it will be unable to collect all principal and interest according to the contractual terms of the loans and advances.

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

Exposure to credit risk

The Group has no significant exposure to any individual customer or counter-party.

To determine impairment of loans and advances, the Group assesses whether it is probable that it will be unable to collect all principal and interest according to the contractual terms of the loans and advances.

6.4.1.1 Credit quality analysis - Loans and advances to customers

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

See accounting policy on note 6.3.6 for the explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired.

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.1 Credit quality analysis - Loans and advances to customers (Continued)

Group	12 month ECL (Stage 1) KShs'000	Lifetime ECL Not Credit Impaired (Stage 2) KShs'000	Lifetime ECL Credit Impaired (Stage 3) KShs'000	Total	Total	Total	Total	Total
				31 Dec 2025 KShs'000	31 Dec 2024 KShs'000	31 Dec 2023 KShs'000	31 Dec 2022 KShs'000	31 Dec 2021 KShs'000
Risk classification								
Loans and advances to Customers at amortised cost								
Normal (Stage 1)	218,144,405	-	-	218,144,405	207,489,982	216,681,479	172,001,551	150,305,669
Watch (Stage 2)	-	10,192,554	-	10,192,554	10,782,936	21,341,922	23,380,927	20,454,590
Non-Performing loans (Stage 3)	-	-	30,268,376	30,268,376	32,950,621	32,556,984	23,381,046	20,253,197
Gross carrying amount	218,144,405	10,192,554	30,268,376	258,605,335	251,223,539	270,580,385	218,763,524	191,013,456
Loss allowance	(2,290,815)	(1,488,921)	(9,775,144)	(13,554,880)	(11,933,216)	(11,206,352)	(15,408,374)	(11,454,308)
Carrying amount	215,853,590	8,703,633	20,493,232	245,050,455	239,290,323	259,374,033	203,355,150	179,559,148

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.1 Credit quality analysis - Loans and advances to customers (Continued)

Company

<i>Risk classification</i>	12 month ECL (Stage 1) KShs'000	Lifetime ECL Not Credit Impaired (Stage 2) KShs'000	Lifetime ECL Credit Impaired (Stage 3) KShs'000	Total 31 Dec 2025 KShs'000	Total 31 Dec 2024 KShs'000	Total 31 Dec 2023 KShs'000	Total 31 Dec 2022 KShs'000	Total 31 Dec 2021 KShs'000
Loans and advances to Customers at amortised cost								
Normal (Stage 1)	192,415,050	-	-	192,415,050	189,021,634	194,884,712	156,870,933	138,494,011
Watch (Stage 2)	-	7,753,217	-	7,753,217	7,389,398	17,998,638	21,089,009	15,557,819
Non-Performing loans (Stage 3)	-	-	29,084,716	29,084,716	30,944,300	27,139,560	19,662,342	18,563,142
Gross carrying amount	192,415,050	7,753,217	29,084,716	229,252,983	227,355,332	240,022,910	197,622,284	172,614,972
Loss allowance	(2,031,304)	(658,460)	(9,199,122)	(11,888,886)	(11,267,956)	(8,784,194)	(13,608,394)	(10,469,329)
Carrying amount	190,383,746	7,094,757	19,885,594	217,364,097	216,087,376	231,238,716	184,013,890	162,145,643

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.1 Credit quality analysis - Loans and advances to customers (Continued)

The following shows the grading of loans and advances to customers in line with local prudential guidelines Group:

Loans and advances to customers	2025 KShs'000	2024 KShs'000	2023 KShs'000	2022 KShs'000	2021 KShs'000
Identified impairment:					
Grade 3: Substandard	7,570,245	9,381,477	8,995,748	4,254,091	707,797
Grade 4: Doubtful	16,068,220	18,481,232	16,991,251	11,657,821	14,677,495
Grade 5: Loss	6,629,911	5,087,912	6,569,985	7,469,134	4,867,905
	30,268,376	32,950,621	32,556,984	23,381,046	20,253,197
Specific allowances for impairment	(9,775,144)	(8,470,940)	(8,891,524)	(11,862,428)	(9,222,767)
Carrying amounts	20,493,232	24,479,681	23,665,460	11,518,618	11,030,430
Unidentified impairment:					
Grade 1: Normal	218,144,405	207,489,982	217,311,142	172,001,551	150,305,669
Grade 2: Watch	10,192,554	10,782,936	20,712,259	23,380,927	20,454,590
	228,336,959	218,272,918	238,023,401	195,382,478	170,760,259
Portfolio allowances for impairment	(3,779,736)	(3,462,276)	(2,314,828)	(3,545,946)	(2,231,541)
Carrying amounts	224,557,223	214,810,642	235,708,573	191,836,532	168,528,718
Carrying amounts	245,050,455	239,290,323	259,374,033	203,355,150	179,559,148
Loans and advances at fair value through profit or loss	624,392	406,798	-	-	-
Total carrying amounts	245,674,847	239,697,121	259,374,033	203,355,150	179,559,148
Provisions as per IFRS 9	13,554,880	11,933,216	11,206,352	15,408,374	11,454,308
Statutory loan loss reserve	10,856,075	10,547,305	10,204,249	6,109,112	7,281,534
Regulatory provisions	24,410,955	22,480,521	21,410,601	21,517,486	18,735,842

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.1 Credit quality analysis - Loans and advances to customers (Continued)

Company:	2025	2024	2023	2022	2021
Loans and advances to customers	KShs '000	KShs '000	KShs '000	KShs '000	KShs'000
Identified impairment:					
Grade 3: Substandard	6,770,584	8,588,367	7,653,876	2,127,152	598,917
Grade 4: Doubtful	15,884,999	17,746,377	15,821,377	11,598,822	14,628,732
Grade 5: Loss	6,429,133	4,609,556	3,664,307	5,936,368	3,335,493
	29,084,716	30,944,300	27,139,560	19,662,342	18,563,142
Specific allowance for impairment	(9,199,122)	(7,938,387)	(6,579,304)	(10,311,214)	(8,528,906)
Carrying amounts	19,885,594	23,005,913	20,560,256	9,351,128	10,034,236
Unidentified impairment:					
Grade 1: Normal	192,415,050	189,021,634	195,514,375	156,870,933	138,494,011
Grade 2: Watch	7,753,217	7,389,398	17,368,975	21,089,009	15,557,819
	200,168,267	196,411,032	212,883,350	177,959,942	154,051,830
Portfolio impairment provision	(2,689,764)	(3,329,569)	(2,204,890)	(3,297,180)	(1,940,423)
Carrying amounts	197,478,503	193,081,463	210,678,460	174,662,762	152,111,407
Total carrying amounts	217,364,097	216,087,376	231,238,716	184,013,890	162,145,643
Loans and advances at fair value through profit or loss	624,392	406,798			
Total carrying amounts	217,988,489	216,494,174	231,238,716	184,013,890	162,145,643
Provisions as per IFRS 9	11,888,886	11,267,956	8,784,194	13,608,394	10,469,329
Statutory loan loss reserve	10,884,877	10,313,446	9,341,350	6,008,653	6,747,297
Regulatory provisions	22,773,763	21,581,402	18,125,544	19,617,047	17,216,626

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.1 Credit quality analysis - Loans and advances to customers (Continued)

Group:

<i>Identified impairment:</i>	Gross KShs'000	Net KShs'000
31 December 2025		
Grade 3: Substandard	7,570,245	6,543,422
Grade 4: Doubtful	16,068,220	9,524,117
Grade 5: Loss	6,629,911	4,425,693
	30,268,376	20,493,232
31 December 2024		
Grade 3: Substandard	9,381,477	9,738,257
Grade 4: Doubtful	18,481,232	12,017,355
Grade 5: Loss	5,087,912	2,724,069
	32,950,621	24,479,681
31 December 2023		
Grade 3: Substandard	8,995,748	10,496,527
Grade 4: Doubtful	16,991,251	10,330,923
Grade 5: Loss	6,569,985	2,838,010
	32,556,984	23,665,460
31 December 2022		
Grade 3: Substandard	4,254,091	1,680,589
Grade 4: Doubtful	11,657,821	5,243,261
Grade 5: Loss	7,469,134	4,594,768
	23,381,046	11,518,618
31 December 2021		
Grade 3: Substandard	707,797	584,920
Grade 4: Doubtful	14,677,495	8,229,486
Grade 5: Loss	4,867,905	2,216,024
	20,253,197	11,030,430
<i>Unidentified impairment:</i>		
31 December 2025		
Grade 1: Normal	218,144,405	215,853,591
Grade 2: Watch	10,192,554	8,703,632
	228,336,959	224,557,223

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.1 Credit quality analysis - Loans and advances to customers (Continued)

Group

	Gross KShs'000	Net KShs'000
Unidentified impairment (Continued)		
31 December 2024		
Grade 1: Normal	207,489,982	205,694,593
Grade 2: Watch	10,782,936	9,116,049
	218,272,918	214,810,642
31 December 2023		
Grade 1: Normal	217,311,142	216,254,854
Grade 2: Watch	20,712,259	19,453,719
	238,023,401	235,708,573
31 December 2022		
Grade 1: Normal	172,001,551	171,772,776
Grade 2: Watch	23,380,927	20,063,756
	195,382,478	191,836,532
31 December 2021		
Grade 1: Normal	150,305,669	149,813,632
Grade 2: Watch	20,454,590	18,715,086
	170,760,259	168,528,718

Company

Identified impairment:

31 December 2025

31 December 2025		
Grade 3: Substandard	6,770,584	6,001,129
Grade 4: Doubtful	15,884,999	9,473,492
Grade 5: Loss	6,429,133	4,410,973
	29,084,716	19,885,594

31 December 2024

Grade 3: Substandard	8,588,367	9,079,645
Grade 4: Doubtful	17,746,377	11,334,871
Grade 5: Loss	4,609,556	2,591,397
	30,944,300	23,005,913

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.1 Credit quality analysis - Loans and advances to customers (Continued)

Company:

	Gross KShs'000	Net KShs'000
Identified impairment:		
31 December 2023		
Grade 3: Substandard	7,653,876	9,504,238
Grade 4: Doubtful	15,821,377	9,409,871
Grade 5: Loss	3,664,307	1,646,147
	27,139,560	20,560,256
31 December 2022		
Grade 3: Substandard	2,127,152	245,603
Grade 4: Doubtful	11,598,822	5,187,317
Grade 5: Loss	5,936,368	3,918,208
	19,662,342	9,351,128
31 December 2021		
Grade 3: Substandard	598,917	499,675
Grade 4: Doubtful	14,628,732	8,217,227
Grade 5: Loss	3,335,493	1,317,334
	18,563,142	10,034,236
Unidentified impairment:		
31 December 2025		
31 December 2024		
Grade 1: Normal	189,021,634	187,302,851
Grade 2: Watch	7,389,398	5,778,612
	196,411,032	193,081,463
31 December 2023		
Grade 1: Normal	195,514,375	194,541,653
Grade 2: Watch	17,368,975	16,136,807
	212,883,350	210,678,460
31 December 2022		
Grade 1: Normal	156,870,933	156,651,727
Grade 2: Watch	21,089,009	18,011,035
	177,959,942	174,662,762
31 December 2021		
Grade 1: Normal	138,494,011	138,017,081
Grade 2: Watch	15,557,819	14,094,326
	154,051,830	152,111,407

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.1 Credit quality analysis - Loans and advances to customers (Continued)

Probability of defaults (PDs) applicable during the year as shown below

2025				
	I&M Kenya		I&M Tanzania	
SECTOR	NORMAL	WATCH	NORMAL	WATCH
Agriculture	0.91%	40.74%	0.96%	0.50%
Manufacturing	0.50%	22.69%	3.42%	6.88%
Building and construction	1.67%	36.50%	3.11%	5.22%
Mining & quarrying	0.74%	34.83%	11.34%	0.50%
Energy & water	1.60%	33.44%	0.50%	0.50%
Wholesale trade & retail trade	1.18%	41.50%	1.92%	3.30%
Tourism, restaurants and hotels	0.92%	39.60%	0.21%	0.50%
Transport & communication	0.80%	38.12%	3.40%	5.96%
Real estate	1.05%	29.31%	3.91%	6.96%
Financial services	0.61%	21.28%	0.50%	0.50%
Personal and household	1.64%	47.79%	0.50%	0.50%
Education	-	-	4%	1%

Impaired loans and securities

Impaired loans and securities are loans for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement(s). These loans are graded 3 (Substandard) to 5 (Loss) in the Group's internal credit risk and grading system.

Loans experiencing significant increase in credit risk

These are loans where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group. These loans are stage 2 (Watch) in the Group's internal credit risk and grading system.

6.4.1.2 Credit quality analysis - Trade receivables

The Group's exposure to trade receivables credit risk is influenced mainly by the individual characteristics of each customer. The Group uses an allowance matrix, using the simplified approach, to measure the lifetime ECLs of trade receivables for customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.2 Credit quality analysis - Trade receivables (Continued)

2025:	Gross KShs'000	Impairment KShs'000	Net KShs'000	Credit impaired
Current	7,886	547	7,339	No
Past due:				
30-90 days	15,257	1,455	13,802	No
91-180 days	11,940	6,393	5,547	Yes
180-360 days	29,014	23,070	5,944	Yes
Over 360 days	43,431	43,431	-	Yes
	107,528	74,896	32,632	

2024:	Gross KShs'000	Impairment KShs'000	Net KShs'000	Credit impaired
Current	16,103	1,236	14,867	No
Past due:				
30-90 days	16,746	1,482	15,264	No
91-180 days	20,566	11,943	8,623	Yes
180-360 days	35,008	25,037	9,971	Yes
Over 360 days	13,976	13,976	-	Yes
	102,399	53,674	48,725	

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.2 Credit quality analysis - Trade receivables (Continued)

2023:	Gross KShs'000	Impairment KShs'000	Net KShs'000	Credit impaired
Current	13,796	1,574	12,222	No
Past due:				
30-90 days	12,984	1,662	11,322	No
91-180 days	14,712	7,118	7,594	Yes
180-360 days	14,540	8,862	5,678	Yes
Over 360 days	21,208	21,208	-	Yes
	77,240	40,424	36,816	

2022:	Gross KShs'000	Impairment KShs'000	Net KShs'000	Credit impaired
Current	19,223	1,778	17,445	No
Past due:				
30-90 days	11,853	1,333	10,520	No
91-180 days	15,084	6,659	8,425	Yes
180-360 days	36,602	15,331	21,271	Yes
Over 360 days	20,470	20,470	-	Yes
	103,232	45,571	57,661	

2021:	Gross KShs'000	Impairment KShs'000	Net KShs'000	Credit impaired
Current	7,572	948	6,624	No
Past due:				
30-90 days	11,470	1,546	9,924	No
91-180 days	11,129	4,926	6,203	Yes
180-360 days	21,011	8,292	12,719	Yes
Over 360 days	17,597	17,597	-	Yes
	68,779	33,309	35,470	

Impairment loss movement on trade receivables

	2025 KShs'000	2024 KShs'000	2023 KShs'000	2022 KShs'000	2021 KShs'000
At 1 January	53,674	40,424	45,571	33,309	23,625
Write offs	-	-	-	(248)	-
Charge for the year	21,222	13,250	(5,147)	12,510	9,684
At 31 December	74,896	53,674	40,424	45,571	33,309

Loss rates are based on actual credit loss experience over the past three years. All trade receivables that are past due over 360 days are considered uncollectible and fully impaired. All financial assets that are contractually 90 days in arrears are automatically classified as impaired under IFRS 9.

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.2 Credit quality analysis - Trade receivables (Continued)

Impairment loss movement on trade receivables (Continued)

The Group therefore is of the view that due to the short term nature of these instruments, the impact of economic conditions is immaterial. Consequently, the impact of forward looking information has not been taken on these financial statements.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes, if they are available; financial statements, credit agency information, industry information and in some cases references from other credible sources. Credit limits are established for each customer and reviewed frequently. Any credit exceeding those limits require approval from the risk management committee.

In addition, the Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of six months for customers. A significant part of the Group's customers have been transacting with the entities.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

6.4.1.3 Credit quality analysis - other assets

The Group has estimated that the ECL for the following financial assets has minimal credit risk as at 31 December 2025. Consequently, the ECL has not been carried in the books of accounts

Group	2025 KShs'000	2024 KShs'000	2023 KShs'000	2022 KShs'000	2021 KShs'000
Balances with central banks (Note 6.16)	16,220,143	19,577,858	20,003,355	12,714,020	13,400,138
Items in the course of collection (Note 6.17)	378,928	669,433	343,983	433,996	654,632
Loans and advances to banks (Note 6.18)	38,684,596	29,055,596	44,341,612	10,981,678	6,005,054
Financial assets at fair value through profit or loss (FVTPL)	-	90,078	738,185	-	-
Financial assets at fair value through other comprehensive income (FVOCI) - Debt instruments	-	-	-	50,034,300	62,538,424
Other financial assets at amortised cost; Government securities	-	-	-	29,058,219	36,142,410
Due from related parties (Note 6.26)	1,520,609	1,588,011	2,947,483	782,325	790,849
	56,804,276	50,980,976	68,374,618	104,004,538	119,531,507

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.3 Credit quality analysis - other assets

Company	2025 KShs'000	2024 KShs'000	2023 KShs'000	2022 KShs'000	2021 KShs'000
Balances with central banks (Note 6.17)	11,625,673	15,399,932	17,138,096	10,595,310	11,150,689
Items in the course of collection (Note 6.18)	376,440	669,433	316,197	433,996	648,914
Loans and advances to banks (Note 6.19)	32,892,301	25,474,262	41,860,158	9,985,263	4,990,799
Financial assets at fair value through profit or loss (FVTPL)		-	538,513	-	-
Financial assets at fair value through other comprehensive income (FVOCI) - Debt instruments (Note 6.22)		-	-	49,622,300	62,838,955
Other financial assets at amortised cost; Government securities (Note 6.22)		-	-	22,655,837	30,605,205
Due from group companies (Note 6.26)	5,878,768	4,147,774	5,172,971	1,009,654	839,071
	50,773,182	45,691,401	65,025,935	94,302,360	111,073,633

6.4.1.4 Collateral and other security enhancements

The Group holds collaterals against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimate of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowings activity. Collateral usually is not held against investment securities, and no such collateral was held at 31 December 2025, 2024, 2023, 2022 and 2021.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

Loans and advances to customers Group	2025 KShs'000	2024 KShs'000	2023 KShs'000	2022 KShs'000	2021 KShs'000
Fair value of collateral held - against impaired loans	20,493,232	24,479,681	23,665,460	11,518,618	11,030,430
Company					
Fair value of collateral held - against impaired loans	19,885,594	23,005,913	20,560,256	9,351,128	10,034,236

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.4 Collateral and other security enhancements (Continued)

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.

The principal collateral types held by the Group for loans and advances are:

Group maximum credit risk exposure

2025

	Exposure Kshs 000	Physical collateral Kshs 000	Cash collateral Kshs 000	Other Kshs 000	Net exposure Kshs 000
Cash and balances with central banks	16,220,143	-	-	-	16,220,143
Items in the course of collection	378,928	-	-	-	378,928
Financial assets at fair value through other comprehensive income	126,296,763	-	-	-	126,296,763
Financial assets at amortised cost	42,994,227	-	-	-	42,994,227
Financial assets at fair value through profit or loss	-	-	-	-	-
Loans and advances to banks	38,684,596	-	-	-	38,684,596
Other assets	6,269,801	-	-	-	6,269,801
Loans and advances to customers	245,674,847	99,436,943	16,327,525	77,039,053	52,871,326
Credit exposures relating to off-balance sheet items	142,514,378	17,804,030	33,732,252	36,142,829	54,835,267
Due from group companies	1,520,609	-	-	-	1,520,609
	620,554,292	117,240,973	50,059,777	113,181,882	340,071,660

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.4 Collateral and other security enhancements (Continued)

Group maximum credit risk exposure (Continued)

2024

	Exposure Kshs 000	Physical collateral Kshs 000	Cash collateral Kshs 000	Other Kshs 000	Net exposure Kshs 000
Cash and balances with central banks	19,577,858	-	-	-	19,577,858
Items in the course of collection	669,433	-	-	-	669,433
Financial assets at fair value through other comprehensive income	61,481,188	-	-	-	61,481,188
Financial assets at amortised cost	71,889,366	-	-	-	71,889,366
Financial assets at fair value through profit or loss	90,078	-	-	-	90,078
Loans and advances to banks	29,055,596	-	-	-	29,055,596
Other assets	4,801,256	-	-	-	4,801,256
Loans and advances to customers	239,290,323	76,101,455	43,255,369	87,085,679	32,847,820
Credit exposures relating to off- balance sheet items	113,002,254	31,187,450	19,403,235	40,652,532	21,759,037
Due from group companies	1,588,011	-	-	-	1,588,011
	541,445,363	107,288,905	62,658,604	127,738,211	243,759,643

2023

	Exposure KShs'000	Physical collateral KShs'000	Cash collateral KShs'000	Other KShs'000	Net exposure KShs'000
Cash and balances with central banks	24,124,036	-	-	-	24,124,036
Items in the course of collection	343,983	-	-	-	343,983
Financial assets at fair value through other comprehensive income	56,010,179	-	-	-	56,010,179
Financial assets at amortised cost	36,407,474	-	-	-	36,407,474
Financial assets at fair value through profit or loss	738,185	-	-	-	738,185
Loans and advances to banks	44,341,612	-	-	-	44,341,612
Other assets	3,959,856	-	-	-	3,959,856
Loans and advances to customers	259,374,033	83,031,014	39,242,420	80,366,399	56,734,200
Credit exposures relating to off- balance sheet items	121,214,587	34,423,825	17,773,638	38,288,267	30,728,857
Due from group companies	2,947,483	-	-	-	2,947,483
	549,461,428	117,454,839	57,016,058	118,654,666	256,335,865

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.4 Collateral and other security enhancements (Continued)

Company maximum credit risk exposure

2025

	Exposure Kshs 000	Physical collateral Kshs 000	Cash collateral Kshs 000	Other Kshs 000	Net exposure Kshs 000
Cash and balances with Central Bank of Kenya	11,625,673	-	-	-	11,625,673
Items in the course of collection	376,440	-	-	-	376,440
Financial assets at fair value through other comprehensive income	126,076,095	-	-	-	126,076,095
Financial assets at amortised cost	35,172,168	-	-	-	35,172,168
Financial assets at fair value through profit or loss	-	-	-	-	-
Loans and advances to banks	32,892,301	-	-	-	32,892,301
Other assets	5,086,752	-	-	-	5,086,752
Loans and advances to customers	229,252,983	89,707,267	13,648,464	69,610,124	56,287,128
Credit exposures relating to off-balance sheet items	133,699,231	16,941,266	33,602,342	32,227,453	50,928,170
Due from group companies	5,878,768	-	-	-	5,878,768
	580,060,411	106,648,533	47,250,806	101,837,577	324,323,495

2024

	Exposure Kshs 000	Physical collateral Kshs 000	Cash collateral Kshs 000	Other Kshs 000	Net exposure Kshs 000
Cash and balances with Central Bank of Kenya	15,399,932	-	-	-	15,399,932
Items in the course of collection	669,433	-	-	-	669,433
Financial assets at fair value through other comprehensive income	61,278,791	-	-	-	61,278,791
Financial assets at amortised cost	63,003,934	-	-	-	63,003,934
Financial assets at fair value through profit or loss	-	-	-	-	-
Loans and advances to banks	25,474,262	-	-	-	25,474,262
Other assets	4,083,612	-	-	-	4,083,612
Loans and advances to customers	227,355,332	64,482,027	40,181,338	80,251,618	42,440,349
Credit exposures relating to off-balance sheet items	106,283,584	30,143,917	18,783,884	37,515,851	19,839,932
Due from group companies	4,147,774	-	-	-	4,147,774
	507,696,654	94,625,944	58,965,222	117,767,469	236,338,019

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.4 Collateral and other security enhancements (Continued)

Company maximum credit risk exposure (Continued)

2023	Exposure KShs'000	Physical collateral KShs'000	Cash collateral KShs'000	Other KShs'000	Net exposure KShs'000
Cash and balances with Central Bank of Kenya	20,884,419	-	-	-	20,884,419
Items in the course of collection	316,197	-	-	-	316,197
Financial assets at fair value through other comprehensive income	55,710,597	-	-	-	55,710,597
Financial assets at amortised cost	26,878,671	-	-	-	26,878,671
Financial assets at fair value through profit or loss	538,513	-	-	-	538,513
Loans and advances to banks	41,860,158	-	-	-	41,860,158
Other assets	3,481,960	-	-	-	3,481,960
Loans and advances to customers	240,022,910	69,404,882	35,637,497	72,352,079	62,628,452
Credit exposures relating to off-balance sheet items	114,751,754	33,200,071	17,047,323	34,609,873	29,894,487
Due from group companies	5,172,971	-	-	-	5,172,971
	509,618,150	102,604,953	52,684,820	106,961,952	247,366,425

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 6.3.6.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due and or when there are qualitative indicators such as decline in trading activities and change in industry behaviour. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- a quantitative test based on movement in PD;;
- a backstop of 30 days past due is applied; and
- quantitative indicators
- qualitative factors such as change in industry behaviours eg breach in covenants, restructuring and decline in trading activities.

Credit risk grading

Other than for loans and advances to banks and investment securities where the Group relies on internal credit rating models, the Group relies substantially on the prudential guidelines applicable in the market it operates in for credit risk grading that reflect its assessment of the probability of default of individual counterparties.

In addition, the prudential guidelines are supplemented

- by Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Credit risk grading (Continued)

- External data such as credit bureau scoring information on individual borrowers.
- Expert judgement from the Credit Risk Officer to be fed into the final credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.

The following are additional considerations for each type of portfolio held by the Group:

Customer loans and advances

After the date of initial recognition, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural score. Any other known information about the borrower which impacts their creditworthiness. A relationship manager will also incorporate any updated or new information/credit assessments into the credit system on an ongoing basis.

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for loans and advances. The Group collects performance and default information about its credit risk exposures analysed by country and borrower as well as by credit risk grading.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include: GDP growth, benchmark interest rates and exchange rate.

Based on advice from the Risk Committees and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Group then uses these forecasts to adjust its estimates of PDs.

The Group has applied a simpler methodology (lifetime ECL) for its other exposures including lease receivables and trade receivables.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 6.3.6.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Modified financial assets (Continued)

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired /in default. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

During the year, the Group has offered various forms of assistance to customers. The assistance included arrangements such as temporary deferral of principal and interest repayments, replacing principal and interest with interest only repayments, and extension of loan maturity dates. Refer to Key Judgements and Estimates in this Note for details of the impact of deferrals when determining if there has been a Significant Increase in Credit Risk (SICR).

The loan repayment deferral package is considered to be a loan modification under IFRS 9. This either results in the loan being derecognised and replaced with a new loan (substantial modification) or the existing loan continuing to be recognised (non-substantial modification).

The table below shows the outstanding balance as at 31 December 2025 of all loans that have been modified (both substantial and non-substantial modifications):

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Modified financial assets (Continued)

Group Assistance package category	2025 KShs'000	2024 KShs'000	2023 KShs'000	2022 KShs'000	2021 KShs'000
Loan deferral package					
Corporate & Institutional Banking	1,075,829	251,271	7,300,099	13,232,262	14,946,819
Business Banking	444,602	252,659	448,557	857,610	2,431,778
Premium Banking	45,800	53,026	133,397	49,220	247,053
Personal Banking	17,163	10,016	1,762	36,354	21,667
Interest only					
Corporate & Institutional Banking	220,270	1,187,123	1,526,728	4,177,293	28,641
Business Banking	122,981	34,582	445,561	405,473	-
Premium Banking	147,233	-	52,613	74,753	-
Personal Banking	49,552	-	12,014	-	-
Term extensions					
Corporate & Institutional Banking	3,422,510	1,951,681	1,038,168	4,045,400	-
Business Banking	130,152	62,546	157,839	58,013	-
Premium Banking	34,343	-	3,246	-	-
Personal Banking	6,159	-	-	-	-
Total					
Corporate & Institutional Banking	4,718,609	3,390,075	9,864,995	21,454,955	14,975,460
Business Banking	697,735	349,787	1,051,957	1,321,096	2,431,778
Premium Banking	227,376	53,026	189,256	123,973	247,053
Personal Banking	72,874	10,016	13,776	36,354	21,667
	5,716,594	3,802,904	11,119,984	22,936,378	17,675,958

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Modified financial assets (Continued)

Company Assistance package category	2025 KShs'000	2024 KShs'000	2023 KShs'000	2022 KShs'000	2021 KShs'000
Loan deferral package					
Corporate & Institutional Banking	1,075,829	251,271	7,249,472	11,806,015	13,622,625
Business Banking	444,602	252,659	448,557	857,610	2,431,778
Premium Banking	45,800	53,026	133,397	49,220	247,053
Personal Banking	17,163	10,016	1,762	36,354	21,667
Interest only					
Corporate & Institutional Banking	220,270	1,187,123	1,526,728	4,146,444	-
Business Banking	122,981	34,582	445,561	405,473	-
Premium Banking	147,233	-	52,613	74,753	-
Personal Banking	49,552	-	12,014	-	-
Term extensions					
Corporate & Institutional Banking	1,483,678	12,849	1,038,168	4,045,400	-
Business Banking	130,152	62,546	157,839	58,013	-
Premium Banking	34,343	-	3,246	-	-
Personal Banking	6,159	-	-	-	-
Total					
Corporate & Institutional Banking	2,779,777	1,451,243	9,814,368	19,997,859	13,622,625
Business Banking	697,735	349,787	1,051,957	1,321,096	2,431,778
Premium Banking	227,376	53,026	189,256	123,973	247,053
Personal Banking	72,874	10,016	13,776	36,354	21,667
	3,777,762	1,864,072	11,069,357	21,479,282	16,323,123

If the terms of a financial asset are modified or an existing financial asset is replaced with a new one for either credit or commercial reasons, an assessment is made to determine if the changes to the terms of the existing financial asset are considered substantial. This assessment considers both changes in cash flows arising from the modified terms as well as changes in the overall instrument risk profile; for example, changes in the principal (credit limit), term, or type of underlying collateral. Where a modification is considered non-substantial, the existing financial asset is not derecognised and its date of origination continues to be used to determine SICR. Where a modification is considered substantial, the existing financial asset is derecognised and a new financial asset is recognised at its fair value on the modification date, which also becomes the date of origination used to determine SICR for this new asset.

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative - e.g. breaches of covenant;
- quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

Incorporation of forward-looking information

For banking subsidiaries, the Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the respective countries' Assets and Liabilities Committee (ALCO) and consideration of a variety of external actual and forecast information, the banking subsidiaries formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios.

This process involves developing two additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Bank operates, supranational organisations such as the International Monetary Fund (IMF), World Bank and selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the banking subsidiaries carry out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The banking subsidiaries have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Incorporation of forward-looking information (Continued)

In each country, the Banking Industry non-performing loans (NPL%) was a reasonable approximation to the default risk. The correlation between the Banking Industry non-performing loans (NPL%) with the macroeconomic factors was then inferred to the Bank's predicated Probabilities of Default.

Further, in determining the economic scenarios to be applied, each of the economic variable was adjusted either upside or downside using the historical standard deviation.

In determining the likelihood of each of the macroeconomic scenarios based on sectors, a weighting of 50% (base case), 20% (upside case) and 30% (downside case) was applied for Kenya.

The macro-economic model is based on a statistical modelling approach that employs a beta regression technique. The dependent variable in the regression is the bank's historical yearly NPL rates at a sector-level, and the independent variables are the country's historical macro-economic variables data. The macro-economic data series consists of both the historical data series as well as the forecasted macro-economic variables within a period of 10 years. Expected relationships between the macro-economic variables and the NPL experience are defined, and only macro-economic variables meeting these defined relationships are selected for the additional statistical tests which are carried out.

In selecting the macro-economic variables to be used, various tests are carried out to ensure the variables selected have the strongest link to the credit experience of the bank. Some of the statistical tests employed in the variable selection include:

- Correlation Test
- Time Series Test
- Multi-Collinearity Test
- Univariate Beta Regression p-value test
- Lasso Regression
- Boruta Feature Selection and
- Recursive Feature Elimination

Selection of the macro-economic variables to be used is an iterative process, and one of the first tests is selecting variables that pass the stationarity test. A stationary variable is one whose statistical properties such as mean, variance, autocorrelation, etc. are all constant over time.

The model also assesses the correlation between the bank's historical sector-level NPLs and each observed macroeconomic variable (the variables that passed the time series test). The model identifies a selection of macroeconomic variables based on correlation with historic NPL rates. Variables which are highly correlated with the historical NPLs, and also meet the expected economic relationship are included in the subsequent tests.

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Incorporation of forward-looking information (Continued)

Multicollinearity tests (where two or more predictor variables are highly correlated) are also carried out, and highly correlated variables are dropped out. This ensures that the model includes only variables that contribute unique information. The model subsequently applies univariate Beta regression p-value testing on the variables which pass the above tests. Variables with P-values of less than 5% are used, since this indicates that the macro-economic variable has a significant impact on the NPL experience. Several statistical iterations, including Lasso Regression and Boruta Feature Selection, are applied to inform the final macro-economic variables that are applied. Once the final macro-economic variables for each sector are selected, adjustment factors are calculated, and these adjustment factors are applied to the PDs.

For I&M Bank Kenya, the economic scenarios used as at 31 December 2025 included the following ranges of key indicators based on sectors;

Kenya			
Agriculture			
Selected Macro-economic Variables	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Government_domestic_debt_per_capita Savings Total_government_debt_USD	100%	96.0%	104.2%
Building & Construction			
Selected Macro-economic Variables	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Total_revenue Savings Exports_of_goods_and_services Exports_of_goods_and_services_per_capita	100%	98.4%	101.6%
Financial Services			
Selected Macro-economic Variables	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Net_exports_of_goods_services_per_capita Lending_rate Goods_and_services_exports	100%	92.64%	107.93%

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Incorporation of forward-looking information (Continued)

Mining & Quarrying	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Selected Macro-economic Variables			
Lending_rate_ave Lending_rate_eop Exports_of_goods_and_services_per_capita	100%	96.82%	103.28%
Transport & Communication	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Selected Macro-economic Variables			
Real_GDP_per_capita Foreign_reserves_ex_gold Consumer_price_index_inflation_eop	100%	99.35%	100.66%
Wholesale & Retail	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Selected Macro-economic Variables			
Government_domestic_debt_per_capita_LCU Real_GDP_per_capita_LCU_chg	100%	99.37%	100.64%
Energy & water	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Selected Macro-economic Variables			
Lending_rate_ave M1_LCU_chg_yoy Lending_rate_eop Exports_of_goods_and_services_LCU	100%	84.69%	117.68%
Manufacturing	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Selected Macro-economic Variables			
Lending_rate_eop Real_GDP_per_capita_LCU_chg Nominal_Effective_Exchange_Rate	100%	98.34%	101.68%

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Incorporation of forward-looking information (Continued)

Real estate			
Selected Macro-economic Variables	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Lending_rate_eop Savings_LCU_chg Import_price_index_chg Total_government_debt_USD_chg	100%	95.55%	104.59%
Tourism			
Selected Macro-economic Variables	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Goods_and_services_exports_USD_chg_yoy Total_revenue_LCU_chg_yoy Total_revenue_USD_chg_yoy	100%	95.85%	104.32%
Personal			
Selected Macro-economic Variables	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Consumer_price_index_inflation Real_GDP_per_capita_LCU_chg_yoy Consumer_price_index_inflation_eop_chg_yoy M3_USD_chg_yoy	100%	99.35%	100.66%

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Incorporation of forward-looking information (Continued)

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on PD, EAD and LGD vary by financial instrument.

For I&M Bank (T) Limited, the economic scenarios used as at 31 December 2025 included the following ranges of key indicators based on sectors;

TANZANIA 2025				
	Coefficient/ Sensitivity	Base %	Upside %	Downside %
Macro-Economic Variable				
Weighting		50	20	30
Agriculture				
Short-term debt	2.8879	5	3	8
Constant rate	-2.4339			
Trade				
Imports of goods and services	-6.40657	-3.203	-1.922	-4.164
Consumption real growth	46.8542	23.427	14.056	35.279
Domestic demand per capita	-21.2379			
Constant rate				
Mining and Quarrying				
Exchange Rate	22.94062	11.47	6.882	17.205
Government final consumption per capita	-41.9211	-	-	-31.337
Constant rate	0.080128			
Transport and Communication				
Consumption real growth	66.43588	33.218	19.931	49.851
Exchange rate	23.5081	11.754	7.052	17.631
Constant rate	-5.5264			
Financial Services				
Exchange rate	21.48208	10.741	6.445	16.112
Services exports	-9.1752	-4.588	-2.753	-6.878
Exports of goods and services	8.4395	4.22	2.532	6.33
Constant rate	-2.42129			
Tourism, Tourism and Hotels				
Exchange rate	29.56743	14.784	8.87	22.15
Imports of goods and services per capita	3.570228	1.785	1.071	2.678
Constant rate	-2.32501			
Building and Construction				
Exchange rate	56.98501	28.493	17.096	42.74
Domestic demand per capita	32.34203	16.171	9.703	24.257
Nominal GDP per capita	-26.3334	-	-5.267	-26.667
Constant rate	-1.62186			

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Incorporation of forward-looking information (Continued)

TANZANIA 2025				
	Coefficient/ Sensitivity	Base %	Upside %	Downside %
Macro-Economic Variable				
Weighting		50	20	30
Real Estate and Housing Loans				
Exchange rate	22.46516	11.233	6.74	16.85
Import price index	7.766131	3.883	2.33	5.849
Exports of goods and services per capita	1.512977	0.756	0.454	1.134
Constant rate	-0.30572			
Manufacturing				
Exchange rates	8.089081	4.045	2.427	6.068
Foreign reserves	-3.06467	-1.532	-0.92	-2.299
Exports of goods and services	-1.40518	-0.703	-0.422	-1.055
Constant rate	-1.94167			
Personal				
Exchange rate	9.590184	4.795	2.878	7.193
Exports of goods and services per capita	-2.68698	-1.343	-0.806	-2.015
Interest payments	2.005518	1.003	0.602	1.505
Constant rate	-1.60014			

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Incorporation of forward-looking information (Continued)

Some sectors did not have an intuitive relationship with macro-economic factors and had weak correlations. These include: Housing, Transport & Communication, Mining & Quarrying, Other Services, Tourism, Agriculture, Education and Hotels & Restaurants. For these sectors, an average adjustment of sectors with intuitive relationship with macroeconomic factors and credit conversion above 40% was used to adjust Historical PDs.

Other Sectors had no historical default rates and historical PDs were noted as 0%. This included Education, Agriculture (Stage 2) and tourism, restaurant and hotels (Stage 2). In view of this, management judgements were applied by taking a minimum PD of 0.05% for purposes of ECL calculation.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors.

Where it is available, market data may also be used to derive the PD for loans and advances to LGD as the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based mainly on the counterparties' collateral and also on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Measurement of ECL (Continued)

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- segment type;
- credit risk grading; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

ECL - Sensitivity analysis

Given current economic uncertainties and the judgment applied to factors used in determining the expected default of borrowers in future periods, expected credit losses reported by the Group should be considered as a best estimate within a range of possible estimates.

The table below illustrates the sensitivity of collectively assessed ECL to key factors used in determining it as at 31st December 2025,2024,2023,2022 and 2021:

	Group		Company	
	ECL KShs'000	Impact KShs'000	ECL KShs'000	Impact KShs'000
2025				
100% upside scenario	3,187,883	(79,712)	2,876,302	(78,457)
100% base scenario	3,261,465	(7,337)	2,947,545	(7,214)
100% downside scenario	3,339,232	72,843	3,026,519	71,760
2024				
100% upside scenario	3,591,854	(23,410)	3,549,037	(29,480)
100% base scenario	3,611,088	(4,177)	3,575,690	(2,827)
100% downside scenario	3,631,632	16,367	3,602,728	24,211
2023				
100% upside scenario	2,194,297	(291,926)	2,143,224	(299,166)
100% base scenario	2,510,050	(27,047)	2,467,827	(25,437)
100% downside scenario	2,855,856	369,634	2,821,380	378,990
2022				
100% upside scenario	3,359,928	(37,676)	3,346,526	(38,183)
100% base scenario	3,380,521	(17,083)	3,367,819	(16,891)
100% downside scenario	3,415,880	18,276	3,403,877	19,168
2021				
100% upside scenario	2,157,525	(19,415)	2,126,662	(22,987)
100% base scenario	2,170,928	(6,012)	2,143,362	(6,287)
100% downside scenario	2,246,404	(75,504)	2,222,133	(72,484)

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Measurement of ECL (Continued)

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 6.3.6.

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loans and advances to Customers at amortised cost

Group	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000
Balance at 1 January 2025	1,795,389	1,666,887	8,470,940	11,933,216	207,489,982	10,782,936	32,950,621	251,223,539
Transfer from 12 months ECL (Stage 1)	(95,976)	50,494	45,482	-	(10,998,862)	5,396,975	5,601,887	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	181,444	(328,338)	146,894	-	4,182,860	(5,490,210)	1,307,350	-
Transfer from Lifetime ECL credit impaired (Stage 3)	187,195	30,970	(218,165)	-	532,763	807,861	(1,340,624)	-
Net remeasurement of loss allowance	(459,114)	(22,907)	6,820,862	6,338,841	(6,657,315)	(1,172,001)	2,358,821	(5,470,495)
New financial assets originated or purchased	800,720	154,848	362,775	1,318,343	43,917,651	2,269,383	421,431	46,608,465
Financial assets derecognised	(116,745)	(54,984)	(413,460)	(585,189)	(20,011,522)	(2,345,217)	(3,857,908)	(26,214,647)
Write off	-	-	(5,420,250)	(5,420,250)	-	-	(7,139,398)	(7,139,398)
Translation difference	(2,099)	(8,048)	(19,934)	(30,081)	(311,152)	(57,173)	(33,804)	(402,129)
Balance at 31 December 2025	2,290,814	1,488,922	9,775,144	13,554,880	218,144,405	10,192,554	30,268,376	258,605,335

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loans and advances to Customers at amortised cost (Continued)

Group	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 Month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000	12 Month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000
Balance at 1 January 2024	1,056,288	1,258,540	8,891,524	11,206,352	216,681,479	21,341,922	32,556,984	270,580,385
Transfer from 12 months ECL (Stage 1)	(56,390)	31,291	25,099	-	(11,462,729)	7,826,525	3,636,204	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	256,187	(767,654)	511,467	-	9,941,685	(14,198,882)	4,257,197	-
Transfer from Lifetime ECL credit impaired (Stage 3)	131,110	77,770	(208,880)	-	1,322,287	512,285	(1,834,572)	-
Net remeasurement of loss allowance	68,872	983,830	1,717,177	2,769,879	(12,589,580)	(4,714,020)	(1,179,040)	(18,482,640)
New financial assets originated or purchased	369,635	96,415	507,439	973,489	17,917,260	634,524	566,804	19,118,588
Financial assets derecognised	(24,538)	(5,345)	(84,889)	(114,772)	(11,110,436)	(127,055)	(352,125)	(11,589,616)
Write off	-	-	(2,598,791)	(2,598,791)	-	-	(3,903,013)	(3,903,013)
Translation difference	(5,775)	(7,960)	(289,206)	(302,941)	(3,209,984)	(492,363)	(797,818)	(4,500,165)
Balance at 31 December 2024	1,795,389	1,666,887	8,470,940	11,933,216	207,489,982	10,782,936	32,950,621	251,223,539

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loans and advances to Customers at amortised cost (Continued)

Group	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Balance at 1 January 2023	228,775	3,317,171	11,862,428	15,408,374	172,001,551	23,380,927	23,381,046	218,763,524
Transfer from 12 months ECL (Stage 1)	(28,018)	19,272	8,746	-	(14,492,277)	11,022,631	3,469,646	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	61,266	(261,404)	200,138	-	3,466,784	(16,190,307)	12,723,523	-
Transfer from Lifetime ECL credit impaired (Stage 3)	15,896	18,808	(34,704)	-	169,529	201,843	(371,372)	-
Net remeasurement of loss allowance	528,392	(1,917,527)	6,868,522	5,479,387	22,909,124	3,383,054	4,686,817	30,978,995
New financial assets originated or purchased	254,106	77,472	223,198	554,776	37,210,270	805,097	554,247	38,569,614
Financial assets derecognised	(11,410)	(19,612)	(22,732)	(53,754)	(7,360,517)	(1,681,973)	(887,370)	(9,929,860)
Write off	-	-	(10,626,570)	(10,626,570)	-	-	(11,682,069)	(11,682,069)
Translation difference	7,281	24,360	412,498	444,139	2,777,015	420,650	682,516	3,880,181
Balance at 31 December 2023	1,056,288	1,258,540	8,891,524	11,206,352	216,681,479	21,341,922	32,556,984	270,580,385

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loans and advances to Customers at amortised cost (Continued)

Group	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000
Balance at 1 January 2022	492,037	1,739,504	9,222,767	11,454,308	150,305,669	20,454,590	20,253,197	191,013,456
Transfer from 12 months ECL (Stage 1)	(30,373)	26,698	3,675	-	(12,747,844)	9,852,113	2,895,731	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	200,099	(350,336)	150,237	-	6,556,547	(10,020,361)	3,463,814	-
Transfer from Lifetime ECL credit impaired (Stage 3)	22,590	376,718	(399,308)	-	415,734	1,598,228	(2,013,962)	-
Net remeasurement of loss allowance	(473,410)	1,477,068	4,461,952	5,465,610	13,434,338	1,278,243	551,766	15,264,347
New financial assets originated or purchased	38,649	37,647	162,383	238,679	18,101,050	903,199	181,066	19,185,315
Financial assets derecognised	(21,784)	(9,311)	(230,778)	(261,873)	(4,974,246)	(1,062,470)	(170,442)	(6,207,158)
Write off	-	-	(1,612,436)	(1,612,436)	-	-	(1,910,375)	(1,910,375)
Translation difference	967	19,183	103,936	124,086	910,303	377,385	130,251	1,417,939
Balance at 31 December 2022	228,775	3,317,171	11,862,428	15,408,374	172,001,551	23,380,927	23,381,046	218,763,524

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loans and advances to Customers at amortised cost (Continued)

Group	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000
Balance at 1 January 2021	403,666	1,095,529	10,655,610	12,154,805	134,495,641	19,650,983	22,785,145	176,931,769
Transfer from 12 months ECL (Stage 1)	(8,684)	8,093	591	-	(7,130,628)	6,869,371	261,257	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	130,380	(378,573)	248,193	-	6,264,390	(9,754,229)	3,489,839	-
Transfer from Lifetime ECL credit impaired (Stage 3)	21,849	421,970	(443,819)	-	57,536	1,368,683	(1,426,219)	-
Net remeasurement of loss allowance	(92,587)	586,886	2,626,388	3,120,687	6,513,004	1,847,132	(624,939)	7,735,197
New financial assets originated or purchased	45,844	6,613	187,772	240,229	14,138,644	863,175	242,698	15,244,517
Financial assets derecognised	(8,649)	(2,652)	-	(11,301)	(4,480,148)	(517,165)	(81)	(4,997,394)
Write off	-	-	(4,104,092)	(4,104,092)	-	-	(4,584,058)	(4,584,058)
Translation difference	218	1,638	52,124	53,980	447,230	126,640	109,555	683,425
Balance at 31 December 2021	492,037	1,739,504	9,222,767	11,454,308	150,305,669	20,454,590	20,253,197	191,013,456

6 Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loans and advances to Customers at amortised cost (Continued)

Company	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000
Balance at 1 January 2025	1,718,783	1,610,786	7,938,387	11,267,956	189,021,634	7,389,398	30,944,300	227,355,332
Transfer from 12 months ECL (Stage 1)	(94,455)	49,028	45,427	-	(9,651,029)	4,273,296	5,377,733	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	161,453	(308,347)	146,894	-	2,720,515	(4,027,864)	1,307,349	-
Transfer from Lifetime ECL credit impaired (Stage 3)	51,140	30,969	(82,109)	-	323,369	800,378	(1,123,747)	-
Net remeasurement of loss allowance	(393,099)	(853,478)	5,530,547	4,283,970	(4,788,431)	(643,376)	703,032	(4,728,775)
New financial assets originated or purchased	639,679	149,318	362,775	1,151,772	24,829,341	621,546	421,430	25,872,317
Financial assets derecognised	(52,197)	(19,816)	(45,386)	(117,399)	(10,040,349)	(660,161)	(2,128,820)	(12,829,330)
Write off	-	-	(4,697,413)	(4,697,413)	-	-	(6,416,561)	(6,416,561)
Balance at 31 December 2025	2,031,304	658,460	9,199,122	11,888,886	192,415,050	7,753,217	29,084,716	229,252,983

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loans and advances to Customers at amortised cost (Continued)

Company	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 MMonth ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000	12 Month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000
Balance at 1 January 2024	972,722	1,232,168	6,579,304	8,784,194	194,884,712	17,998,638	27,139,560	240,022,910
Transfer from 12 months ECL (Stage 1)	(51,089)	26,814	24,275	-	(9,315,002)	5,895,499	3,419,503	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	250,828	(749,608)	498,780	-	8,941,654	(12,871,989)	3,930,335	-
Transfer from Lifetime ECL credit impaired (Stage 3)	50,119	77,770	(127,889)	-	273,451	512,285	(785,736)	-
Net remeasurement of loss allowance	151,025	932,572	2,362,719	3,446,316	(12,585,836)	(4,652,539)	151,532	(17,086,843)
New financial assets originated or purchased	369,635	96,415	507,439	973,489	17,917,260	634,524	566,804	19,118,588
Financial assets derecognised	(24,457)	(5,345)	(84,891)	(114,693)	(11,094,605)	(127,020)	(352,124)	(11,573,749)
Write off	-	-	(1,821,350)	(1,821,350)	-	-	(3,125,574)	(3,125,574)
Balance at 31 December 2024	1,718,783	1,610,786	7,938,387	11,267,956	189,021,634	7,389,398	30,944,300	227,355,332

6 Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loans and advances to Customers at amortised cost (Continued)

Company	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 Month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000	12 Month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000
Balance at 1 January 2023	219,206	3,077,974	10,311,214	13,608,394	156,870,933	21,089,009	19,662,342	197,622,284
Transfer from 12 months ECL (Stage 1)	(27,910)	19,271	8,639	-	(13,530,278)	10,080,220	3,450,058	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	61,265	(261,403)	200,138	-	2,893,085	(14,898,958)	12,005,873	-
Transfer from Lifetime ECL credit impaired (Stage 3)	13,890	18,808	(32,698)	-	38,563	201,843	(240,406)	-
Net remeasurement of loss allowance	464,557	(1,683,359)	5,348,133	4,129,331	23,650,502	1,772,726	2,657,316	28,080,544
New financial assets originated or purchased	252,216	75,781	223,197	551,194	30,624,131	715,370	554,247	31,893,748
Financial assets derecognised	(10,502)	(14,904)	(22,731)	(48,137)	(5,662,224)	(961,572)	(887,370)	(7,511,166)
Write off	-	-	(9,456,588)	(9,456,588)	-	-	(10,062,500)	(10,062,500)
Balance at 31 December 2023	972,722	1,232,168	6,579,304	8,784,194	194,884,712	17,998,638	27,139,560	240,022,910

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loans and advances to Customers at amortised cost (Continued)

Company	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000
Balance at 1 January 2022	476,930	1,463,493	8,528,906	10,469,329	138,494,011	15,557,819	18,563,142	172,614,972
Transfer from 12 months ECL (Stage 1)	(29,188)	26,424	2,764	-	(11,127,782)	9,443,001	1,684,781	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	200,099	(350,336)	150,237	-	5,550,304	(7,577,697)	2,027,393	-
Transfer from Lifetime ECL credit impaired (Stage 3)	22,591	376,716	(399,307)	-	415,734	1,598,228	(2,013,962)	-
Net remeasurement of loss allowance	(467,293)	1,533,340	3,101,976	4,168,023	12,521,624	1,529,254	552,479	14,603,357
New financial assets originated or purchased	37,851	37,647	162,383	237,881	15,991,287	883,840	181,066	17,056,193
Financial assets derecognised	(21,784)	(9,310)	(110,723)	(141,817)	(4,974,245)	(345,436)	(170,442)	(5,490,123)
Write off	-	-	(1,125,022)	(1,125,022)	-	-	(1,162,115)	(1,162,115)
Balance at 31 December 2022	219,206	3,077,974	10,311,214	13,608,394	156,870,933	21,089,009	19,662,342	197,622,284

6 Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loans and advances to Customers at amortised cost (Continued)

Company	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000
Balance at 1 January 2021	382,838	1,066,775	9,540,371	10,989,984	123,850,781	16,636,736	20,177,531	160,665,048
Transfer from 12 months ECL (Stage 1)	(7,903)	7,322	581	-	(5,297,874)	5,040,810	257,064	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	101,731	(349,924)	248,193	-	5,765,154	(9,238,937)	3,473,783	-
Transfer from Lifetime ECL credit impaired (Stage 3)	21,849	169,179	(191,028)	-	27,112	880,820	(907,932)	-
Net remeasurement of loss allowance	(58,732)	566,092	2,373,385	2,880,745	5,896,667	2,336,219	(687,946)	7,544,940
New financial assets originated or purchased	43,919	6,529	184,684	235,132	12,181,109	396,855	218,411	12,796,375
Financial assets derecognised	(6,772)	(2,480)	-	(9,252)	(3,928,938)	(494,684)	-	(4,423,622)
Write off	-	-	(3,627,280)	(3,627,280)	-	-	(3,967,769)	(3,967,769)
Balance at 31 December 2021	476,930	1,463,493	8,528,906	10,469,329	138,494,011	15,557,819	18,563,142	172,614,972

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loan commitments and financial guarantee contracts

Group	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000
Balance at 1 January 2025	240,219	15,839	181,616	437,674	111,627,254	1,101,489	273,511	113,002,254
Transfer from 12 months ECL (Stage 1)	(934)	934	-	-	(288,399)	278,399	10,000	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	2,604	(2,604)	-	-	252,874	(252,874)	-	-
Transfer from Lifetime ECL credit impaired (Stage 3)	6,625	3,000	(9,625)	-	6,625	3,000	(9,625)	-
Net remeasurement of loss allowance	5,659	2,550	(3,431)	4,778	20,552,211	309,530	(14,177)	20,847,564
New financial assets originated or purchased	60,653	4,386	-	65,039	15,674,422	200,129	850	15,875,401
Financial assets derecognised	(51,955)	(13,148)	(5,497)	(70,600)	(6,248,060)	(843,239)	(6,346)	(7,097,645)
Translation difference	(134)	-	-	(134)	(113,196)	-	-	(113,196)
Balance at 31 December 2025	262,737	10,957	163,063	436,757	141,463,731	796,434	254,213	142,514,378

6 Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loan commitments and financial guarantee contracts (Continued)

Group	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000
Balance at 1 January 2024	229,859	20,675	45,288	295,822	118,585,939	2,204,170	424,478	121,214,587
Transfer from 12 months ECL (Stage 1)	(123)	67	56	-	(542,280)	534,764	7,516	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	5,809	(5,809)	-	-	832,167	(839,017)	6,850	-
Transfer from Lifetime ECL credit impaired (Stage 3)	284	-	(284)	-	500	-	(500)	-
Net remeasurement of loss allowance	(12,059)	1,792	135,986	125,719	-	-	-	-
Repayment and other movements	-	-	-	-	(3,263,856)	(628,367)	(129,020)	(4,021,243)
New financial assets originated or purchased	33,614	929	570	35,113	6,875,103	48,964	570	6,924,637
Financial assets derecognised	(16,447)	(961)	-	(17,408)	(9,917,947)	(209,623)	(36,383)	(10,163,953)
Translation difference	(718)	(854)	-	(1,572)	(942,372)	(9,402)	-	(951,774)
Balance at 31 December 2024	240,219	15,839	181,616	437,674	111,627,254	1,101,489	273,511	113,002,254

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loan commitments and financial guarantee contracts (Continued)

Group	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 Month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000	12 Month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000
Balance at 1 January 2023	66,012	23,821	60,188	150,021	82,295,522	3,181,629	449,563	85,926,714
Transfer from 12 months ECL (Stage 1)	(1,548)	1,506	42	-	(2,340,457)	2,058,512	281,945	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	10,172	(10,859)	687	-	1,523,882	(1,558,177)	34,295	-
Transfer from Lifetime ECL credit impaired (Stage 3)	4,025	-	(4,025)	-	7,000	-	(7,000)	-
Net remeasurement of loss allowance	105,366	14,104	(123)	119,347	5,303,428	(360,427)	(60,189)	4,882,812
New financial assets originated or purchased	60,476	1,412	-	61,888	43,053,051	60,666	25,169	43,138,886
Financial assets derecognised	(14,757)	(10,419)	(11,481)	(36,657)	(12,458,999)	(1,179,685)	(299,305)	(13,937,989)
Translation difference	113	1,110	-	1,223	1,202,512	1,652	-	1,204,164
Balance at 31 December 2023	229,859	20,675	45,288	295,822	118,585,939	2,204,170	424,478	121,214,587

6 Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loan commitments and financial guarantee contracts (Continued)

Group	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000
Balance at 1 January 2022	229,388	12,168	-	241,556	87,129,055	608,689	124,131	87,861,875
Transfer from 12 months ECL (Stage 1)	(28,689)	6,594	22,095	-	(3,233,509)	2,858,436	375,073	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	8	(8)	-	-	382,059	(382,059)	-	-
Transfer from Lifetime ECL credit impaired (Stage 3)	-	-	-	-	95,030	-	(95,030)	-
Net remeasurement of loss allowance	(100,222)	4,310	37,241	(58,671)	6,700,980	(121,802)	54,335	6,633,513
New financial assets originated or purchased	224	231	852	1,307	1,410,237	221,931	20,154	1,652,322
Financial assets derecognised	(34,700)	(7)	-	(34,707)	(10,761,875)	(7,036)	(29,100)	(10,798,011)
Translation difference	3	533	-	536	573,545	3,470	-	577,015
Balance at 31 December 2022	66,012	23,821	60,188	150,021	82,295,522	3,181,629	449,563	85,926,714

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loan commitments and financial guarantee contracts (Continued)

Group	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Balance at 1 January 2021	107,666	53,657	24,969	186,292	75,861,785	3,312,438	729,448	79,903,671
Transfer from 12 months ECL (Stage 1)	2,373	(2,373)	-	-	(305,636)	186,097	119,539	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	50,832	(50,832)	-	-	3,168,938	(3,168,938)	-	-
Transfer from Lifetime ECL credit impaired (Stage 3)	14,524	-	(14,524)	-	698,462	-	(698,462)	-
Net remeasurement of loss allowance	92	11,730	-	11,822	214,315	286,429	(2,909)	497,835
New financial assets originated or purchased	67,066	5	-	67,071	17,617,891	14,574	7,500	17,639,965
Financial assets derecognised	(13,456)	(359)	(10,445)	(24,260)	(10,433,404)	(24,055)	(30,985)	(10,488,444)
Translation difference	291	340	-	631	306,704	2,144	-	308,848
Balance at 31 December 2021	229,388	12,168	-	241,556	87,129,055	608,689	124,131	87,861,875

6. Notes to the consolidated financial statements (Continued)

6.4. Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loan commitments and financial guarantee contracts (Continued)

Company

Company	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000	12 month ECL (Stage 1) KShs'000	Lifetime ECL not credit impaired (Stage 2) KShs'000	Lifetime ECL credit impaired (Stage 3) KShs'000	Total KShs'000
Balance at 1 January 2025	233,117	15,831	181,616	430,564	104,908,585	1,101,488	273,511	106,283,584
Transfer from 12 months ECL (Stage 1)	(934)	934	-	-	(288,399)	278,399	10,000	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	2,604	(2,604)	-	-	252,874	(252,874)	-	-
Transfer from Lifetime ECL credit impaired (Stage 3)	6,625	3,000	(9,625)	-	6,625	3,000	(9,625)	-
Net remeasurement of loss allowance	13,436	2,550	(3,431)	12,555	23,436,340	309,530	(14,177)	23,731,693
New financial assets originated or purchased	51,154	4,386	-	55,540	10,580,620	200,129	850	10,781,599
Financial assets derecognised	(51,955)	(13,148)	(5,498)	(70,601)	(6,248,060)	(843,239)	(6,346)	(7,097,645)
Balance at 31 December 2025	254,047	10,949	163,062	428,058	132,648,585	796,433	254,213	133,699,231

6. Notes to the consolidated financial statements (Continued)

6.4. Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loan commitments and financial guarantee contracts (Continued)

Company	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Balance at 1 January 2024	228,452	9,049	45,288	282,789	112,186,947	2,140,329	424,478	114,751,754
Transfer from 12 months ECL (Stage 1)	(123)	67	56	-	(542,280)	534,764	7,516	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	5,809	(5,809)	-	-	832,167	(839,017)	6,850	-
Transfer from Lifetime ECL credit impaired (Stage 3)	284	-	(284)	-	500	-	(500)	-
Net remeasurement of loss allowance	(18,472)	12,556	135,986	130,070	(4,525,905)	(573,929)	(129,020)	(5,228,854)
New financial assets originated or purchased	33,614	929	570	35,113	6,875,103	48,964	570	6,924,637
Financial assets derecognised	(16,447)	(961)	-	(17,408)	(9,917,947)	(209,623)	(36,383)	(10,163,953)
Balance at 31 December 2024	233,117	15,831	181,616	430,564	104,908,585	1,101,488	273,511	106,283,584

6. Notes to the consolidated financial statements (Continued)

6.4. Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loan commitments and financial guarantee contracts (Continued)

Company	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Balance at 1 January 2023	65,980	21,549	60,188	147,717	75,743,608	3,172,629	449,563	79,365,800
Transfer from 12 months ECL (Stage 1)	(1,548)	1,506	42	-	(2,340,457)	2,058,512	281,945	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	10,172	(10,859)	687	-	1,523,882	(1,558,177)	34,295	-
Transfer from Lifetime ECL credit impaired (Stage 3)	4,025	-	(4,025)	-	7,000	-	(7,000)	-
Net remeasurement of loss allowance	104,102	5,858	(123)	109,837	6,658,862	(413,616)	(60,189)	6,185,057
New financial assets originated or purchased	60,476	1,412	-	61,888	43,053,051	60,666	25,169	43,138,886
Financial assets derecognised	(14,755)	(10,417)	(11,481)	(36,653)	(12,458,999)	(1,179,685)	(299,305)	(13,937,989)
Balance at 31 December 2023	228,452	9,049	45,288	282,789	112,186,947	2,140,329	424,478	114,751,754

6. Notes to the consolidated financial statements (Continued)

6.4. Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loan commitments and financial guarantee contracts (Continued)

Company	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Balance at 1 January 2022	229,359	437	-	229,796	79,687,003	563,669	124,131	80,374,803
Transfer from 12 months ECL (Stage 1)	(28,689)	6,594	22,095	-	(3,233,509)	2,858,436	375,073	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	8	(8)	-	-	382,059	(382,059)	-	-
Transfer from Lifetime ECL credit impaired (Stage 3)	-	-	-	-	95,030	-	(95,030)	-
Net remeasurement of loss allowance	(100,222)	14,300	37,241	(48,681)	8,164,663	(82,312)	54,335	8,136,686
New financial assets originated or purchased	224	231	852	1,307	1,410,237	221,931	20,154	1,652,322
Financial assets derecognised	(34,700)	(5)	-	(34,705)	(10,761,875)	(7,036)	(29,100)	(10,798,011)
Balance at 31 December 2022	65,980	21,549	60,188	147,717	75,743,608	3,172,629	449,563	79,365,800

6. Notes to the consolidated financial statements (Continued)

6.4. Financial risk management (Continued)

6.4.1 Credit risk (Continued)

6.4.1.5 Amounts arising from ECL (Continued)

Loan commitments and financial guarantee contracts (Continued)

Company	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Balance at 1 January 2021	91,755	51,195	24,967	167,917	68,561,689	3,261,402	729,448	72,552,539
Transfer from 12 months ECL (Stage 1)	(187)	187	-	-	(446,603)	327,064	119,539	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	50,832	(50,832)	-	-	3,168,938	(3,168,938)	-	-
Transfer from Lifetime ECL credit impaired (Stage 3)	14,524	-	(14,524)	-	698,462	-	(698,462)	-
Net remeasurement of loss allowance	29,106	242	-	29,348	(638,657)	153,622	(2,909)	(487,944)
New financial assets originated or purchased	56,411	5	-	56,416	14,000,581	14,574	7,500	14,022,655
Financial assets derecognised	(13,082)	(360)	(10,443)	(23,885)	(5,657,407)	(24,055)	(30,985)	(5,712,447)
Balance at 31 December 2021	229,359	437	-	229,796	79,687,003	563,669	124,131	80,374,803

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.2 Liquidity risk

The definition of liquidity risk is the risk that the Group is unable to meet its obligations as they fall due as a result of a sudden, and potentially protracted, increase in net cash outflows. Such outflows would deplete available cash resources for customer lending, trading activities and investments.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by Asset and Liabilities Committee. The Asset and Liabilities Committee (ALCO) also monitors the liquidity gap and at first instance would source funds from market using interbank borrowings and as a last resort, use repo and reverse repo arrangements with the central banks. The Group had an undrawn intraday liquidity facility of KShs 10.6 billion (2024: KShs 6.8 billion) with central banks. The Group has also arranged for long term funding as disclosed under Note 32 and Note 33.

The liquidity ratios at the reporting date and during the reporting period (based on month end ratios) were as follows:

	Kenya					Tanzania				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
At 31 December	55%	47%	39%	39%	48%	31%	35%	29%	26%	31%
Average for the period	53%	44%	42%	42%	47%	29%	31%	35%	29%	27%
Highest for the period	56%	50%	47%	47%	49%	31%	38%	27%	32%	32%
Lowest for the period	47%	37%	39%	39%	44%	24%	25%	23%	24%	24%

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at 31st December 2025, 2024, 2023, 2022 and 2021. The amounts are gross and undiscounted.

Deposits from customers represent transactional accounts, savings accounts, call and fixed deposit balances, which past experience has shown to be stable and usually rolled forward or renewed upon maturity.

6. Notes to the consolidated financial statements (Continued)

6.4. Financial risk management (Continued)

6.4.2 Liquidity risk (Continued)

Group 31 December 2025	Contractual cash flows						Carrying Value KShs'000
	Within 1 month KShs'000	Due within 1-3 months KShs'000	Due between 3- 12 months KShs'000	Due between 1-5 years KShs'000	Due after 5 years KShs'000	Total KShs'000	
Financial assets							
Cash and balances with central banks	21,497,288	1,290	-	-	-	21,498,578	21,498,578
Items in the course of collection	-	378,927	-	-	-	378,927	378,928
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	1,493,460	13,812,574	21,192,894	127,918,049	164,416,977	126,296,763
Financial assets at amortised cost	1,148,135	5,032,493	8,963,026	21,903,918	21,516,104	58,563,676	42,994,227
Loans and advances to banks	14,414,113	22,268,022	1,709,540	-	-	38,391,675	38,684,596
Loans and advances to customers	189,058	1,637,019	159,136,389	121,270,687	38,996,780	321,229,933	245,674,847
Financial derivative assets - nominal value	7,383,594	-	-	-	-	7,383,594	7,383,594
Due from related parties	-	1,520,609	-	-	-	1,520,609	1,520,609
	44,632,188	32,331,820	183,621,529	164,367,499	188,430,933	613,383,969	484,432,142
Financial liabilities							
Deposits from banks	2,401,579	18,170,452	-	-	-	20,572,031	20,572,031
Deposits from customers	158,409,601	162,749,517	56,584,189	3,568,764	307,658	381,619,729	380,658,195
Due to related parties	2,221,812	1,696,776	1,346,393	-	-	5,264,981	1,394,787
Other liabilities	1,337,755	6,055,473	519,441	-	-	7,912,669	5,255,530
Long term debt	-	-	24,579	995,422	-	1,020,001	2,419,356
Subordinated debt	-	202,064	1,612,500	4,837,500	-	6,652,064	7,500,059
Contractual off-balance sheet financial liabilities	256,753,494	-	-	-	-	256,753,494	256,753,494
Financial derivative liabilities - nominal value	7,731,607	-	-	-	-	7,731,607	7,731,607
Lease liabilities	66,687	194,457	484,814	2,172,192	205,545	3,123,695	2,419,356
At 31 December 2025	428,922,535	189,068,739	60,571,916	11,573,878	513,203	690,650,271	684,704,415
Liquidity gap as at 31 December 2025	(384,290,347)	(156,736,919)	123,049,613	152,793,621	187,917,730	(77,266,302)	(200,272,273)

6. Notes to the consolidated financial statements (Continued)

6.4. Financial risk management (Continued)

6.4.2 Liquidity risk (Continued)

Group 31 December 2024	Contractual cash flows						Carrying Value KShs'000
	Within 1 month KShs'000	Due within 1-3 months KShs'000	Due between 3-12 months KShs'000	Due between 1-5 years KShs'000	Due after 5 years KShs'000	Total KShs'000	
Financial assets							
Cash and balances with central banks	24,010,511	1,294	-	-	-	24,011,805	24,011,805
Items in the course of collections	669,433	-	-	-	-	669,433	669,433
Financial assets at fair value through profit or loss (FVTPL)	-	90,078	-	-	-	90,078	90,078
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	2,585,073	11,710,181	18,439,095	33,228,295	65,962,644	61,481,188
Financial assets at amortised cost	1,167,810	26,089,729	16,681,939	10,112,895	14,108,190	68,160,563	71,889,366
Loans and advances to banks	4,860,374	19,624,631	4,506,426	-	-	28,991,431	29,055,596
Loans and advances to customers	10,683,297	43,461,508	45,555,442	93,945,851	45,644,225	239,290,323	239,697,121
Financial derivative assets - nominal value	65,427,081	-	-	-	-	65,427,081	65,427,081
Due from related parties	-	4,298,530	-	-	-	4,298,530	1,588,011
	106,818,506	96,150,843	78,453,988	122,497,841	92,980,710	496,901,888	493,909,679
Financial liabilities							
Deposits from banks	1,069,818	26,381,905	-	-	-	27,451,723	27,451,723
Deposits from customers	130,096,042	138,244,082	64,914,783	4,178,432	-	337,433,339	333,043,966
Due to related parties	-	2,533,081	-	-	-	2,533,081	2,533,081
Other liabilities	2,576,916	4,690,956	394,072	-	-	7,661,944	4,662,484
Long term debt	-	-	1,456	209,298	-	210,754	174,742
Subordinated debt	-	3,917,170	-	7,961,493	-	11,878,663	10,485,431
Contractual off-balance sheet financial liabilities	178,429,335	-	-	-	-	178,429,335	178,429,335
Financial derivative liabilities - nominal value	65,057,216	-	-	-	-	65,057,216	65,057,216
Leases	12,027	123	17,433	2,088,601	745,419	2,863,603	2,160,149
At 31 December 2024	377,241,354	175,767,317	65,327,744	14,437,824	745,419	633,519,658	623,998,127
Liquidity gap as at 31 December 2024	(270,422,848)	(79,616,474)	13,126,244	108,060,017	92,235,291	(136,617,770)	(130,088,448)

6. Notes to the consolidated financial statements (Continued)

6.4. Financial risk management (Continued)

6.4.2 Liquidity risk (Continued)

Group 31 December 2023	Contractual cash flows						Carrying value KShs'000
	Within 1 month KShs'000	Due within 1-3 months KShs'000	Due between 3-12 months KShs'000	Due between 1-5 years KShs'000	Due after 5 years KShs'000	Total KShs'000	
Financial assets							
Cash and balances with central banks	25,875,374	1,570	-	-	-	25,876,944	24,124,036
Items in the course of collections	341,828	-	-	-	-	341,828	343,983
Financial assets at fair value through profit or loss (FVTPL)	-	722,704	-	-	-	722,704	738,185
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	580,340	4,227,408	11,296,989	39,694,699	55,799,436	56,010,179
Financial assets at amortised cost	403,892	2,489,793	6,181,622	12,001,653	14,284,685	35,361,645	36,407,474
Loans and advances to banks	47,500,018	144,247	1,007,621	-	-	48,651,886	44,341,612
Loans and advances to customers	37,861,947	26,010,580	39,900,852	86,772,687	66,646,434	257,192,500	259,374,033
Assets held for sale	-	307,501	-	-	-	307,501	307,501
Due from group companies	217,262	5,172,971	-	-	-	5,390,233	2,947,483
	112,200,321	35,429,706	51,317,503	110,071,329	120,625,818	429,644,677	424,594,486
Financial liabilities							
Deposits from banks	830,873	16,643,940	4,797,349	-	-	22,272,162	21,629,821
Deposits from customers	128,238,355	127,180,024	81,327,983	9,805,813	-	346,552,175	341,154,590
Due to group companies	7,144,886	-	-	-	-	7,144,886	4,699,449
Other liabilities	1,133,984	4,100,452	523,449	-	-	5,757,885	5,824,471
Long term debt	-	-	-	247,421	-	247,421	204,921
Subordinated debt	-	-	406,924	5,285,852	10,872,250	16,565,026	12,532,190
Contractual off-balance sheet financial liabilities	-	-	171,552,054	-	-	171,552,054	171,552,054
Capital commitments	-	-	2,406,152	-	-	2,406,152	2,406,152
Leases	41,535	87,868	213,095	1,028,958	360,945	1,732,401	2,098,743
At 31 December 2023	137,389,633	148,012,284	261,227,006	16,368,044	11,233,195	574,230,162	562,102,391
Liquidity gap as at 31 December 2023	(25,189,312)	(112,582,578)	(209,909,503)	93,703,285	109,392,623	(144,585,485)	(137,507,905)

6. Notes to the consolidated financial statements (Continued)

6.4. Financial risk management (Continued)

6.4.2 Liquidity risk (Continued)

Group 31 December 2022	Within 1 month KShs'000	Due within 1-3 months KShs'000	Due between 3-12 months KShs'000	Due between 1- 5 years KShs'000	Due after 5 years KShs'000	Total KShs'000
Financial liabilities						
Deposits from banks	44,389	9,496,131	1,635,846	523,636	-	11,700,002
Deposits from customers	86,121,631	96,322,326	69,983,392	10,007,506	-	262,434,855
Due to group companies	-	1,936,162	-	-	-	1,936,162
Other liabilities	1,770,566	3,467,575	131,139	-	-	5,369,280
Long term debt	-	-	1,444,525	207,382	-	1,651,907
Subordinated debt	-	263,931	-	4,152,930	8,541,988	12,958,849
Contractual off-balance sheet financial liabilities	-	-	128,032,135	-	-	128,032,135
Capital commitments	-	-	1,392,334	-	-	1,392,334
Lease liabilities	32,829	67,044	157,570	620,952	235,305	1,113,700
At 31 December 2022	87,969,415	111,553,169	202,776,941	15,512,406	8,777,293	426,589,224

Group 31 December 2021	Within 1 month KShs'000	Due within 1-3 months KShs'000	Due between 3-12 months KShs'000	Due between 1- 5 years KShs'000	Due after 5 years KShs'000	Total KShs'000
Financial liabilities						
Deposits from banks	329,892	8,453,956	3,040,031	477,529	-	12,301,408
Deposits from customers	73,674,189	93,685,180	82,730,758	3,322,905	102,208	253,515,240
Due to group companies	1,998,418	-	-	-	-	1,998,418
Other liabilities	733,944	2,755,806	150,759	-	-	3,640,509
Long term debt	-	-	1,679,216	2,791,819	-	4,471,035
Subordinated debt	-	69,118	109,897	7,291,709	3,917,819	11,388,543
Contractual off-balance sheet financial liabilities	-	-	109,566,158	-	-	109,566,158
Capital commitments	-	-	2,012,878	-	-	2,012,878
Lease liabilities	42,082	125,526	270,067	1,598,922	395,303	2,431,900
At 31 December 2021	76,778,525	105,089,586	199,559,764	15,482,884	4,415,330	401,326,089

6. Notes to the consolidated financial statements (Continued)

6.4. Financial risk management (Continued)

6.4.2 Liquidity risk (Continued)

Company 31 December 2025	Contractual cash flows						Carrying Value KShs'000
	Within 1 month KShs'000	Due within 1-3 months KShs'000	Due between 3-12 months KShs'000	Due between 1-5 years KShs'000	Due after 5 years KShs'000	KShs'000	
Financial assets							
Cash and balances with central banks	16,197,895	1,290	-	-	-	16,199,185	16,199,185
Items in the course of collection	-	376,440	-	-	-	376,440	376,440
Financial assets at fair value through profit or loss (FVTPL)	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	1,493,460	13,812,574	21,192,894	127,918,049	164,416,977	126,076,095
Financial assets at amortised cost	-	4,145,560	6,798,060	20,905,190	18,115,598	49,964,408	35,172,168
Loans and advances to banks	11,308,352	19,889,619	1,694,330	-	-	32,892,301	32,892,301
Loans and advances to customers	-	-	153,192,765	116,163,584	27,899,150	297,255,499	217,988,489
Financial derivative assets - nominal value	7,383,594	-	-	-	-	7,383,594	7,383,594
Due from related parties	-	5,878,768	-	-	-	5,878,768	5,878,768
	34,889,841	31,785,137	175,497,729	158,261,668	173,932,797	574,367,172	441,967,040
Financial liabilities							
Deposits from banks	2,401,579	15,073,349	-	-	-	17,474,928	17,474,928
Deposits from customers	144,576,919	162,300,509	41,780,108	3,411	-	348,660,947	348,660,947
Due to group companies	1,527,611	-	-	-	-	1,527,611	1,527,611
Other liabilities	973,236	5,563,758	-	-	-	6,536,994	4,279,384
Subordinated debt	-	202,064	1,612,500	4,837,500	-	6,652,064	6,652,064
Contractual off-balance sheet financial liabilities	247,938,347	-	-	-	-	247,938,347	247,938,347
Financial derivative liabilities - nominal value	7,731,607	-	-	-	-	7,731,607	7,731,607
Lease liabilities	46,074	139,463	421,382	1,792,639	23,270	2,422,828	1,909,525
At 31 December 2025	405,195,373	183,279,143	43,813,990	6,633,550	23,270	638,945,326	636,174,413
Liquidity gap as at 31 December 2025	(370,305,532)	(151,494,006)	131,683,739	151,628,118	173,909,527	(64,578,154)	(194,207,373)

6. Notes to the consolidated financial statements (Continued)

6.4. Financial risk management (Continued)

6.4.2 Liquidity risk (Continued)

Company	Contractual cash flows						Carrying Value
	Within 1 month KShs'000	Due within 1-3 months KShs'000	Due between 3-12 months KShs'000	Due between 1-5 years KShs'000	Due after 5 years KShs'000	KShs'000	KShs'000
31 December 2024							
Financial assets							
Cash and balances with central banks	19,395,384	1,294	-	-	-	19,396,678	19,396,678
Items in the course of collection	669,433	-	-	-	-	669,433	669,433
Financial assets at fair value through profit or loss (FVTPL)	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	2,585,073	11,710,181	18,439,095	28,544,442	61,278,791	61,278,791
Financial assets at amortised cost	-	25,187,597	14,479,873	9,097,052	14,239,412	63,003,934	63,003,934
Loans and advances to banks	4,860,374	19,624,631	989,257	-	-	25,474,262	25,474,262
Loans and advances to customers	4,034,573	41,316,069	40,254,340	87,092,059	44,484,187	217,181,228	216,494,174
Financial derivative assets - nominal value	65,427,081	-	-	-	-	65,427,081	65,427,081
Due from related parties	-	4,147,774	-	-	-	4,147,774	4,147,774
Total financial assets	94,386,845	92,862,438	67,433,651	114,628,206	87,268,041	456,579,181	455,892,127
Financial liabilities							
Deposits from banks	1,069,818	23,307,981	-	-	-	24,377,799	24,377,799
Deposits from customers	121,343,807	132,179,552	53,138,311	632,142	-	307,293,812	303,765,965
Due to related parties	2,674,020	-	-	-	-	2,674,020	2,674,020
Other liabilities	1,953,664	1,755,267	-	-	-	3,708,931	3,708,931
Subordinated debt	-	3,917,170	-	7,961,493	-	11,878,663	10,310,689
Contractual off-balance sheet financial liabilities	171,710,665	-	-	-	-	171,710,665	171,710,665
Financial derivative liabilities - nominal value	65,057,216	-	-	-	-	65,057,216	65,057,216
Leases	41	123	372	2,022,438	306,522	2,329,496	1,773,905
At 31 December 2024	363,809,231	161,160,093	53,138,683	10,616,073	306,522	589,030,602	583,379,190
Liquidity gap as at 31 December 2024	(269,422,386)	(68,297,655)	14,294,968	104,012,133	86,961,519	(132,451,421)	(127,487,063)

6. Notes to the consolidated financial statements (Continued)

6.4. Financial risk management (Continued)

6.4.2 Liquidity risk (Continued)

Company	Contractual cash flows						Carrying value KShs'000
	Within 1 month KShs'000	Due within 1-3 months KShs'000	Due between 3-12 months KShs'000	Due between 1-5 years KShs'000	Due after 5 years KShs'000	KShs'000	
31 December 2023							
Financial assets							
Cash and balances with central banks	20,882,848	1,570	-	-	-	20,884,418	20,884,419
Items in the course of collection	316,197	-	-	-	-	316,197	316,197
Financial assets at fair value through profit or loss (FVTPL)	-	538,513	-	-	-	538,513	538,513
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	491,501	4,227,408	11,296,989	39,694,699	55,710,597	55,710,597
Financial assets at amortised cost	-	1,522,297	3,863,279	10,902,740	10,590,355	26,878,671	26,878,671
Loans and advances to banks	45,723,285	-	647,003	-	-	46,370,288	41,860,158
Loans and advances to customers	31,949,365	25,204,496	32,709,207	76,060,854	65,314,794	231,238,716	231,238,716
Assets held for sale	-	307,501	-	-	-	307,501	307,501
Due from group companies	-	5,172,971	-	-	-	5,172,971	5,172,971
Total financial assets	98,871,695	33,238,849	41,446,897	98,260,583	115,599,848	387,417,872	382,907,743
Financial liabilities							
Deposits from banks	830,873	15,379,984	4,797,349	-	-	21,008,206	20,570,517
Deposits from customers	119,022,331	119,691,430	65,978,332	5,647,070	-	310,339,163	305,995,191
Due to group companies	5,106,707	-	-	-	-	5,106,707	5,087,206
Other liabilities	770,066	3,902,771	-	-	-	4,672,837	4,672,837
Subordinated debt	-	-	406,924	5,285,852	10,872,250	16,565,026	12,532,190
Contractual off-balance sheet financial liabilities	-	-	165,089,221	-	-	165,089,221	165,089,221
Capital commitments	-	-	1,634,544	-	-	1,634,544	1,634,544
Leases	19,379	58,757	180,340	964,924	360,945	1,584,345	1,584,345
At 31 December 2023	125,749,356	139,032,942	238,086,710	11,897,846	11,233,195	526,000,049	517,166,051
Liquidity gap as at 31 December 2023	(26,877,661)	(105,794,093)	(196,639,813)	86,362,737	104,366,653	(138,582,177)	(134,258,308)

6. Notes to the consolidated financial statements (Continued)

6.4. Financial risk management (Continued)

6.4.2 Liquidity risk (Continued)

Company 31 December 2022	Within 1 month KShs'000	Due within 1-3 months KShs'000	Due between 3-12 months KShs'000	Due between 1- 5 years KShs'000	Due after 5 years KShs'000	Total KShs'000
Financial liabilities						
Deposits from banks	44,389	7,785,662	1,635,846	523,636	-	9,989,533
Deposits from customers	78,777,481	90,503,951	61,878,216	6,493,677	-	237,653,325
Due to group companies	-	1,936,162	-	-	-	1,936,162
Other liabilities	1,377,885	3,377,767	-	-	-	4,755,652
Long term debt	-	-	914,847	-	-	914,847
Subordinated debt	-	263,931	-	4,152,930	8,541,988	12,958,849
Contractual off-balance sheet financial liabilities	-	-	121,471,221	-	-	121,471,221
Capital commitments	-	-	1,248,365	-	-	1,248,365
Lease liabilities	14,109	42,272	128,116	566,848	235,305	986,650
At 31 December 2022	80,213,864	103,909,745	187,276,611	11,737,091	8,777,293	391,914,604

Company 31 December 2021	Within 1 month KShs'000	Due within 1-3 months KShs'000	Due between 3- 12 months KShs'000	Due between 1-5 years KShs'000	Due after 5 years KShs'000	Total KShs'000
Financial liabilities						
Deposits from banks	329,892	8,052,159	3,040,031	477,529	-	11,899,611
Deposits from customers	68,689,944	88,410,523	74,053,172	243,506	-	231,397,145
Due to group companies	1,780,607	-	-	-	-	1,780,607
Other liabilities	511,684	2,636,809	-	-	-	3,148,493
Long term debt	-	-	1,679,216	941,569	-	2,620,785
Subordinated debt	-	69,118	109,897	7,291,709	3,917,819	11,388,543
Contractual off-balance sheet financial liabilities	-	-	102,079,086	-	-	102,079,086
Capital commitments	-	-	1,619,700	-	-	1,619,700
Lease liabilities	42,082	125,526	270,067	1,598,922	395,303	2,431,900
At 31 December 2021	71,354,209	99,294,135	182,851,169	10,553,235	4,313,122	368,365,870

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spread (not relating to changes in the obligator's/issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments.

All trading instruments are subject to market risk, the risk that the future changes in market conditions may make an instrument less valuable or more onerous. The Group manages its use of trading instruments in response to changing market conditions.

The Board of Directors of the individual Group entities have delegated responsibility for management of Market Risk to their respective Board Risk Committees. Exposure to market risk is formally managed within Risk Limits and Policy Guidelines issued by the Board, on recommendation of the Board Risk Committee. ALCO, a Management Committee is charged with the responsibility of ensuring implementation and monitoring of the risk management framework in line with policy guidelines. The Group is primarily exposed to Interest Rate and Foreign Exchange Risk. The policy guidelines and procedures in place are adequate to effectively manage these risks.

Exposure to interest rate risk

This is the risk of loss from fluctuations in the future cash flows of fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps. A summary of the Group's interest rate gap position reflecting assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates is shown below.

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Exposure to interest rate risk (Continued)

Group 31 December 2025	Within 1 month KShs'000	Due within 1- 3 months KShs'000	Due between 3-12 months KShs'000	Due between 1- 5 years KShs'000	Due after 5 years KShs'000	Non- interest bearing KShs'000	Total KShs'000
ASSETS							
Cash and balances with central banks	-	-	-	-	-	21,498,578	21,498,578
Items in the course of collection	-	-	-	-	-	378,928	378,928
Financial assets at fair value through profit or loss (FVTPL)	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	1,493,461	13,812,532	19,756,626	91,180,984	53,160	126,296,763
Financial assets at amortised cost	-	4,722,288	7,358,040	16,653,988	14,259,911	-	42,994,227
Loans and advances to banks	13,686,758	23,288,298	1,694,330	15,210	-	-	38,684,596
Loans and advances to customers	2,642,772	217,966,935	7,142,990	10,772,263	7,149,887	-	245,674,847
Due from related parties	-	-	-	-	-	1,520,609	1,520,609
Other assets	-	-	-	-	-	6,269,801	6,269,801
31 December 2025	16,329,530	247,470,982	30,007,892	47,198,087	112,590,782	29,721,076	483,318,349
LIABILITIES							
Deposits from banks	2,401,579	18,170,452	-	-	-	-	20,572,031
Deposits from customers	145,700,453	162,744,412	56,170,466	3,136,410	250,129	12,656,325	380,658,195
Due to related parties	-	-	-	-	-	1,394,787	1,394,787
Other liabilities	-	143,631	519,441	-	-	7,011,814	7,674,886
Long term debt	-	-	105,005	742,990	-	-	847,995
Subordinated debt	-	6,652,064	-	-	-	-	6,652,064
31 December 2025	148,102,032	187,710,559	56,794,912	3,879,400	250,129	21,062,926	417,799,958
Interest rate gap	(131,772,502)	59,760,423	(26,787,020)	43,318,687	112,340,653	8,658,150	65,518,391

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Exposure to interest rate risk (Continued)

Group	Within 1 month KShs'000	Due within 1-3 months KShs'000	Due between 3-12 months KShs'000	Due between 1-5 years KShs'000	Due after 5 years KShs'000	Non-interest bearing KShs'000	Total KShs'000
31 December 2024							
ASSETS							
Cash and balances with central banks	-	-	-	-	-	24,011,805	24,011,805
Items in the course of collection	-	-	-	-	-	669,433	669,433
Financial assets at fair value through profit or loss (FVTPL)	-	-	-	90,078	-	-	90,078
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	2,670,130	11,710,181	14,997,420	32,049,386	54,071	61,481,188
Financial assets at amortised cost	1,216,534	26,179,807	16,681,940	13,702,895	14,108,190	-	71,889,366
Loans and advances to banks	4,924,539	22,991,044	989,257	150,756	-	-	29,055,596
Loans and advances to customers	6,648,724	216,302,808	6,271,910	8,165,351	2,308,328	-	239,697,121
Due from related parties	-	-	-	-	-	1,588,011	1,588,011
Other assets	-	-	-	-	-	4,801,256	4,801,256
At 31 December 2024	12,789,797	268,143,789	35,653,288	37,106,500	48,465,904	31,124,576	433,283,854
LIABILITIES							
Deposits from banks	1,069,818	26,381,905	-	-	-	-	27,451,723
Deposits from customers	122,622,252	136,672,350	63,100,639	3,671,733	-	6,976,992	333,043,966
Due to related parties	-	-	-	-	-	2,533,081	2,533,081
Other liabilities	-	623,311	394,072	-	-	5,805,250	6,822,633
Long term debt	-	-	1,396	173,346	-	-	174,742
Subordinated debt	-	10,310,689	-	-	-	-	10,310,689
At 31 December 2024	123,692,070	173,988,255	63,496,107	3,845,079	-	15,315,323	380,336,834
Interest rate gap	(110,902,273)	94,155,534	(27,842,819)	33,261,421	48,465,904	15,809,253	52,947,020

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Exposure to interest rate risk (Continued)

Group	Within 1 month	Due within 1-3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years	Non-interest bearing	Total
31 December 2023	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ASSETS							
Cash and balances with central banks	-	-	-	-	-	24,124,036	24,124,036
Items in the course of collection	-	-	-	-	-	343,983	343,983
Financial assets at fair value through profit or loss (FVTPL)	-	-	538,512	199,673	-	-	738,185
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	491,502	4,227,408	11,296,989	39,834,564	159,716	56,010,179
Financial assets at amortised cost	474,657	2,867,095	6,376,490	12,094,021	14,595,211	-	36,407,474
Loans and advances to banks	20,742,413	22,952,196	647,003	-	-	-	44,341,612
Loans and advances to customers	6,409,562	230,182,547	8,766,944	12,516,972	1,498,008	-	259,374,033
Due from group companies	-	-	-	-	-	2,947,483	2,947,483
Other assets	-	-	-	-	-	3,959,856	3,959,856
At 31 December 2023	27,626,632	256,493,340	20,556,357	36,107,655	55,927,783	31,535,074	428,246,841
LIABILITIES							
Deposits from banks	633,050	16,386,706	4,610,065	-	-	-	21,629,821
Deposits from customers	118,577,701	125,734,082	79,055,148	8,616,707	-	9,170,952	341,154,590
Due to group companies	-	-	-	-	-	4,699,449	4,699,449
Other liabilities	-	197,680	523,449	-	-	5,103,342	5,824,471
Long term debt	-	-	-	204,921	-	-	204,921
Subordinated debt	-	12,532,190	-	-	-	-	12,532,190
At 31 December 2023	119,210,751	154,850,658	84,188,662	8,821,628	-	18,973,743	386,045,442
Interest rate gap	(91,584,119)	101,642,682	(63,632,305)	27,286,027	55,927,783	12,561,331	42,201,399

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Exposure to interest rate risk (Continued)

Group	Within 1 month	Due within 1-3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years	Non-interest bearing	Total
31 December 2022	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ASSETS							
Cash and balances with central banks	-	-	-	-	-	15,966,304	15,966,304
Items in the course of collection	-	-	-	-	-	433,996	433,996
Loans and advances to banks	6,929,725	3,685,199	353,074	13,680	-	-	10,981,678
Loans and advances to customers	1,846,237	184,424,975	4,750,405	8,733,124	3,600,409	-	203,355,150
Financial assets at fair value through profit or loss (FVTPL)	-	-	739,897	1,833,401	12,507,627	-	15,080,925
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	-	-	7,769,661	42,067,566	197,073	50,034,300
Other financial assets at amortised cost	684,290	1,986,517	742,099	19,920,624	5,782,350	-	29,115,880
Due from group companies	-	-	-	-	-	782,325	782,325
Other assets	-	-	-	-	-	3,599,744	3,599,744
31 December 2022	9,460,252	190,096,691	6,585,475	38,270,490	63,957,952	20,979,442	329,350,302
LIABILITIES							
Deposits from banks	44,150	9,128,391	1,571,984	438,189	-	-	11,182,714
Deposits from customers	80,202,531	95,227,213	68,027,598	8,793,942	-	5,590,228	257,841,512
Due to group companies	-	-	-	-	-	1,732,442	1,732,442
Other liabilities	-	89,809	131,139	-	-	5,223,507	5,444,455
Long term debt	-	-	1,392,184	171,759	-	-	1,563,943
Subordinated debt	-	9,800,069	-	-	-	-	9,800,069
31 December 2022	80,246,681	114,245,482	71,122,905	9,403,890	-	12,546,177	287,565,135
Interest rate gap	(70,786,429)	75,851,209	(64,537,430)	28,866,600	63,957,952	8,433,265	41,785,167

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Exposure to interest rate risk (Continued)

Group 31 December 2021	Within 1 month KShs'000	Due within 1-3 months KShs'000	Due between 3-12 months KShs'000	Due between 1-5 years KShs'000	Due after 5 years KShs'000	Non-interest bearing KShs'000	Total KShs'000
ASSETS							
Cash and balances with central banks	-	-	-	-	-	17,539,247	17,539,247
Items in the course of collection	-	-	-	-	-	654,632	654,632
Loans and advances to banks	4,636,155	1,053,561	315,338	-	-	-	6,005,054
Loans and advances to customers	2,041,867	162,636,934	1,786,156	5,422,136	7,672,055	-	179,559,148
Financial assets at fair value through profit or loss (FVTPL)	-	-	197,776	2,334,693	13,400,491	-	15,932,960
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	3,862,212	11,980,177	6,755,714	39,687,589	252,732	62,538,424
Other financial assets at amortised cost	97,112	7,510,181	9,850,343	13,916,738	4,803,506	-	36,177,880
Due from group companies	-	-	-	-	-	790,849	790,849
Other assets	-	-	-	-	-	2,016,943	2,016,943
31 December 2021	6,775,134	175,062,888	24,129,790	28,429,281	65,563,641	21,254,403	321,215,137
LIABILITIES							
Deposits from banks	348,064	8,321,607	2,921,351	399,606	-	-	11,990,628
Deposits from customers	69,089,707	92,620,050	80,418,719	2,919,952	83,096	4,303,143	249,434,667
Due to group companies	-	-	-	-	-	1,792,385	1,792,385
Other liabilities	-	79,596	150,759	-	-	3,410,155	3,640,510
Long term debt	-	-	2,431,625	1,532,425	-	-	3,964,050
Subordinated debt	-	8,924,816	-	-	-	-	8,924,816
31 December 2021	69,437,771	109,946,069	85,922,454	4,851,983	83,096	9,505,683	279,747,056
Interest rate gap	(62,662,637)	65,116,819	(61,792,664)	23,577,298	65,480,545	11,748,720	41,468,081

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Exposure to interest rate risk (Continued)

Company 31 December 2025	Effective interest rate	Within 1 month KShs'000	Due within 1- 3 months KShs'000	Due between 3-12 months KShs'000	Due between 1-5 years KShs'000	Due after 5 years KShs'000	Non-interest bearing KShs'000	Total KShs'000
ASSETS								
Cash and balances with Central Bank of Kenya	-	-	-	-	-	-	16,199,185	16,199,185
Items in the course of collection	-	-	-	-	-	-	376,440	376,440
Financial assets at fair value through profit or loss (FVTPL)	12.4%	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	12.1%	-	1,493,461	13,812,532	19,589,118	91,180,984	-	126,076,095
Financial assets at amortised cost	11.0%	-	4,145,561	6,639,417	14,513,361	9,873,829	-	35,172,168
Loans and advances to banks	4.7%	11,308,354	19,889,617	1,694,330	-	-	-	32,892,301
Loans and advances to customers	11.7%	-	213,264,885	663,319	1,000,822	3,059,463	-	217,988,489
Due from related parties	-	-	-	-	-	-	5,878,768	5,878,768
Other assets	-	-	-	-	-	-	6,416,473	6,416,473
31 December 2025		11,308,354	238,793,524	22,809,598	35,103,301	104,114,276	28,870,866	440,999,919
LIABILITIES								
Deposits from banks	9.5%	2,401,579	15,073,349	-	-	-	-	17,474,928
Deposits from customers	5.3%	144,576,919	162,300,509	41,780,108	3,411	-	-	348,660,947
Due to related parties	-	-	-	-	-	-	1,527,611	1,527,611
Other liabilities	-	-	-	-	-	-	6,188,909	6,188,909
Subordinated debt	8.2%	-	6,652,064	-	-	-	-	6,652,064
31 December 2025		146,978,498	184,025,922	41,780,108	3,411	-	7,716,520	380,504,459
Interest rate gap		(135,670,144)	54,767,602	(18,970,510)	35,099,890	104,114,276	21,154,346	60,495,460

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Exposure to interest rate risk (Continued)

Company 31 December 2024	Effective interest rate	Within 1 month KShs'000	Due within 1- 3 months KShs'000	Due between 3-12 months KShs'000	Due between 1-5 years KShs'000	Due after 5 years KShs'000	Non-interest bearing KShs'000	Total KShs'000
ASSETS								
Cash and balances with Central Bank of Kenya	-	-	-	-	-	-	19,396,678	19,396,678
Items in the course of collection	-	-	-	-	-	-	669,433	669,433
Financial assets measured at fair value through other comprehensive income (FVOCI)	12.1%	-	2,951,470	11,710,181	14,442,296	32,174,844	-	61,278,791
Financial assets at amortised cost	11.0%	-	25,187,597	14,479,873	12,687,053	10,649,411	-	63,003,934
Loans and advances to banks	4.7%	4,860,374	19,624,631	989,257	-	-	-	25,474,262
Loans and advances to customers	11.7%	-	214,157,369	970,808	1,311,559	54,438	-	216,494,174
Due from related parties	-	-	-	-	-	-	4,147,774	4,147,774
Other assets	-	-	-	-	-	-	4,083,612	4,083,612
At 31 December 2024		4,860,374	261,921,067	28,150,119	28,440,908	42,878,693	28,297,497	394,548,658
LIABILITIES								
Deposits from banks	9.5%	1,069,818	23,307,981	-	-	-	-	24,377,799
Deposits from customers	5.3%	120,880,432	130,676,769	51,653,279	555,485	-	-	303,765,965
Due to related parties	-	-	-	-	-	-	2,674,020	2,674,020
Other liabilities	-	-	-	-	-	-	7,061,812	7,061,812
Subordinated debt	8.2%	-	10,310,689	-	-	-	-	10,310,689
At 31 December 2024		121,950,250	164,295,439	51,653,279	555,485	-	9,735,832	348,190,285
Interest rate gap		(117,089,876)	97,625,628	(23,503,160)	27,885,423	42,878,693	18,561,665	46,358,373

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Exposure to interest rate risk (Continued)

Company 31 December 2023	Effective interest rate	Within 1 month KShs'000	Due within 1- 3 months KShs'000	Due between 3-12 months KShs'000	Due between 1-5 years KShs'000	Due after 5 years KShs'000	Non-interest bearing KShs'000	Total KShs'000
ASSETS								
Cash and balances with Central Bank of Kenya	-	-	-	-	-	-	20,884,419	20,884,419
Items in the course of collection	-	-	-	-	-	-	316,197	316,197
Financial assets at fair value through profit or loss (FVTPL)	12.4%	-	-	538,513	-	-	-	538,513
Financial assets measured at fair value through other comprehensive income (FVOCI)	12.1%	-	491,501	4,227,408	11,296,989	39,694,699	-	55,710,597
Financial assets at amortised cost	11.0%	-	1,522,297	3,863,279	10,902,740	10,590,355	-	26,878,671
Loans and advances to banks	4.7%	20,734,336	20,478,819	647,003	-	-	-	41,860,158
Loans and advances to customers	11.7%	-	229,308,709	970,808	904,761	54,438	-	231,238,716
Due from group companies	-	-	-	-	-	-	5,172,971	5,172,971
Other assets	-	-	-	-	-	-	3,481,960	3,481,960
At 31 December 2023		20,734,336	251,801,326	10,247,011	23,104,490	50,339,492	29,855,547	386,082,202
LIABILITIES								
Deposits from banks	9.5%	826,396	15,134,056	4,610,065	-	-	-	20,570,517
Deposits from customers	5.3%	118,567,821	118,330,628	64,134,466	4,962,276	-	-	305,995,191
Due to group companies	-	-	-	-	-	-	5,087,206	5,087,206
Other liabilities	-	-	-	-	-	-	4,672,837	4,672,837
Subordinated debt	8.2%	-	12,532,190	-	-	-	-	12,532,190
At 31 December 2023		119,394,217	145,996,874	68,744,531	4,962,276	-	9,760,043	348,857,941
Interest rate gap		(98,659,881)	105,804,452	(58,497,520)	18,142,214	50,339,492	20,095,504	37,224,261

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Exposure to interest rate risk (Continued)

Company	Effective interest rate	Within 1 month KShs'000	Due within 1-3 months KShs'000	Due between 3-12 months KShs'000	Due between 1-5 years KShs'000	Due after 5 years KShs'000	Non-interest bearing KShs'000	Total KShs'000
31 December 2022								
ASSETS								
Cash and balances with Central Bank of Kenya	-	-	-	-	-	-	12,978,570	12,978,570
Items in the course of collection	-	-	-	-	-	-	433,996	433,996
Loans and advances to banks	1.7%	6,426,222	3,211,505	347,536	-	-	-	9,985,263
Loans and advances to customers	10.4%	-	181,583,198	641,590	732,650	1,056,452	-	184,013,890
Financial assets at fair value through profit or loss (FVTPL)	-	-	-	739,897	1,833,401	12,507,627	-	15,080,925
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	-	-	-	7,769,662	41,852,638	-	49,622,300
Other financial assets at amortised cost	-	-	996,425	-	18,585,998	3,073,414	-	22,655,837
Due from group companies	-	-	-	-	-	-	1,009,654	1,009,654
Other assets	-	-	-	-	-	-	3,338,641	3,338,641
31 December 2022		6,426,222	185,791,128	1,729,023	28,921,711	58,490,131	17,760,861	299,119,076
LIABILITIES								
Deposits from banks	7.4%	44,150	7,661,168	1,571,984	438,189	-	-	9,715,491
Deposits from customers	3.7%	78,476,654	89,474,989	60,148,934	5,706,219	-	-	233,806,796
Due to group companies	-	-	-	-	-	-	1,914,149	1,914,149
Other liabilities	-	-	-	-	-	-	4,755,652	4,755,652
Long term debt	5.1%	-	-	884,444	-	-	-	884,444
Subordinated debt	6.9%	-	9,800,069	-	-	-	-	9,800,069
31 December 2022		78,520,804	106,936,226	62,605,362	6,144,408	-	6,669,801	260,876,601
Interest rate gap		(72,094,582)	78,854,902	(60,876,339)	22,777,303	58,490,131	11,091,060	38,242,475

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Exposure to interest rate risk (Continued)

Company 31 December 2021	Effective interest rate	Within 1 month KShs'000	Due within 1- 3 months KShs'000	Due between 3-12 months KShs'000	Due between 1-5 years KShs'000	Due after 5 years KShs'000	Non-interest bearing KShs'000	Total KShs'000
ASSETS								
Cash and balances with Central Bank of Kenya	-	-	-	-	-	-	13,931,296	13,931,296
Items in the course of collection	-	-	-	-	-	-	648,914	648,914
Loans and advances to banks	1.1%	4,610,973	64,488	315,338	-	-	-	4,990,799
Loans and advances to customers	11.1%	-	159,714,951	641,590	732,650	1,056,452	-	162,145,643
Financial assets at fair value through profit or loss (FVTPL)	-	-	-	197,776	2,334,693	13,400,491	-	15,932,960
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	-	3,862,212	12,533,440	6,755,714	39,687,589	-	62,838,955
Other financial assets at amortised cost	-	-	6,560,580	8,736,270	12,307,556	3,000,799	-	30,605,205
Due from group companies	-	-	-	-	-	-	839,071	839,071
Other assets	-	-	-	-	-	-	1,866,978	1,866,978
31 December 2021		4,610,973	170,202,231	22,424,414	22,130,613	57,145,331	17,286,259	293,799,821
LIABILITIES								
Deposits from banks	5.9%	328,115	7,923,404	2,921,351	399,606	-	-	11,572,476
Deposits from customers	3.7%	68,427,638	87,405,362	71,983,642	213,977	-	-	228,030,619
Due to group companies	-	-	-	-	-	-	1,773,808	1,773,808
Other liabilities	-	-	-	-	-	-	3,148,494	3,148,494
Long term debt	-	-	-	2,431,625	-	-	-	2,431,625
Subordinated debt	12.5%	-	8,924,816	-	-	-	-	8,924,816
31 December 2021		68,755,753	104,253,582	77,336,618	613,583	-	4,922,302	255,881,838
Interest rate gap		(64,144,780)	65,948,649	(54,912,204)	21,517,030	57,145,331	12,363,957	37,917,983

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Exposure to interest rate risk (Continued)

Customer deposits up to three months represent current, savings and call deposit account balances, which past experience has shown to be stable and of a long term nature.

The Group's operations are subject to the risk of interest rate fluctuations to the extent that the interest earning assets (including investments) and interest bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Group's business strategies.

Sensitivity Analysis

A change of 200 basis points in interest rates at the reporting date would have increased/decreased equity and profit or loss by the amounts shown below. The analysis assumes that all other variables in particular foreign currency exchange rates remain constant.

Group		
31 December 2025	Profit or loss	Equity net of tax
	Increase/decrease in basis points ('000)	Increase/decrease in basis points ('000)
200 basis points		
Assets	9,071,945	6,350,362
Liabilities	(7,934,741)	(5,554,319)
Net position	1,137,204	796,043
31 December 2024		
Assets	8,043,186	5,630,230
Liabilities	(7,300,430)	(5,110,301)
Net position	742,756	519,929
31 December 2023		
200 basis points		
Assets	7,934,235	5,553,965
Liabilities	(7,341,434)	(5,139,004)
Net position	592,801	414,961
31 December 2022:		
200 basis points		
Assets	6,167,417	4,317,192
Liabilities	(5,500,379)	(3,850,265)
Net position	667,038	466,927
31 December 2021:		
200 basis points		
Assets	5,999,215	4,199,451
Liabilities	(5,404,827)	(3,783,379)
Net position	594,388	416,072

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Exposure to interest rate risk (Continued)

Company

	Profit or loss Increase/decrease in basis points ('000)	Equity net of tax Increase/decrease in basis points ('000)
31 December 2025		
200 basis points		
Assets	8,242,581	5,769,807
Liabilities	(7,455,759)	(5,219,031)
Net position	786,822	550,776
31 December 2024		
Assets	7,325,023	5,127,516
Liabilities	(6,769,089)	(4,738,362)
Net position	555,934	389,154
31 December 2023		
Assets	7,124,533	4,987,173
Liabilities	(6,781,958)	(4,747,371)
Net position	342,575	239,802
31 December 2022:		
200 basis points		
Assets	5,627,164	3,939,015
Liabilities	(5,084,136)	(3,558,895)
Net position	543,028	380,120
31 December 2021:		
200 basis points		
Assets	5,530,271	3,871,190
Liabilities	(5,019,191)	(3,513,434)
Net position	511,080	357,756

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Currency rate risk

The Group is exposed to currency risk through transactions in foreign currencies. The Group's transactional exposure gives rise to foreign currency gains and losses that are recognised in the profit or loss. In respect of monetary assets and liabilities in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate. The table below analyses the currencies which the Group is exposed to as at 31 December 2025, 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021.

Group

At 31 December 2025	USD KShs'000	GBP KShs'000	EURO KShs'000	Other KShs'000	Total KShs'000
ASSETS					
Cash and balances with central banks	3,956,505	377,113	1,272,830	54,203	5,660,651
Items in the course of collection	32,608	-	1,227	-	33,835
Financial assets at amortised cost	13,174,824	2,595,668	-	-	15,770,492
Loans and advances to banks	35,453,158	2,613,062	1,309,183	512,996	39,888,399
Loans and advances to customers	75,369,770	1,617,300	6,208,783	-	83,195,853
Due from related parties	1,359,448	58,357	3,108	656,647	2,077,560
Other assets	9,656,688	539,139	415,535	646	10,612,008
At 31 December 2025	139,003,001	7,800,639	9,210,666	1,224,492	157,238,798
LIABILITIES					
Deposits from banks	5,545,929	32,706	264,133	34,931	5,877,699
Items in the course of collection	-	-	-	-	-
Deposits from customers	126,671,837	7,975,540	5,257,743	361,206	140,266,326
Other liabilities	2,968,025	11,049	8,508	17,624	3,005,206
Due to related parties	6,652,064	-	-	-	6,652,064
Long-term debt	670,847	-	-	-	670,847
Subordinated debt	8,897,020	550,462	415,737	24,991	9,888,210
At 31 December 2025	151,405,722	8,569,757	5,946,121	438,752	166,360,352
Net on balance sheet position	(12,402,721)	(769,118)	3,264,545	785,740	(9,121,554)
Net notional off balance sheet position	14,900,957	806,284	(3,085,701)	(22,773)	12,598,767
Overall net position - 2025	2,498,236	37,166	178,844	762,967	3,477,213

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Currency rate risk (Continued)

Group (Continued)

At 31 December 2024	USD KShs'000	GBP KShs'000	EURO KShs'000	Other KShs'000	Total KShs'000
ASSETS					
Cash and balances with central banks	6,193,133	548,270	898,446	18,813	7,658,662
Items in the course of collection	28,017	-	-	-	28,017
Financial assets at amortised cost	28,735,227	2,419,483	-	-	31,154,710
Loans and advances to banks	24,731,886	1,662,915	1,737,600	1,314,596	29,446,997
Loans and advances to customers	60,389,876	1,854,867	6,292,994	10,927	68,548,664
Due from group companies	392,174	93,853	-	28,918	514,945
Other assets	11,083,279	500,259	366,427	1,756	11,951,721
At 31 December 2024	131,553,592	7,079,647	9,295,467	1,375,010	149,303,716
LIABILITIES					
Deposits from banks	3,196,889	60,467	567,117	17,502	3,841,975
Deposits from customers	122,349,979	7,276,989	3,703,233	1,178,815	134,509,016
Other liabilities	897,133	13,028	9,552	30,525	950,238
Due to group companies	10,310,689	-	4,920	304	10,315,913
Subordinated debt	9,995,950	393,086	288,630	5,547	10,683,213
At 31 December 2024	146,750,640	7,743,570	4,573,452	1,232,693	160,300,355
Net on balance sheet position	(15,197,048)	(663,923)	4,722,015	142,317	(10,996,639)
Net notional off balance sheet position	16,438,123	765,447	(4,550,700)	(13,691)	12,639,179
Overall net position - 2024	1,241,075	101,524	171,315	128,626	1,642,540

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Currency rate risk (Continued)

Group -(Continued)

At 31 December 2023	USD KShs'000	GBP KShs'000	EURO KShs'000	Other KShs'000	Total KShs'000
ASSETS					
Cash and balances with central banks	7,469,530	692,625	780,784	64,243	9,007,182
Items in the course of collection	59,362	-	862	-	60,224
Financial assets at amortised cost	21,077,972	-	-	-	21,077,972
Loans and advances to banks	36,291,595	3,546,638	1,475,983	56,164	41,370,380
Loans and advances to customers	82,840,687	3,913,010	8,882,860	983	95,637,540
Due from group companies	1,748,371	-	-	-	1,748,371
Other assets	9,159,548	320,026	227,879	24	9,707,477
At 31 December 2023	158,647,065	8,472,299	11,368,368	121,414	178,609,146
LIABILITIES					
Deposits from banks	4,489,451	34,780	581,923	73	5,106,227
Deposits from customers	139,168,269	9,882,906	4,558,750	50,645	153,660,570
Other liabilities	430,879	15,208	10,708	24,108	480,903
Due to group companies	12,532,190	-	-	-	12,532,190
Long-term debt	1,033,398	-	6,265	-	1,039,663
Subordinated debt	6,612,366	342,113	247,780	7,823	7,210,082
At 31 December 2023	164,266,553	10,275,007	5,405,426	82,649	180,029,635
Net on balance sheet position	(5,619,488)	(1,802,708)	5,962,942	38,765	(1,420,489)
Net notional off balance sheet position	4,803,649	1,903,452	(5,908,278)	10,328	809,151
Overall net position - 2023	(815,839)	100,744	54,664	49,093	(611,338)

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Currency rate risk (Continued)

Group (Continued)

At 31 December 2022	USD KShs'000	GBP KShs'000	Euro KShs'000	Other KShs'000	Total KShs'000
ASSETS					
Cash and balances with central banks	3,541,270	293,791	393,439	12,168	4,240,668
Items in the course of collection	53,750	-	260	-	54,010
Loans and advances to banks	4,254,458	743,584	284,633	1,531,686	6,814,361
Loans and advances to customers	78,401,820	2,065,012	4,176,605	4,165	84,647,602
Other financial assets at amortised cost	16,496,172	-	-	-	16,496,172
Due from group companies	597,940	-	-	43,917	641,857
Other assets	5,554,933	86,944	45,824	19,775	5,707,476
At 31 December 2022	108,900,343	3,189,331	4,900,761	1,611,711	118,602,146
LIABILITIES					
Deposits from banks	8,655,533	21,663	88,288	20,908	8,786,392
Deposits from customers	81,196,568	8,304,662	3,255,800	1,485,793	94,242,823
Other liabilities	4,644,141	291,464	209,459	21,650	5,166,714
Long-term debt	2,374,629	-	-	-	2,374,629
Subordinated debt	9,800,069	-	-	-	9,800,069
At 31 December 2022	106,670,940	8,617,789	3,553,547	1,528,351	120,370,627
Net on balance sheet position	2,229,403	(5,428,458)	1,347,214	83,360	(1,768,481)
Net notional off balance sheet position	(4,814,617)	5,432,299	(1,365,683)	11,582	(736,419)
Overall net position - 2022	(2,585,214)	3,841	(18,469)	94,942	(2,504,900)

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Currency rate risk (Continued)

Group (Continued)

At 31 December 2021	USD KShs'000	GBP KShs'000	Euro KShs'000	Other KShs'000	Total KShs'000
ASSETS					
Cash and balances with central banks	5,255,586	2,318,924	890,774	336,308	8,801,592
Items in the course of collection	44,276	-	825	-	45,101
Loans and advances to banks	375,311	-	-	-	375,311
Loans and advances to customers	65,532,149	3,988,648	3,847,242	-	73,368,039
Other financial assets at amortised cost	16,679,027	-	-	-	16,679,027
Due from group companies	44,778	-	-	13,117	57,895
Other assets	434,487	13,253	5,260	18,360	471,360
At 31 December 2021	88,365,614	6,320,825	4,744,101	367,785	99,798,325
LIABILITIES					
Deposits from banks	3,357,433	18,615	81,189	1,601	3,458,838
Deposits from customers	74,937,978	8,254,724	2,644,399	237,693	86,074,794
Other liabilities	2,722,509	18,877	11,285	29,242	2,781,913
Long-term debt	3,811,820	-	-	-	3,811,820
Subordinated debt	8,924,816	-	-	-	8,924,816
At 31 December 2021	93,754,556	8,292,216	2,736,873	268,536	105,052,181
Net on balance sheet position	(5,388,942)	(1,971,391)	2,007,228	99,249	(5,253,856)
Net notional off balance sheet position	3,883,063	1,991,038	(2,031,251)	33,050	3,875,900
Overall net position - 2021	(1,505,879)	19,647	(24,023)	132,299	(1,377,956)

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Currency rate risk (Continued)

Company

At 31 December 2025	USD KShs'000	GBP KShs'000	EURO KShs'000	Other KShs'000	Total KShs'000
ASSETS					
Cash and balances with Central Bank of Kenya	2,159,082	374,452	1,250,767	349	3,784,650
Items in the course of collection	31,444	-	1,227	-	32,671
Financial assets at amortised cost	13,174,824	2,595,668	-	-	15,770,492
Loans and advances to banks	32,177,357	2,522,170	1,233,351	464,550	36,397,428
Loans and advances to customers	58,371,122	1,617,300	6,208,783	-	66,197,205
Due from group companies	1,359,448	58,357	3,108	656,647	2,077,560
Other assets	9,625,411	539,139	415,535	-	10,580,085
At 31 December 2025	116,898,688	7,707,086	9,112,771	1,121,546	134,840,091
LIABILITIES					
Deposits from banks	3,355,384	32,706	264,133	34,931	3,687,154
Deposits from customers	108,273,909	7,890,596	5,170,284	361,206	121,695,995
Other liabilities	-	-	-	-	-
Due to group companies	6,652,064	-	-	-	6,652,064
Long-term debt	-	-	-	-	-
Subordinated debt	8,897,020	550,462	415,737	24,991	9,888,210
At 31 December 2025	127,178,377	8,473,764	5,850,154	421,128	141,923,423
Net on balance sheet position	(10,279,689)	(766,678)	3,262,617	700,418	(7,083,332)
Net notional off balance sheet position	10,166,460	806,284	(3,243,453)	(22,773)	7,706,518
Overall net position - 2025	(113,229)	39,606	19,164	677,645	623,186

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Currency rate risk (Continued)

Company (Continued)

At 31 December 2024	USD	GBP	EURO	Other	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ASSETS					
Cash and balances with Central Bank of Kenya	3,739,699	541,013	884,829	426	5,165,967
Items in the course of collection	24,355	-	-	-	24,355
Financial assets at amortised cost	28,735,227	2,419,483	-	-	31,154,710
Loans and advances to banks	21,323,637	1,577,650	1,644,214	1,273,517	25,819,018
Loans and advances to customers	47,598,190	1,854,867	6,292,994	10,927	55,756,978
Due from group companies	392,174	93,853	-	28,918	514,945
Other assets	11,056,436	500,259	366,427	1,756	11,924,878
At 31 December 2024	112,869,718	6,987,125	9,188,464	1,315,544	130,360,851
LIABILITIES					
Deposits from banks	3,196,889	60,467	567,117	17,502	3,841,975
Deposits from customers	104,531,279	7,192,547	3,605,476	1,178,815	116,508,117
Other liabilities	-	-	-	-	-
Due to group companies	10,310,689	-	4,920	304	10,315,913
Long-term debt	-	-	-	-	-
Subordinated debt	9,995,950	393,086	288,630	5,547	10,683,213
At 31 December 2024	128,034,807	7,646,100	4,466,143	1,202,168	141,349,218
Net on balance sheet position	(15,165,089)	(658,975)	4,722,321	113,376	(10,988,367)
Net notional off balance sheet position	14,506,061	765,447	(4,719,350)	(13,691)	10,538,467
Overall net position - 2024	(659,028)	106,472	2,971	99,685	(449,900)

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Currency rate risk (Continued)

Company (Continued)

At 31 December 2023	USD KShs'000	GBP KShs'000	EURO KShs'000	Other KShs'000	Total KShs'000
ASSETS					
Cash and balances with Central Bank of Kenya	5,129,240	590,928	671,332	-	6,391,500
Items in the course of collection	59,362	-	862	-	60,224
Financial assets at amortised cost	21,077,972	-	-	-	21,077,972
Loans and advances to banks	36,291,595	3,546,638	1,475,983	56,164	41,370,380
Loans and advances to customers	64,472,681	3,913,010	8,882,860	983	77,269,534
Due from group companies	1,748,371	-	-	-	1,748,371
Other assets	9,123,852	320,026	220,249	-	9,664,127
At 31 December 2023	137,903,073	8,370,602	11,251,286	57,147	157,582,108
LIABILITIES					
Deposits from banks	4,489,451	34,780	581,923	73	5,106,227
Deposits from customers	119,795,638	9,795,721	4,452,438	50,645	134,094,442
Due to group companies	12,532,190	-	-	-	12,532,190
Long-term debt	-	-	6,265	-	6,265
Subordinated debt	6,612,366	342,113	247,780	7,823	7,210,082
At 31 December 2023	143,429,645	10,172,614	5,288,406	58,541	158,949,206
Net on balance sheet position	(5,526,572)	(1,802,012)	5,962,880	(1,394)	(1,367,098)
Net notional off balance sheet position	4,803,649	1,903,452	(5,908,278)	10,328	809,151
Overall net position - 2023	(722,923)	101,440	54,602	8,934	(557,947)

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Currency rate risk (Continued)

Company (Continued)

At 31 December 2022	USD KShs'000	GBP KShs'000	Euro KShs'000	Other KShs'000	Total KShs'000
ASSETS					
Cash and balances with Central Bank of Kenya	1,370,213	218,708	337,195	2,213	1,928,329
Items in the course of collection	46,926	-	260	-	47,186
Loans and advances to banks	4,254,458	743,584	284,633	1,531,686	6,814,361
Loans and advances to customers	66,638,256	2,065,012	4,176,605	4,165	72,884,038
Other financial assets at amortised cost	16,496,172	-	-	-	16,496,172
Due from group companies	597,940	-	-	43,917	641,857
Other assets	5,551,499	86,935	45,824	-	5,684,258
At 31 December 2022	94,955,464	3,114,239	4,844,517	1,581,981	104,496,201
LIABILITIES					
Deposits from banks	8,655,533	21,663	88,288	20,908	8,786,392
Deposits from customers	71,458,816	8,236,414	3,196,970	1,485,793	84,377,993
Other liabilities	1,878,024	284,617	213,334	20,566	2,396,541
Long-term debt	888,067	-	-	-	888,067
Subordinated debt	9,800,069	-	-	-	9,800,069
At 31 December 2022	92,680,509	8,542,694	3,498,592	1,527,267	106,249,062
Net on balance sheet position	2,274,955	(5,428,455)	1,345,925	54,714	(1,752,861)
Net notional off balance sheet position	(4,814,617)	5,432,299	(1,365,683)	11,582	(736,419)
Overall net position - 2022	(2,539,662)	3,844	(19,758)	66,296	(2,489,280)

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Currency rate risk (Continued)

Company (Continued)

At 31 December 2021	USD KShs'000	GBP KShs'000	Euro KShs'000	Other KShs'000	Total KShs'000
ASSETS					
Cash and balances with Central Bank of Kenya	3,239,876	2,249,214	838,555	327,066	6,654,711
Items in the course of collection	37,940	-	825	-	38,765
Loans and advances to banks	375,311	-	-	-	375,311
Loans and advances to customers	54,610,311	3,988,648	3,847,242	-	62,446,201
Other financial assets at amortised cost	16,679,027	-	-	-	16,679,027
Due from group companies	44,778	-	-	13,117	57,895
Other assets	431,298	13,245	5,260	-	449,803
At 31 December 2021	75,418,541	6,251,107	4,691,882	340,183	86,701,713
LIABILITIES					
Deposits from banks	3,357,433	18,615	81,189	1,601	3,458,838
Deposits from customers	65,896,998	8,191,359	2,589,779	237,693	76,915,829
Other liabilities	154,318	12,520	14,882	28,236	209,956
Long-term debt	2,431,626	-	-	-	2,431,626
Subordinated debt	8,924,816	-	-	-	8,924,816
At 31 December 2021	80,765,191	8,222,494	2,685,850	267,530	91,941,065
Net on balance sheet position	(5,346,650)	(1,971,387)	2,006,032	72,653	(5,239,352)
Net notional off balance sheet position	3,883,063	1,991,038	(2,031,251)	33,050	3,875,900
Overall net position - 2021	(1,463,587)	19,651	(25,219)	105,703	(1,363,452)

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Currency rate risk (Continued)

Sensitivity analysis

A reasonable possible strengthening or weakening of the USD, GBP, EUR against the Kenya shilling (KShs) would have affected the measurement of financial instruments denominated in foreign currency and effected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates remain constant.

Group:

At 31 December 2025	Profit or loss Strengthening/weakening of currency KShs'000	Equity net of tax Strengthening/weakening of currency KShs'000
USD (± 2.5% movement)	62,456	43,719
GBP (± 2.5% movement)	929	650
EUR (± 2.5% movement)	4,471	3,130
<hr/>		
At 31 December 2024		
USD (± 2.5% movement)	31,027	21,719
GBP (± 2.5% movement)	2,538	1,777
EUR (± 2.5% movement)	4,283	2,998
<hr/>		
At 31 December 2023		
USD (± 2.5% movement)	(20,396)	(14,277)
GBP (± 2.5% movement)	2,519	1,763
EUR (± 2.5% movement)	1,367	957
<hr/>		
31 December 2022:		
USD (± 2.5% movement)	(64,630)	(45,241)
GBP (± 2.5% movement)	96	67
EUR (± 2.5% movement)	(462)	(323)
<hr/>		
31 December 2021:		
USD (± 2.5% movement)	(37,647)	(26,353)
GBP (± 2.5% movement)	491	344
EUR (± 2.5% movement)	(601)	(420)

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.3 Market risk (Continued)

Currency rate risk (Continued)

Sensitivity analysis (Continued)

Company:

At 31 December 2025	Profit or loss Strengthening/ weakening of currency KShs'000	Equity net of tax Strengthening/ weakening of currency KShs'000
USD (± 2.5% movement)	(2,831)	(1,982)
GBP (± 2.5% movement)	990	693
EUR (± 2.5% movement)	479	335
At 31 December 2024		
USD (± 2.5% movement)	(16,476)	(11,533)
GBP (± 2.5% movement)	2,662	1,863
EUR (± 2.5% movement)	74	52
At 31 December 2023		
USD (± 2.5% movement)	(18,073)	(12,651)
GBP (± 2.5% movement)	2,536	1,775
EUR (± 2.5% movement)	1,365	956
31 December 2022:		
USD (± 2.5% movement)	(63,492)	(44,444)
GBP (± 2.5% movement)	96	67
EUR (± 2.5% movement)	(494)	(346)
31 December 2021:		
USD (± 2.5% movement)	(36,590)	(25,613)
GBP (± 2.5% movement)	491	344
EUR (± 2.5% movement)	(630)	(441)

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.4 Capital management

The Group's policy is to maintain a strong capital base so as to maintain regulatory, investor, creditor and market confidence and to sustain future development of business.

The impact of the level of capital of shareholders' return is also recognised in addition to recognizing the need to maintain a balance between the higher returns that may be possible with greater gearing and the advantages and security afforded by sound capital position.

Regulatory capital - Kenya

The Central Bank of Kenya sets and monitors capital requirements for banking industry in Kenya.

The objective of the Central Bank of Kenya is to ensure that a Bank maintains a level of capital which:

- is adequate to protect its depositors and creditors;
- is commensurate with the risks associated with its activities and profile
- promotes public confidence in the Bank.

In implementing current capital requirements, the Central Bank of Kenya requires banks to maintain a prescribed ratio of total capital to total risk-weighted assets. Banks are expected to assess the credit risk, market risk and operational risk of the risk weighted assets to derive the ratios.

The Capital adequacy and use of regulatory capital are monitored regularly by management employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Central Bank of Kenya for supervisory purposes.

The Central Bank of Kenya requires a bank to maintain at all times:

- a core capital of not less than 8% of total risk weighted assets, plus risk weighted off-balance sheet items
- a core capital of not less than 8% of its total deposit liabilities
- a total capital of not less than 12% of its total risk weighted assets, plus risk weighted off-balance sheet items.

In addition to the minimum capital adequacy ratios of 8% and 12%, institutions are required to hold a capital conservation buffer of 2.5% over and above these minimum ratios to enable the institutions withstand future periods of stress. This brings the minimum core capital to risk weighted assets and total capital to risk weighted assets requirements to 10.5% and 14.5% respectively.

A bank must maintain a minimum core capital of KShs 1,000 million. The bank's regulatory capital is analysed into two tiers:

- Tier 1 capital. This includes ordinary share capital, share premium, retained earnings and after deduction of investment in subsidiaries, goodwill, other intangible assets and other regulatory adjustments relating to items that are included in equity which are treated differently for capital adequacy purposes.
- Tier 2 capital. This includes 25% of revaluation reserves of property and equipment, subordinated debt not exceeding 50% of core capital, collective impairment allowances and any other approved reserves.

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.4 Capital management (Continued)

Regulatory capital - Kenya (Continued)

The risk based approach to capital adequacy measurement is applied to both on and off balance sheet items. Risk weights are assigned on assets from assessing the following:

- Credit risk arising from the possibility of losses associated with reduction of credit quality of borrowers or counterparties;
- Market risk arising from movements in market prices pertaining to interest rate related instruments and foreign exchange risk and commodities risk;
- Operational risk resulting from inadequate or failed internal processes, people and systems or from external events.

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.4 Capital management (Continued)

Regulatory capital - Kenya (Continued)

The Bank's (Company's) regulatory capital position at 31 December was as follows:

Company:	2025	2024	2023	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Core capital (Tier 1)					
Share capital	3,000,000	3,000,000	3,000,000	3,000,000	2,980,000
Share premium	5,531,267	5,531,267	5,531,267	5,531,267	5,531,267
Retained earnings	58,775,834	49,903,431	39,478,199	37,144,898	32,937,303
Other reserves	(6,240,000)	(4,800,000)	-	-	-
	61,067,101	53,634,698	48,009,466	45,676,165	41,448,570
Less: Deferred tax	(3,622,319)	(1,806,337)	(1,180,242)	(43,261)	(66,019)
Investment in subsidiary	(3,882,612)	(3,882,612)	(3,882,612)	(3,057,585)	(3,057,585)
Total Core capital	53,562,170	47,945,749	42,946,612	42,575,319	38,324,966
Supplementary capital (Tier 2)					
Term subordinated debt	3,052,145	4,519,758	7,917,524	7,870,156	7,778,208
Statutory loan loss reserve	4,624,804	4,062,439	9,341,350	6,008,653	6,747,297
	7,676,949	8,582,197	17,258,874	13,878,809	14,525,505
Total capital	61,239,119	56,527,946	60,205,486	56,454,128	52,850,471

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.4 Capital management (Continued)

Regulatory capital - Kenya (Continued)

		2025 KShs'000	2024 KShs'000	2023 KShs'000	2022 KShs'000	2021 KShs'000
Risk weighted assets						
Credit risk weighted assets		258,889,635	258,155,358	276,325,122	220,987,952	195,827,487
Market risk weighted assets		48,906,605	21,391,035	19,737,672	20,940,394	17,800,488
Operational risk weighted assets		62,188,048	45,448,696	45,448,696	37,840,940	33,513,810
Total risk weighted assets		369,984,288	324,995,089	341,511,490	279,769,286	247,141,785
Deposits from customers		352,262,851	307,704,596	312,370,291	236,775,189	232,110,990
Capital ratios						
	Minimum*					
Core capital/Total deposit liabilities	8.0%	15.21%	15.35%	13.75%	17.98%	16.51%
Core capital /Total risk weighted assets	10.5%	14.48%	14.75%	12.58%	15.22%	15.51%
Total capital /Total risk weighted assets	14.5%	16.55%	17.39%	17.63%	20.18%	21.38%

* As defined by the Central Bank of Kenya

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.4 Capital management (Continued)

Regulatory capital - Tanzania

The Bank of Tanzania sets and monitors capital requirements for the Tanzania banking industry. The Bank of Tanzania has set among other measures, the rules and ratios to monitor adequacy of a bank's capital. In implementing current capital requirements, The Bank of Tanzania requires Banks to maintain a prescribed ratio of total capital to total risk-weighted assets. The Bank's regulatory is analysed in two tiers:

- Tier 1 capital: This includes ordinary share capital, share premium, retained earnings, after deductions for prepaid expenses, goodwill, other intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes
- Tier 2 capital: This includes qualifying subordinated liabilities, collective impairment allowances and the element of fair value reserve relating to unrealized gains on equity instruments classified as FVOCI.

Various limits are applied to elements of the capital base such as qualifying Tier 2 capital cannot exceed Tier 1 capital and qualifying subordinated debt may not exceed 50 percent of Tier 1 capital. There are also restrictions on the amount of collective impairment allowances that may be included as part of Tier 2 capital. Tier 1 capital is also subjected to various limits such as Tier 1 capital should not be less than 10 percent of the risk weighted assets.

In addition to the above requirements, the Bank of Tanzania require banks to maintain a capital conservation buffer of 2.5% over and above the regulatory capital ratios to enable the Bank to withstand stressful economic conditions. In situations where the buffer is less than 2.5%, the Bank is restricted from distributing any dividends to shareholders as well as paying bonus to senior management and other staff members. Further the Bank is required to submit a capital restoration plan to the Bank of Tanzania (BoT) within a specified period of time as determined by BoT. In the event the capital restoration plan is not approved by BoT, the Bank may be directed to raise additional capital in order to restore the capital conservation buffer.

The Bank's regulatory capital position is as illustrated below:

		2025 TZS'000	2024 TZS'000	2023 TZS'000	2022 TZS'000	2021 TZS'000
Total risk weighted assets		703,174,322	533,281,130	495,430,218	442,790,292	455,203,329
Capital ratios	Minimum*					
Core capital /Total risk weighted assets		19.61%	18.18%	13.82%	15.22%	16.02%
Total capital /Total risk weighted assets		19.61%	19.71%	18.26%	16.39%	19.55%

* As defined by the Bank of Tanzania

6. Notes to the consolidated financial statements (Continued)

6.4 Financial risk management (Continued)

6.4.5 *Climate related risk*

Climate-related risks are potential negative impacts on the Group arising from climate change. Climate-related risks have an impact on the principal risk categories discussed above (i.e. credit, liquidity, market and operational risks), but due to their pervasive nature, they have been identified and managed by the Group on an overall basis.

The Group distinguishes between physical risks and transition risks. Physical risks arise as result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels. Transition risks arise as a result of measures taken to mitigate the effects of climate change and transition to a low-carbon economy - e.g.

- changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

The Group Board Risk Committee, is responsible for developing group-wide policies, processes and controls to incorporate climate risks in the management of principal risk categories.

The Group has developed a climate risk framework for:

- identifying risk factors and assessing their potential impact on the Group's financial statements; and
- allocating responsibilities for managing each identified risk factor. The Group has also set out principles on how to incorporate climate-related risk into stress test scenarios

The Group has identified the following climate-related risk factors as having an impact on the Group's financial instruments and included them in its principal risk management processes.

- Industries exposed to increased transition risks: The Group has identified industries that are subject to increased risk of climate regulation negatively affecting their business model. The Group Credit Committee has set overall lending limits for these industries.
- Physical risk to real estate: The Group has identified areas in which it operates that are exposed to increased physical risk such as hurricanes or floods. Heightened physical risk is considered in valuing collateral, such as real estate, plant or inventory.

In addition, the Group is in the process of developing models that aim to assess how borrowers' performance is linked to climate change. The Group plans to use these models in pricing credit risk and in calculating ECLs.

6. Notes to the consolidated financial statements (Continued)

6.5 Use of estimates and judgement

Key sources of estimation uncertainty

6.5.1 Allowance for credit losses

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 6.3.6.3 which also sets out key sensitivities of the ECL to changes in these elements.

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL

6.5.2 Income taxes

Significant estimates are required in determining the liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax balances and deferred tax liability in the period in which such determination is made. (refer to Note 6.13 and Note 6.25).

6.5.3 Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy 6.3.11.2 and computed in Note 6.24. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

6.5.4 Critical accounting judgements in applying the Group's accounting policies

Critical accounting judgements made in applying the Group's accounting policies include financial asset and liability classification (Note 6.3), lease term (Note 6.33) and determination of FV of assets (unobservable inputs) (Note 6.6). The Group's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories in certain circumstances.

In classifying financial assets as held to collect, the Group has determined that it has both positive intention and ability to hold the assets until their maturity date as required by the group's accounting policies.

Note 6.3.6.2. The classification of financial assets includes the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Notes 6.3.6.3 and 6.4.1. The impairment of financial instruments includes the assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of expected credit losses (ECL).

Note 6.24: Impairment testing for CGUs containing goodwill: Key assumptions underlying recoverable amounts.

Note 6.37 and Note 6.38: Recognition and measurement of contingencies: Key assumptions about the likelihood and magnitude of an outflow of resources.

Note 6.6: measurement of fair value of financial instruments with significant unobservable inputs.

6 Notes to the consolidated financial statements (Continued)

6.6 Fair value hierarchy for Assets carried at fair value

Accounting classifications at carrying amounts and fair values

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

The following sets out the Group's basis of establishing fair values of financial instruments: Investment securities with observable market prices including equity securities are fair valued using that information. Investment securities that do not have observable market data are fair valued either using discounted cash flow method or quoted market prices for securities with similar yield characteristics.

Loans and advances to customers are net of allowance for impairment. The estimated fair value of loans and advances represents the discounted amount of future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. A substantial proportion of loans and advances are on floating rates and re-price within 12 months, hence, their fair value approximates their carrying amounts. The estimated fair value of deposits with no stated maturity is the amount repayable on demand. Estimated fair value of fixed interest-bearing deposits without quoted market prices is based on discounting cash flows using the prevailing market rates for debts with similar maturities and interest rates. A substantial proportion of deposits mature within 12 months and hence the fair value approximates their carrying amounts.

Cash and balances with Central Banks are measured at amortised cost and their fair value approximates their carrying amount.

Category of asset/liability	Valuation techniques applied	Significant observable inputs
Cash and cash equivalents, loans and advances to banks and due from group companies	Carrying amount since the amounts are receivable on demand as at the reporting date	
Loans and advances to customers	Discounted cash flow models	Interest rates
Government trading securities/ Government securities	Prices quoted in active market	Quoted prices
Foreign exchange derivatives	Discounted cash flow techniques and/or option pricing models, such as the Black Scholes model	Spot price, interest rate and/ or volatility
Deposits	Using the carrying amount since the amounts are payable on demand as at the reporting date	

The tables below show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

6. Notes to the consolidated financial statements (Continued)

6.6 Fair value hierarchy for assets carried at fair value (Continued)

Accounting classifications at carrying amounts and fair values (Continued)

Group	Carrying amounts					Fair value			
	Financial assets at amortised cost KShs'000	Financial assets at FVOCI KShs'000	Financial assets at FVTPL KShs'000	Financial liabilities at amortised cost KShs'000	Total KShs'000	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2025									
Financial assets									
Cash and balances with central banks	21,498,578	-	-	-	21,498,578	-	-	21,498,578	21,498,578
Items in the course of collection	378,928	-	-	-	378,928	-	-	378,928	378,928
Financial assets at fair value through profit or loss (FVTPL)	-	-	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	126,296,763	-	-	126,296,763	11,493,265	114,803,498	-	126,296,763
Financial assets at amortised cost	42,994,227	-	-	-	42,994,227	643,017	42,351,210	-	42,994,227
Loans and advances to banks	38,684,596	-	-	-	38,684,596	-	38,684,596	-	38,684,596
Loans and advances to customers	245,050,455	-	624,392	-	245,674,847	-	245,674,847	-	245,674,847
Due from related parties	1,520,609	-	-	-	1,520,609	-	-	1,520,609	1,520,609
Other assets	6,269,801	-	-	-	6,269,801	-	-	6,269,801	6,269,801
	356,397,194	126,296,763	624,392	-	483,318,349	12,136,282	441,514,151	29,667,916	483,318,349
Financial liabilities									
Deposits from banks	-	-	-	20,572,031	20,572,031	-	-	20,572,031	20,572,031
Deposits from customers	-	-	-	380,658,195	380,658,195	-	-	380,658,195	380,658,195
Due to related parties	-	-	-	1,394,787	1,394,787	-	-	1,394,787	1,394,787
Long term borrowings	-	-	-	2,419,356	2,419,356	-	-	2,419,356	2,419,356
Subordinated debt	-	-	-	7,500,059	7,500,059	-	-	7,500,059	7,500,059
Other liabilities	-	-	-	5,255,530	5,255,530	-	-	5,255,530	5,255,530
	-	-	-	417,799,958	417,799,958	-	-	417,799,958	417,799,958

6 Notes to the consolidated financial statements (Continued)

6.6 Fair value hierarchy for assets carried at fair value (Continued)

Accounting classifications at carrying amounts and fair values (Continued)

Group	Carrying amounts					Fair value			
	Financial assets at amortised cost KShs'000	Financial assets at FVOCI KShs'000	Financial assets at FVTPL KShs'000	Financial liabilities at amortised cost KShs'000	Total KShs'000	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2024									
Financial assets									
Cash and balances with central banks	24,011,805	-	-	-	24,011,805	-	-	24,011,805	24,011,805
Items in the course of collection	669,433	-	-	-	669,433	-	-	669,433	669,433
Financial assets at fair value through profit or loss (FVTPL)	-	-	90,078	-	90,078	-	90,078	-	90,078
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	61,481,188	-	-	61,481,188	11,493,265	49,987,923	-	61,481,188
Financial assets at amortised cost	71,889,366	-	-	-	71,889,366	643,017	71,246,349	-	71,889,366
Loans and advances to banks	29,055,596	-	-	-	29,055,596	-	29,055,596	-	29,055,596
Loans and advances to customers	239,290,323	-	406,798	-	239,697,121	-	239,697,121	-	239,697,121
Due from related parties	1,588,011	-	-	-	1,588,011	-	-	1,588,011	1,588,011
Other assets	4,801,256	-	-	-	4,801,256	-	-	4,801,256	4,801,256
	371,305,790	61,481,188	496,876	-	433,283,854	12,136,282	390,077,067	31,070,505	433,283,854
Financial liabilities									
Deposits from banks	-	-	-	27,451,723	27,451,723	-	-	27,451,723	27,451,723
Deposits from customers	-	-	-	333,043,966	333,043,966	-	-	333,043,966	333,043,966
Due to related parties	-	-	-	2,533,081	2,533,081	-	-	2,533,081	2,533,081
Long term borrowings	-	-	-	2,160,149	2,160,149	-	-	2,160,149	2,160,149
Subordinated debt	-	-	-	10,485,431	10,485,431	-	-	10,485,431	10,485,431
Other liabilities	-	-	-	4,662,484	4,662,484	-	-	4,662,484	4,662,484
	-	-	-	380,336,834	380,336,834	-	-	380,336,834	380,336,834

6. Notes to the consolidated financial statements (Continued)

6.6 Fair value hierarchy for assets carried at fair value (Continued)

Accounting classifications at carrying amounts and fair values (Continued)

Group	Carrying amounts					Fair value			
	Financial assets at amortised cost KShs'000	Financial assets at FVOCI KShs'000	Financial assets at FVTPL KShs'000	Financial liabilities at amortised cost KShs'000	Total KShs'000	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2023									
Financial assets									
Cash and balances with central banks	24,124,036	-	-	-	24,124,036	-	-	-	-
Items in the course of collection	343,983	-	-	-	343,983	-	-	-	-
Financial assets at fair value through profit or loss (FVTPL)	-	-	738,185	-	738,185	738,185	-	-	738,185
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	56,010,179	-	-	56,010,179	56,305,957	-	-	56,305,957
Financial assets at amortised cost	36,407,474	-	-	-	36,407,474	34,991,322	-	-	34,991,322
Loans and advances to banks	44,341,612	-	-	-	44,341,612	-	-	-	-
Loans and advances to customers	259,374,033	-	-	-	259,374,033	-	270,580,385	-	270,580,385
Due from group companies	2,947,483	-	-	-	2,947,483	-	-	-	-
Other assets	3,959,856	-	-	-	3,959,856	-	-	-	-
	371,498,477	56,010,179	738,185	-	428,246,841	92,035,464	270,580,385	-	362,615,849
Financial liabilities									
Deposits from banks	-	-	-	21,629,821	21,629,821	-	-	21,629,821	21,629,821
Deposits from customers	-	-	-	341,154,590	341,154,590	-	-	341,154,590	341,154,590
Due to group companies	-	-	-	4,699,449	4,699,449	-	-	4,699,449	4,699,449
Long term borrowings	-	-	-	204,921	204,921	-	-	204,921	204,921
Subordinated debt	-	-	-	12,532,190	12,532,190	-	-	12,532,190	12,532,190
Other liabilities	-	-	-	5,824,471	5,824,471	-	-	5,824,471	5,824,471
	-	-	-	386,045,442	386,045,442	-	-	386,045,442	386,045,442

6 Notes to the consolidated financial statements (Continued)

6.6 Fair value hierarchy for assets carried at fair value (Continued)

Accounting classifications at carrying amounts and fair values (Continued)

Group	Carrying amounts					Fair value			
	Financial assets at amortised cost KShs'000	Financial assets at FVOCI KShs'000	Financial assets at FVTPL KShs'000	Other financial liabilities at amortised cost KShs'000	Total KShs'000	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2022									
Financial assets									
Cash and balances with central banks	15,966,304	-	-	-	15,966,304	-	-	-	-
Items in the course of collection	433,996	-	-	-	433,996	-	-	-	-
Loans and advances to banks	10,981,678	-	-	-	10,981,678	-	-	-	-
Loans and advances to customers	203,355,150	-	-	-	203,355,150	-	-	-	-
Financial assets at fair value through profit or loss (FVTPL)	-	-	15,080,925	-	15,080,925	15,080,925	-	-	15,080,925
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	50,034,300	-	-	50,034,300	45,090,079	4,944,221	-	50,034,300
Other financial assets at amortised cost	29,115,880	-	-	-	29,115,880	-	-	-	-
Due from group companies	782,325	-	-	-	782,325	-	-	-	-
Other assets	3,599,744	-	-	-	3,599,744	-	-	-	-
	264,235,077	50,034,300	15,080,925	-	329,350,302	60,171,004	4,944,221	-	65,115,225
Financial liabilities									
Deposits from banks	-	-	-	11,182,714	11,182,714	-	-	11,182,714	11,182,714
Deposits from customers	-	-	-	257,841,512	257,841,512	-	-	257,841,512	257,841,512
Due to group companies	-	-	-	1,732,442	1,732,442	-	-	1,732,442	1,732,442
Long term borrowings	-	-	-	1,563,943	1,563,943	-	-	1,563,943	1,563,943
Subordinated debt	-	-	-	9,800,069	9,800,069	-	-	9,800,069	9,800,069
Other liabilities	-	-	-	5,444,455	5,444,455	-	-	5,444,455	5,444,455
	-	-	-	287,565,135	287,565,135	-	-	287,565,135	287,565,135

6. Notes to the consolidated financial statements (Continued)

6.6 Fair value hierarchy for assets carried at fair value (Continued)

Accounting classifications at carrying amounts and fair values (Continued)

Group	Carrying amounts					Fair value			
	Financial assets at amortised cost KShs'000	Financial assets at FVOCI KShs'000	Financial assets at FVTPL KShs'000	Other financial liabilities at amortised cost KShs'000	Total KShs'000	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2021									
Financial assets									
Cash and balances with central banks	17,539,247	-	-	-	17,539,247	-	-	-	-
Items in the course of collection	654,632	-	-	-	654,632	-	-	-	-
Loans and advances to banks	6,005,054	-	-	-	6,005,054	-	-	-	-
Loans and advances to customers	179,559,148	-	-	-	179,559,148	-	-	-	-
Financial assets at fair value through profit or loss (FVTPL)	-	-	15,932,960	-	15,932,960	15,932,960	-	-	15,932,960
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	62,538,424	-	-	62,538,424	57,550,617	4,987,807	-	62,538,424
Other financial assets at amortised cost	36,177,880	-	-	-	36,177,880	-	-	-	-
Due from group companies	790,849	-	-	-	790,849	-	-	-	-
Other assets	2,016,943	-	-	-	2,016,943	-	-	-	-
	242,743,753	62,538,424	15,932,960	-	321,215,137	73,483,577	4,987,807	-	78,471,384
Financial liabilities									
Deposits from banks	-	-	-	11,990,628	11,990,628	-	-	11,990,628	11,990,628
Deposits from customers	-	-	-	249,434,667	249,434,667	-	-	249,434,667	249,434,667
Due to group companies	-	-	-	1,792,385	1,792,385	-	-	1,792,385	1,792,385
Long term borrowings	-	-	-	3,964,050	3,964,050	-	-	3,964,050	3,964,050
Subordinated debt	-	-	-	8,924,816	8,924,816	-	-	8,924,816	8,924,816
Other liabilities	-	-	-	3,640,510	3,640,510	-	-	3,640,510	3,640,510
	-	-	-	279,747,056	279,747,056	-	-	279,747,056	279,747,056

Short-term financial instruments carrying amounts reasonably approximate their fair values

6. Notes to the consolidated financial statements (Continued)

6.6 Fair value hierarchy for assets carried at fair value (Continued)

Measurement of fair values

Valuation techniques and significant unobservable inputs

Financial assets measured at fair value - At 31 December

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment securities – Fair Value through Other Comprehensive Income	Prices quoted at securities exchanges	None	Not applicable

During the year , there were no transfers of financial instruments into and out of level 1,2 and 3 hierarchy.

6. Notes to the consolidated financial statements (Continued)

6.6 Fair value hierarchy for assets carried at fair value (Continued)

Accounting classifications at carrying amounts and fair values (Continued)

Company 31 December 2025	Carrying amounts					Fair value			
	Financial assets at amortised cost KShs'000	Financial assets at FVOCI KShs'000	Financial assets at FVTPL KShs'000	Financial liabilities at amortised cost KShs'000	Total KShs'000	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
Financial assets									
Balances with Central Bank of Kenya	16,199,185	-	-	-	16,199,185	-	-	16,199,185	16,199,185
Items in the course of collection	376,440	-	-	-	376,440	-	-	376,440	376,440
Financial assets at fair value through profit or loss (FVTPL)	-	-	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	126,076,095	-	-	126,076,095	10,152,515	115,923,580	-	126,076,095
Financial assets at amortised cost	35,172,168	-	-	-	35,172,168	642,041	34,530,127	-	35,172,168
Loans and advances to banks	32,892,301	-	-	-	32,892,301	-	32,892,301	-	32,892,301
Loans and advances to customers	217,364,097	-	624,392	-	217,988,489	-	217,988,489	-	217,988,489
Due from related parties	5,878,768	-	-	-	5,878,768	-	-	5,878,768	5,878,768
Other assets	-	5,086,752	-	-	5,086,752	-	-	5,086,752	5,086,752
	307,882,959	131,162,847	624,392	-	439,670,198	10,794,556	401,334,497	27,541,145	439,670,198
Financial liabilities									
Deposits from banks	-	-	-	17,474,928	17,474,928	-	-	17,474,928	17,474,928
Deposits from customers	-	-	-	348,660,947	348,660,947	-	-	348,660,947	348,660,947
Due to related parties	-	-	-	1,527,611	1,527,611	-	-	1,527,611	1,527,611
Subordinated debt	-	-	-	6,652,064	6,652,064	-	-	6,652,064	6,652,064
Other liabilities	-	-	-	4,279,384	4,279,384	-	-	4,279,384	4,279,384
	-	-	-	378,594,934	378,594,934	-	-	378,594,934	378,594,934

6. Notes to the consolidated financial statements (Continued)

6.6 Fair value hierarchy for assets carried at fair value (Continued)

Accounting classifications at carrying amounts and fair values (Continued)

Company	Carrying amounts				Fair value				
	Financial assets at amortised cost KShs'000	Financial assets at FVOCI KShs'000	Financial assets at FVTPL KShs'000	Other financial liabilities at amortised cost KShs'000	Total KShs'000	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2024									
Financial assets									
Balances with Central Bank of Kenya	19,396,678	-	-	-	19,396,678	-	-	19,396,678	19,396,678
Items in the course of collection	669,433	-	-	-	669,433	-	-	669,433	669,433
Financial assets at fair value through profit or loss (FVTPL)	-	-	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	61,278,791	-	-	61,278,791	10,152,515	51,126,276	-	61,278,791
Financial assets at amortised cost	63,003,934	-	-	-	63,003,934	642,041	62,361,893	-	63,003,934
Loans and advances to banks	25,474,262	-	-	-	25,474,262	-	-	-	-
Loans and advances to customers	216,087,376	-	406,798	-	216,494,174	-	216,494,174	-	216,494,174
Due from related parties	4,147,774	-	-	-	4,147,774	-	-	4,147,774	4,147,774
Other assets	-	4,083,612	-	-	4,083,612	-	-	4,083,612	4,083,612
	328,779,457	65,362,403	406,798	-	394,548,658	10,794,556	329,982,343	28,297,497	369,074,396
Financial liabilities									
Deposits from banks	-	-	-	24,377,799	24,377,799	-	-	24,377,799	24,377,799
Deposits from customers	-	-	-	303,765,965	303,765,965	-	-	303,765,965	303,765,965
Due to related parties	-	-	-	2,674,020	2,674,020	-	-	2,674,020	2,674,020
Subordinated debt	-	-	-	10,310,689	10,310,689	-	-	10,310,689	10,310,689
Other liabilities	-	-	-	3,708,931	3,708,931	-	-	3,708,931	3,708,931
	-	-	-	344,837,404	344,837,404	-	-	344,837,404	344,837,404

6. Notes to the consolidated financial statements (Continued)

6.6 Fair value hierarchy for assets carried at fair value (Continued)

Accounting classifications at carrying amounts and fair values (Continued)

Company	Carrying amounts					Fair value			
	Financial assets at amortised cost KShs'000	Financial assets at FVOCI KShs'000	Financial assets at FVTPL KShs'000	Other financial liabilities at amortised cost KShs'000	Total KShs'000	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2023									
Financial assets									
Balances with Central Bank of Kenya	20,884,419	-	-	-	20,884,419	-	-	-	-
Items in the course of collection	316,197	-	-	-	316,197	-	-	-	-
Financial assets at fair value through profit or loss (FVTPL)	-	-	538,513	-	538,513	538,513	-	-	538,513
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	55,710,597	-	-	55,710,597	56,006,375	-	-	56,006,375
Financial assets at amortised cost	26,878,671	-	-	-	26,878,671	25,462,519	-	-	25,462,519
Loans and advances to banks	41,860,158	-	-	-	41,860,158	-	-	-	-
Loans and advances to customers	231,238,716	-	-	-	231,238,716	-	240,022,910	-	240,022,910
Due from group companies	5,172,971	-	-	-	5,172,971	-	-	-	-
Other assets	-	3,481,960	-	-	3,481,960	-	-	-	-
	326,351,132	59,192,557	538,513	-	386,082,202	82,007,407	240,022,910	-	322,030,317
Financial liabilities									
Deposits from banks	-	-	-	20,570,517	20,570,517	-	-	20,570,517	20,570,517
Deposits from customers	-	-	-	305,995,191	305,995,191	-	-	305,995,191	305,995,191
Due to group companies	-	-	-	5,087,206	5,087,206	-	-	5,087,206	5,087,206
Long term borrowings	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	12,532,190	12,532,190	-	-	12,532,190	12,532,190
Other liabilities	-	-	-	4,672,837	4,672,837	-	-	4,672,837	4,672,837
	-	-	-	348,857,941	348,857,941	-	-	348,857,941	348,857,941

6. Notes to the consolidated financial statements (Continued)

6.6 Fair value hierarchy for assets carried at fair value (Continued)

Accounting classifications at carrying amounts and fair values (Continued)

Company	Carrying amounts					Fair value			
	Financial assets at amortised cost KShs'000	Financial assets at FVOCI KShs'000	Financial assets at FVTPL KShs'000	Other financial liabilities at amortised cost KShs'000	Total KShs'000	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2022									
Financial assets									
Balances with Central Bank of Kenya	12,978,570	-	-	-	12,978,570	-	-	-	-
Items in the course of collection	433,996	-	-	-	433,996	-	-	-	-
Financial assets at fair value through profit or loss (FVTPL)	-	-	15,080,925	-	15,080,925	-	15,080,925	-	15,080,925
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	49,622,300	-	-	49,622,300	44,678,079	295,778	4,648,443	49,622,300
Other financial assets at amortised cost	22,655,837	-	-	-	22,655,837	-	-	-	-
Loans and advances to banks	9,985,263	-	-	-	9,985,263	-	-	9,985,263	9,985,263
Loans and advances to customers	184,013,890	-	-	-	184,013,890	-	-	184,013,890	184,013,890
Due from group companies	1,009,654	-	-	-	1,009,654	-	-	-	-
Other assets	-	3,338,641	-	-	3,338,641	-	-	-	-
	231,077,210	52,960,941	15,080,925	-	299,119,076	44,678,079	15,376,703	198,647,596	258,702,378
Financial liabilities									
Deposits from banks	-	-	-	9,715,491	9,715,491	-	-	9,715,491	9,715,491
Deposits from customers	-	-	-	233,806,796	233,806,796	-	-	233,806,796	233,806,796
Due to group companies	-	-	-	1,914,149	1,914,149	-	-	1,914,149	1,914,149
Long term borrowings	-	-	-	884,444	884,444	-	-	884,444	884,444
Subordinated debt	-	-	-	9,800,069	9,800,069	-	-	9,800,069	9,800,069
Other liabilities	-	-	-	4,755,652	4,755,652	-	-	4,755,652	4,755,652
	-	-	-	260,876,601	260,876,601	-	-	260,876,601	260,876,601

6. Notes to the consolidated financial statements (Continued)

6.6 Fair value hierarchy for assets carried at fair value (Continued)

Accounting classifications at carrying amounts and fair values (Continued)

Company	Carrying amounts					Fair value			
	Financial assets at amortised cost KShs'000	Financial assets at FVOCI KShs'000	Financial assets at FVTPL KShs'000	Other financial liabilities at amortised cost KShs'000	Total KShs'000	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2021									
Financial assets									
Balances with Central Bank of Kenya	13,931,296	-	-	-	13,931,296	-	-	-	-
Items in the course of collection	648,914	-	-	-	648,914	-	-	-	-
Financial assets at fair value through profit or loss (FVTPL)	-	-	15,932,960	-	15,932,960	15,932,960	-	-	15,932,960
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	62,838,955	-	-	62,838,955	57,297,886	295,012	5,246,057	62,838,955
Other financial assets at amortised cost	30,605,205	-	-	-	30,605,205	-	-	-	-
Loans and advances to banks	4,990,799	-	-	-	4,990,799	-	-	-	-
Loans and advances to customers	162,145,643	-	-	-	162,145,643	-	-	-	-
Due from group companies	839,071	-	-	-	839,071	-	-	-	-
Other assets	-	1,866,978	-	-	1,866,978	-	-	-	-
	213,160,928	64,705,933	15,932,960	-	293,799,821	73,230,846	295,012	5,246,057	78,771,915
Financial liabilities									
Deposits from banks	-	-	-	11,572,476	11,572,476	-	-	11,572,476	11,572,476
Deposits from customers	-	-	-	228,030,619	228,030,619	-	-	228,030,619	228,030,619
Due to group companies	-	-	-	1,773,808	1,773,808	-	-	1,773,808	1,773,808
Long term borrowings	-	-	-	2,431,625	2,431,625	-	-	2,431,625	2,431,625
Subordinated debt	-	-	-	8,924,816	8,924,816	-	-	8,924,816	8,924,816
Other liabilities	-	-	-	3,148,494	3,148,494	-	-	3,148,494	3,148,494
	-	-	-	255,881,838	255,881,838	-	-	255,881,838	255,881,838

Short-term financial instruments carrying amounts reasonably approximate their fair values.

6. Notes to the consolidated financial statements (Continued)

6.7 Interest income

Group

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Loans and advances to customers	37,218,215	42,579,872	30,232,911	21,032,245	19,562,841
Loans and advances to banks	1,407,517	1,993,869	1,332,536	242,015	79,364
Investment securities:-					
- At amortised cost	5,894,690	6,537,732	4,012,373	3,551,026	3,297,426
- Fair Value through other comprehensive income	10,959,127	6,654,270	5,063,169	4,831,037	4,181,060
	55,479,549	57,765,743	40,640,989	29,656,323	27,120,691

Company

Loans and advances to customers	31,660,951	38,073,481	26,983,044	18,929,697	17,637,510
Loans and advances to banks	1,348,507	1,928,605	1,253,907	171,304	39,049
Investment securities:-					
- At amortised cost	5,011,684	5,480,212	3,155,639	2,932,772	2,772,140
- Fair Value through other comprehensive income	10,939,962	6,619,955	5,044,749	4,813,413	4,165,911
	48,961,104	52,102,253	36,437,339	26,847,186	24,614,610

6. Notes to the consolidated financial statements (Continued)

6.8 Interest expense

Group

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Deposits from customers	16,513,897	22,826,953	15,799,226	9,955,788	9,007,399
Deposits from banks	1,381,916	2,284,305	1,577,359	863,925	254,876
Long term debt	44,108	14,162	87,214	162,975	207,975
Subordinated debt	723,412	1,001,490	1,012,648	646,582	351,208
Lease liabilities (Note 6.33)	254,925	251,510	145,731	145,626	104,981
	18,918,258	26,378,420	18,622,178	11,774,896	9,926,439

Company

Deposits from customers	14,829,037	21,185,632	14,491,877	8,901,892	8,144,915
Deposits from banks	1,274,807	2,205,976	1,488,626	831,755	240,673
Long term debt	-	-	41,663	98,788	135,406
Subordinated debt	723,412	1,001,490	1,012,648	646,582	339,015
Lease liabilities (Note 6.33)	201,851	203,675	130,137	129,922	87,171
	17,029,107	24,596,773	17,164,951	10,608,939	8,947,180

6. Notes to the consolidated financial statements (Continued)

6.9 Net fee and commission income

Group

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Fee and commission income					
Commissions	2,850,098	2,509,936	3,957,967	3,296,262	2,968,364
Service fees	2,292,288	1,933,597	1,592,217	1,433,827	1,152,099
	5,142,386	4,443,533	5,550,184	4,730,089	4,120,463
Fees and commission expense					
Interbank transaction fees	(100,817)	(113,890)	(169,578)	(126,903)	(95,389)
Other	(275,847)	(389,809)	(252,061)	(126,685)	(108,792)
	(376,664)	(503,699)	(421,639)	(253,588)	(204,181)
Net fee and commission income	4,765,722	3,939,834	5,128,545	4,476,501	3,916,282

Company

Fee and commission income					
Commissions	2,016,935	1,785,641	3,453,711	2,808,695	2,544,401
Service fees	2,200,784	1,844,456	1,470,866	1,293,913	1,053,667
	4,217,719	3,630,097	4,924,577	4,102,608	3,598,068
Fees and commission expense					
Interbank transaction fees	(96,496)	(111,899)	(169,571)	(126,311)	(88,737)
Other	(269,036)	(388,282)	(249,634)	(124,686)	(106,221)
	(365,532)	(500,181)	(419,205)	(250,997)	(194,958)
Net fee and commission income	3,852,187	3,129,916	4,505,372	3,851,611	3,403,110

6. Notes to the consolidated financial statements (Continued)

6.9 Net fee and commission income (Continued)

Fees and commission from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when the performance obligation is satisfied.

The following table provides information about the nature and timing of the satisfaction performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature of timing of satisfaction of performance, obligations, including significant payment terms	Revenue recognition policies under IFRS 15
Transactional service fees	Consist of fees charged for processing services such as cash management, global payments, clearing, international funds transfer and other trade services	Recognised as/when the associated service is satisfied, which normally occurs at the point in time the service is requested by the customer and provided.
Deposit-related fees	Consist of service charges on deposit accounts and fees earned from performing cash management activities and other deposit account services.	Fees are recognised in the period in which the related service is provided
Insurance distribution revenue/commission	Commissions earned from third-party insurance companies for marketing and selling insurance policies.	Commissions are recognised in Commissions and fees at the point in time the associated service is fulfilled-when the insurance policy is sold to the policyholder.
Credit card and bank card income	Composed of interchange fees, which are earned by card issuers based on purchase sales, and certain card fees, including annual fees. Costs related to customer reward programs and certain payments to partners (primarily based on program sales, profitability and customer acquisitions	Costs related to card reward programs are recognised when the rewards are earned by the cardholders. Payments to partners are recognised when incurred

6. Notes to the consolidated financial statements (Continued)

6.10 Net trading income

Group

	12 mths to 31.12.2025	12 mths to 31.12.2024	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Income from foreign exchange dealings	2,162,333	2,359,519	3,950,248	4,241,395	1,162,898
Net income on financial assets at fair value through profit or loss (FVTPL)	1,514,060	72,825	875,594	860,147	1,633,602
	3,676,393	2,432,344	4,825,842	5,101,542	2,796,500

Company

Income from foreign exchange dealings	1,716,103	1,911,245	3,566,279	4,021,933	1,010,293
Net income on financial assets at fair value through profit or loss (FVTPL)	1,503,560	70,216	863,910	860,147	1,633,602
	3,219,663	1,981,461	4,430,189	4,882,080	2,643,895

6.11 Other operating income

6.11.1 Other income

Group

Profit on sale of property and equipment	38,220	1,992	57	1,923	5,868
Management fees income	32,492	125,444	134,059	61,520	56,728
Other income	1,144,499	610,156	130,907	205,283	45,951
	1,215,211	737,592	265,023	268,726	108,547

6. Notes to the consolidated financial statements (Continued)

6.11 Other operating income (Continued)

6.11.1 Other income (Continued)

Company

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Profit on sale of property and equipment	38,220	1,992	57	1,923	5,869
Management fees	82,908	184,688	199,758	96,914	106,561
Other income	376,289	176,646	91,697	170,117	21,895
	497,417	363,326	291,512	268,954	134,325

6.11.2 Dividend income

Dividend income - Giro Limited	-	-	27,000	13,500	-
Dividend income - I&M Bank (T) Limited	-	-	15,000	56,387	-
Dividend income - I&M Insurance Agency Limited	300,000	200,000	75,000	17,500	27,500
	300,000	200,000	117,000	87,387	27,500

6. Notes to the consolidated financial statements (Continued)

6.12 Operating expenses Group

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Staff costs					
Salaries and wages	6,667,543	5,349,990	4,416,119	3,877,564	3,834,317
Contribution to defined benefit and contribution plan	265,384	250,671	233,774	215,697	203,578
Statutory contribution	170,977	110,491	77,788	55,350	47,381
Other staff costs	988,016	755,128	569,636	511,700	381,528
	8,091,920	6,466,280	5,297,317	4,660,311	4,466,804
Premises and equipment costs					
Service charge	212,929	197,300	171,627	158,710	148,193
Utilities	266,878	229,779	210,049	179,084	181,197
Other premises and equipment costs	71,258	70,656	69,904	73,814	75,784
	551,065	497,735	451,580	411,608	405,174
General administrative expenses					
Deposit protection insurance contribution	550,573	498,583	430,096	397,548	355,399
Loss on disposal of property and equipment	-	54,739	-	-	-
Other general administrative expenses	7,814,188	6,410,655	5,150,723	3,529,574	2,861,749
	8,364,761	6,963,977	5,580,819	3,927,122	3,217,148
Depreciation and amortisation					
Depreciation on property and equipment (Note 6.23)	1,262,900	1,321,982	1,051,544	985,495	854,141
Amortisation of intangible assets (Note 6.24)	783,281	844,469	858,573	642,748	474,490
	2,046,181	2,166,451	1,910,117	1,628,243	1,328,631
The average number of employees employed by the Group are as follows:					
Management	1,903	1,583	1,345	1,205	1,081
Others	516	486	307	214	294
	2,419	2,069	1,652	1,419	1,375

6. Notes to the consolidated financial statements (Continued)

6.12 Operating expenses (Continued) Company

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Staff costs					
Salaries and wages	5,748,893	4,502,511	3,698,492	3,263,995	3,301,877
Contribution to defined benefit and contribution plan	261,190	246,732	229,938	212,046	200,440
Statutory contribution	86,855	37,958	15,537	2,696	2,621
Other staff costs	874,409	656,501	487,297	428,199	324,844
	6,971,347	5,443,702	4,431,264	3,906,936	3,829,782
Premises and equipment costs					
Service charge	195,725	163,530	156,182	147,894	148,193
Utilities	250,631	217,190	200,121	170,437	171,988
Other premises and equipment costs	51,414	46,171	42,317	41,233	43,903
	497,770	426,891	398,620	359,564	364,084
General administrative expenses					
Deposit protection insurance contribution	510,540	452,734	390,682	366,885	329,281
Other general administrative expenses	5,796,602	5,072,416	4,275,503	2,958,874	2,517,032
	6,307,142	5,525,150	4,666,185	3,325,759	2,846,313
Depreciation and Amortisation					
Depreciation on property and equipment (Note 6.23)	1,064,162	1,148,882	959,948	856,799	747,292
Amortisation of intangible assets (Note 6.24)	734,485	753,911	754,143	558,342	402,875
	1,798,647	1,902,793	1,714,091	1,415,141	1,150,167
The average number of employees employed by the Company are as follows:					
Management	1,639	1,363	1,170	1,021	894
Others	505	473	276	196	278
	2,144	1,836	1,446	1,217	1,172

6. Notes to the consolidated financial statements (Continued)

6.13 Income tax expense and tax payable

6.13.1 Income tax expense

Group

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Current tax					
Current year's tax	4,069,808	4,954,924	3,737,347	3,890,255	3,781,264
Under provision in prior year	(350,164)	(312,676)	(12,479)	10,650	22,582
	3,719,644	4,642,248	3,724,868	3,900,905	3,803,846
Deferred tax (Note 6.25)					
Current year	(1,105,619)	(1,977,445)	(1,196,885)	(1,580,725)	30,633
Under provision in prior year deferred income tax	292,162	144,850	(47,657)	61,728	(46,376)
	(813,457)	(1,832,595)	(1,244,542)	(1,518,997)	(15,743)
Income tax expense	2,906,187	2,809,653	2,480,326	2,381,908	3,788,103

The tax on the Group's profit differs from the theoretical amount using the basic tax rate as follows:

Accounting profit before tax	18,619,532	15,355,158	12,566,914	11,739,214	11,235,121
Computed tax using the applicable corporation tax rate at 30%	5,585,860	4,606,547	3,770,074	3,521,764	3,370,536
(Over)/Under provision in prior year	(350,164)	(312,676)	(12,479)	10,650	22,582
Effect on non-deductible costs/non-taxable income	(2,621,671)	(1,629,068)	(1,229,612)	(1,212,234)	441,361
Over/(Under) provision in prior year - deferred tax	292,162	144,850	(47,657)	61,728	(46,376)
	2,906,187	2,809,653	2,480,326	2,381,908	3,788,103

6. Notes to the consolidated financial statements (Continued)

6.13 Income tax expense and tax payable (Continued)

6.13.1 Income tax expense (Continued)

Company

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Current tax					
Current year's tax at 30%	3,782,829	4,657,642	3,569,298	3,774,841	3,580,146
Under provision in prior year	(352,230)	(312,622)	(12,479)	10,899	26,524
	3,430,599	4,345,020	3,556,819	3,785,740	3,606,670
Deferred tax (Note 6.25)					
Current year	(1,038,737)	(2,145,106)	(1,140,962)	(1,349,536)	21,472
Prior year adjustment	293,318	331,303	(47,657)	61,728	(46,376)
	(745,419)	(1,813,803)	(1,188,619)	(1,287,808)	(24,904)
Income tax expense	2,685,180	2,531,217	2,368,200	2,497,932	3,581,766

The tax on the Group's profit differs from the theoretical amount using the basic tax rate as follows:

Accounting profit before tax	17,364,069	14,114,999	12,084,199	12,260,083	10,587,447
Computed tax using the applicable corporation tax rate at 30%	5,209,221	4,234,500	3,625,260	3,678,025	3,176,234
(Over)/Under provision in prior year	(352,230)	(312,622)	(12,479)	10,899	26,524
Effect on non-deductible costs /non-taxable income	(2,465,129)	(1,535,511)	(1,196,924)	(1,252,720)	425,384
Over/(Under) provision in prior year - deferred tax	293,318	331,303	(47,657)	61,728	(46,376)
	2,685,180	2,717,670	2,368,200	2,497,932	3,581,766

6. Notes to the consolidated financial statements (Continued)

6.13 Income tax expense and tax payable (Continued)

6.13.2 Tax (recoverable)/payable

Group

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
At 1 January	1,002,502	(605,555)	(347,578)	(96,744)	(14,555)
Income tax expense (Note 6.13.1)	3,719,644	4,642,248	3,724,868	3,900,905	3,803,846
Effect of tax in foreign jurisdiction	5,054	15,446	(19,542)	(1,695)	841
Tax paid (Note 6.35)	(5,881,461)	(3,049,637)	(3,963,303)	(4,150,044)	(3,886,876)
At 31 December	(1,154,261)	1,002,502	(605,555)	(347,578)	(96,744)
Income tax recoverable	(1,162,230)	(131,300)	(605,555)	(353,305)	(126,054)
Income tax payable	7,969	1,133,802	-	5,727	29,310
	(1,154,261)	1,002,502	(605,555)	(347,578)	(96,744)

Company

At 1 January	1,118,973	(444,373)	(278,849)	(125,958)	(79,972)
Income tax expense (Note 6.13.1)	3,430,599	4,345,020	3,556,819	3,785,740	3,606,670
Tax paid (Note 6.35)	(5,491,136)	(2,781,674)	(3,722,343)	(3,938,631)	(3,652,656)
At 31 December	(941,564)	1,118,973	(444,373)	(278,849)	(125,958)

6. Notes to the consolidated financial statements (Continued)

6.14 Earnings per share

Group

	2025	2024	2023	2022	2021
Net profit after tax attributable to owners of the company (KShs'000)	15,297,752	11,735,177	10,027,469	9,469,652	7,372,029
Weighted average number of ordinary shares in issue during the year ('000)	30,000	30,000	30,000	30,000	29,800
Earnings per share (KShs)	509.93	405.67	334.25	315.66	247.38

Company

Net profit after tax attributable to owners of the company (KShs '000')	14,678,889	10,962,272	9,715,999	9,762,151	7,005,681
Weighted average number of ordinary shares in issue during the year ('000)	30,000	30,000	30,000	30,000	29,800
Earnings per share (KShs)	489.30	379.91	323.87	325.41	235.09

There were no potentially dilutive shares outstanding at 31 December 2025, 2024, 2023, 2022 and 2021.

6. Notes to the consolidated financial statements (Continued)

6.15 Dividend per share

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
The calculation of dividend per share is based on:					
Final dividend proposed during the year (KShs'000)	6,240,000	4,800,000	4,050,000	6,300,000	3,993,200
	6,240,000	4,800,000	4,050,000	6,300,000	3,993,200
Number of ordinary shares in issue as at 31 December ('000)	30,000	30,000	30,000	30,000	29,800
Final dividend per share (KShs.)	208	160	135	210	134

The payment of dividends is subject to withholding tax at the rate of 10% for all non-residents, 5% for Kenyan residents and nil for resident Kenyan companies with shareholding of 12.5% or more.

6.16 Cash and balances with central banks Group

Cash on hand	5,278,435	4,433,947	4,120,681	3,252,284	4,139,109
Balances with central banks:					
-Restricted balances (Cash reserve ratio)	12,749,078	14,797,677	14,737,042	10,981,761	10,610,992
-Unrestricted balances	3,471,065	4,780,181	5,266,313	1,732,259	2,789,146
	21,498,578	24,011,805	24,124,036	15,966,304	17,539,247

6. Notes to the consolidated financial statements (Continued)

6.16 Cash and balances with central banks (Continued)

Company

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Cash on hand	4,573,512	3,996,746	3,746,323	2,383,260	2,780,607
Balances with Central Bank of Kenya:					
-Restricted balances (Cash reserve ratio)	10,704,136	12,961,399	12,773,669	9,644,259	9,442,660
-Unrestricted balances	921,537	2,438,533	4,364,427	951,051	1,708,029
	16,199,185	19,396,678	20,884,419	12,978,570	13,931,296

The Group's Cash Reserve Ratio is non-interest earning and is based on the value of deposits as adjusted for the respective central banks requirements. At 31 December 2025, the cash ratio requirement was 3.25% (2024- 4.25%, 2023 - 4.25%, 2022 - 4.25%, 2021 - 4.25%) in Kenya and 6.0% (2024- 6.0%, 2023 - 6.0%, 2022 - 7.0%, 2021 - 7.0%) in Tanzania of eligible deposits. These funds are available for use by the Company (I&M Bank LIMITED) in its day-to-day operations in a limited way provided that on any given day this balance does not fall below the 3.00% requirement and provided that the overall average in the month is at least 3.25% (2024- 4.25%, 2023 - 4.25%, 2022 - 4.25%, 2021 - 4.25%)

6.17 Items in the course of collection

Group

Assets	378,928	669,433	343,983	433,996	654,632
Liabilities	-	2,237	-	-	-

Company

Assets	376,440	669,433	316,197	433,996	648,914
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Items in the course of collection represent net settlement balances through the inter-banking clearing process.

6 Notes to the consolidated financial statements (Continued)

6.18 Loans and advances to banks

Group

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Due after 90 days	36,990,266	26,793,276	44,340,965	10,634,142	5,689,716
Due after 90 days	1,694,330	2,262,320	647	347,536	315,338
	38,684,596	29,055,596	44,341,612	10,981,678	6,005,054

Company

Due after 90 days	31,197,971	23,211,942	41,859,511	9,637,727	4,675,461
Due within 90 Days	1,694,330	2,262,320	647	347,536	315,338
	32,892,301	25,474,262	41,860,158	9,985,263	4,990,799

6.19 Loans and advances to customers

	2025 KShs'000	2024 KShs'000
Group		
Loans and advances at amortised cost	245,050,455	239,290,323
Loans and advances at fair value through profit or loss	624,392	406,798
	<u>245,674,847</u>	<u>239,697,121</u>
Company		
Loans and advances at amortised cost	217,364,097	216,087,376
Loans and advances at fair value through profit or loss	624,392	406,798
	<u>217,988,489</u>	<u>216,494,174</u>

6. Notes to the consolidated financial statements (Continued)

6.19.1 Classification Group

Overdrafts	67,652,255	69,480,795	70,590,993	62,608,980	50,716,621
Loans	168,570,921	161,823,407	183,894,462	143,186,147	132,240,205
Bills discounted	9,372,596	8,244,998	4,942,452	2,926,684	1,366,301
Finance leases	13,009,563	11,674,339	11,152,478	10,041,713	6,690,329
Gross loans and advances	258,605,335	251,223,539	270,580,385	218,763,524	191,013,456
Less: Impairment losses on loans and advances	(13,554,880)	(11,933,216)	(11,206,352)	(15,408,374)	(11,454,308)
Net loans and advances	245,050,455	239,290,323	259,374,033	203,355,150	179,559,148

6. Notes to the consolidated financial statements (Continued)

6.19 Loans and advances to customers (Continued)

6.19.1 Classification (Continued)

Company

	12 mths to 31.12.2025 KShs '0 00	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Overdrafts	57,291,273	59,660,906	58,455,943	54,612,165	44,998,254
Loans	149,579,546	147,775,089	165,472,036	130,041,722	119,560,088
Bills discounted	9,372,596	8,244,998	4,942,452	2,926,684	1,366,301
Finance leases	13,009,568	11,674,339	11,152,479	10,041,713	6,690,329
Gross loans and advances	229,252,983	227,355,332	240,022,910	197,622,284	172,614,972
Less: Impairment losses on loans and advances	(11,888,886)	(11,267,956)	(8,784,194)	(13,608,394)	(10,469,329)
Net loans and advances	217,364,097	216,087,376	231,238,716	184,013,890	162,145,643

The movement in impairment loss reserves in compliance with IFRS 9 is disclosed on Note 6.4.1.1.

6. Notes to the consolidated financial statements (Continued)

6.19 Loans and advances to customers (Continued)

6.19.2 Impairment losses on financial assets - Group

	Loans and advances to customers at amortised cost KShs'000	Loan commitments and financial guarantee contracts KShs'000	Government securities KShs'000	Trade receivables KShs'000	Total KShs'000
2025:					
Net remeasurement of loss allowance	6,338,841	4,778	28,643	21,222	6,393,484
New financial assets originated or purchased	1,318,343	65,039	-	-	1,383,382
	7,657,184	69,817	28,643	21,222	7,776,866
Recoveries and impairment no longer required	(585,189)	(70,600)	-	-	(655,789)
Recoveries of loans and advances previously written off	174,530	-	-	-	174,530
Amounts directly written off during the year	1,456,910	-	-	-	1,456,910
	8,703,435	(783)	28,643	21,222	8,752,517
2024:					
Net remeasurement of loss allowance	2,769,879	125,719	28,643	13,250	2,937,491
New financial assets originated or purchased	973,489	35,113	-	-	1,008,602
	3,743,368	160,832	28,643	13,250	3,946,093
Recoveries and impairment no longer required	(114,772)	(17,408)	-	-	(132,180)
Recoveries of loans and advances previously written off	1,199,820	-	-	-	1,199,820
Amounts directly written off during the year	2,033,759	-	-	-	2,033,759
	6,862,175	143,424	28,643	13,250	7,047,492

6. Notes to the consolidated financial statements (Continued)

6.19 Loans and advances to customers (Continued)

6.19.2 Impairment losses on financial assets - Group (Continued)

	Loans and advances to customers at amortised cost KShs'000	Loan commitments and financial guarantee contracts KShs'000	Government securities KShs'000	Trade receivables KShs'000	Total KShs'000
2023:					
Net remeasurement of loss allowance	5,479,387	119,347	-	(5,147)	5,593,587
New financial assets originated or purchased	554,776	61,888	-	-	616,664
	6,034,163	181,235	-	(5,147)	6,210,251
Recoveries and impairment no longer required	(53,754)	(36,657)	-	-	(90,411)
Recoveries of loans and advances previously written off	(296,042)	-	-	-	(296,042)
Amounts directly written off during the year	607,676	-	-	-	607,676
	6,292,043	144,578	-	(5,147)	6,431,474
2022:					
Net remeasurement of loss allowance	5,465,610	(58,671)	-	12,510	5,419,449
New financial assets originated or purchased	238,679	1,307	-	-	239,986
	5,704,289	(57,364)	-	12,510	5,659,435
Recoveries and impairment no longer required	(261,873)	(34,707)	-	-	(296,580)
Recoveries of loans and advances previously written off	(158,304)	-	-	-	(158,304)
Amounts directly written off during the year	157,147	-	-	-	157,147
	5,441,259	(92,071)	-	12,510	5,361,698

6. Notes to the consolidated financial statements (Continued)

6.19 Loans and advances to customers (Continued)

6.19.2 Impairment losses on financial assets - Group (Continued)

	Loans and advances to customers at amortised cost KShs'000	Loan commitments and financial guarantee contracts KShs'000	Government securities KShs'000	Trade receivables KShs'000	Total KShs'000
2021:					
Net remeasurement of loss allowance	3,120,687	11,822	-	9,684	3,142,193
New financial assets originated or purchased	240,229	67,071	-	-	307,300
	3,360,916	78,893	-	9,684	3,449,493
Recoveries and impairment no longer required	(11,301)	(24,260)	-	-	(35,561)
Recoveries of loans and advances previously written off	(410,526)	-	-	-	(410,526)
Amounts directly written off during the year	359,297	-	-	-	359,297
	3,298,386	54,633	-	9,684	3,362,703

6. Notes to the consolidated financial statements (Continued)

6.19 Loans and advances to customers (Continued)

6.19.2 Impairment losses on financial assets - Company

2025:	Loans and advances to customers at amortised cost KShs'000	Loan commitments and financial guarantee contracts KShs'000	Government securities KShs'000	Total KShs'000
Net remeasurement of loss allowance	4,266,274	12,555	17,696	4,296,525
New financial assets originated or purchased	1,151,772	55,540	-	1,207,312
	5,418,046	68,095	17,696	5,503,837
Recoveries and impairment no longer required	(117,399)	(70,601)	-	(188,000)
Amounts directly written off during the year	1,753,811	-	-	1,753,811
	7,054,458	(2,506)	17,696	7,069,648

2024:	Loans and advances to customers at amortised cost KShs'000	Loan commitments and financial guarantee contracts KShs'000	Government securities KShs'000	Total KShs'000
Net remeasurement of loss allowance	3,446,316	130,070	28,643	3,605,029
New financial assets originated or purchased	973,489	35,113	-	1,008,602
	4,419,805	165,183	28,643	4,613,631
Recoveries and impairment no longer required	(114,693)	(17,408)	-	(132,101)
Amounts directly written off during the year	1,285,118	-	-	1,285,118
	5,590,230	147,775	28,643	5,766,648

6. Notes to the consolidated financial statements (Continued)

6.19 Loans and advances to customers (Continued)

6.19.2 Impairment losses on financial assets - Company (Continued)

	Loans and advances to customers at amortised cost KShs'000	Loan commitments and financial guarantee contracts KShs'000	Government securities KShs'000	Trade receivables KShs'000	Total KShs'000
2023:					
Net remeasurement of loss allowance	4,129,331	109,837	-	-	4,239,168
New financial assets originated or purchased	551,194	61,888	-	-	613,082
	4,680,525	171,725	-	-	4,852,250
Recoveries and impairment no longer required	(48,137)	(36,653)	-	-	(84,790)
Recoveries of loans and advances previously written off	(47,419)	-	-	-	(47,419)
Amounts directly written off during the year	602,061	-	-	-	602,061
	5,187,030	135,072	-	-	5,322,102
2022:					
Net remeasurement of loss allowance	4,168,023	(48,681)	-	-	4,119,342
New financial assets originated or purchased	237,881	1,307	-	-	239,188
	4,405,904	(47,374)	-	-	4,358,530
Recoveries and impairment no longer required	(141,817)	(34,705)	-	-	(176,522)
Recoveries of loans and advances previously written off	(158,304)	-	-	-	(158,304)
Amounts directly written off during the year	37,092	-	-	-	37,092
	4,142,875	(82,079)	-	-	4,060,796

6. Notes to the consolidated financial statements (Continued)

6.19 Loans and advances to customers (Continued)

6.19.2 Impairment losses on financial assets - Company (Continued)

	Loans and advances to customers at amortised cost KShs'000	Loan commitments and financial guarantee contracts KShs'000	Government securities KShs'000	Trade receivables KShs'000	Total KShs'000
2021:					
Net remeasurement of loss allowance	2,880,745	29,348	-	-	2,910,093
New financial assets originated or purchased	235,132	56,416	-	-	291,548
	3,115,877	85,764	-	-	3,201,641
Recoveries and impairment no longer required	(9,252)	(23,885)	-	-	(33,137)
Recoveries of loans and advances previously written off	(410,526)	-	-	-	(410,526)
Amounts directly written off during the year	340,489	-	-	-	340,489
	3,036,588	61,879	-	-	3,098,467

6.19.3 Non-performing loans and advances

Non-performing loans and advances net of impairment losses and estimated value of securities are disclosed in Note 6.5.1.

Group

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Interest on impaired loans and advances which has not yet been received in cash	972,826	1,226,835	1,491,657	1,366,186	1,132,406
	972,826	1,226,835	1,491,657	1,366,186	1,132,406

Company

Interest on impaired loans and advances which has not yet been received in cash	880,000	1,130,942	733,299	696,422	518,206
	880,000	1,130,942	733,299	696,422	518,206

6. Notes to the consolidated financial statements (Continued)

6.19 Loans and advances to customers (Continued)

6.19.4 Loans and s concentration by sector

Group

	2025		2024		2023		2022		2021	
	KShs'000	%	KShs'000	%	KShs'000	%	KShs '000	%	KShs '000	%
Manufacturing	63,797,261	25%	67,760,651	27%	77,571,947	29%	63,351,066	29%	51,734,960	27%
Wholesale and retail trade	58,871,160	23%	57,159,613	23%	55,076,033	20%	43,596,397	20%	36,492,342	19%
Building and construction	8,700,480	3%	12,251,007	5%	13,968,194	6%	13,436,910	6%	11,747,154	6%
Agriculture	13,796,219	5%	13,342,893	5%	16,510,174	5%	10,227,804	5%	5,697,374	3%
Real estate	16,862,153	7%	20,438,968	8%	30,268,753	15%	32,417,252	15%	33,516,426	18%
Transport and communication	24,468,519	9%	22,451,463	9%	25,654,281	6%	12,067,646	6%	10,915,448	6%
Business services	8,019,493	3%	8,149,937	3%	8,244,061	4%	7,850,706	4%	8,434,117	4%
Electricity and water	4,567,737	2%	1,489,558	1%	1,445,581	1%	2,133,403	1%	851,362	0%
Finance and insurance	13,515,514	5%	11,033,325	4%	9,512,480	3%	6,488,784	3%	4,761,963	2%
Mining and quarrying	1,850,638	1%	1,588,605	1%	1,971,090	1%	2,009,133	1%	1,642,446	1%
Others	44,156,158	17%	35,557,519	14%	30,357,793	10%	25,184,423	10%	25,219,864	14%
	258,605,332	100%	251,223,539	100%	270,580,387	100%	218,763,524	100%	191,013,456	100%

6. Notes to the consolidated financial statements (Continued)

6.19 Loans and advances to customers (Continued)

6.19.4 Loans and advances concentration by sector (Continued)

Company

	2025		2024		2023		2022		2021	
	KShs'000	%	KShs'000	%	KShs'000	%	KShs '000	%	KShs '000	%
Manufacturing	58,753,690	26%	61,510,767	27%	69,740,067	30%	58,816,638	30%	47,513,938	28%
Wholesale and retail trade	49,750,367	22%	50,018,183	22%	47,644,913	20%	39,926,922	20%	33,867,887	20%
Building and construction	7,314,055	3%	11,104,489	5%	12,422,757	6%	12,173,107	6%	11,082,606	6%
Agriculture	13,382,247	6%	11,932,666	5%	14,626,879	4%	8,888,444	4%	5,013,123	3%
Real estate	15,266,293	7%	18,956,096	8%	25,427,867	14%	27,965,701	14%	29,199,154	17%
Transport and communication	21,811,401	10%	20,652,295	9%	23,972,515	6%	11,084,258	6%	10,205,475	6%
Business services	7,258,622	3%	7,625,976	3%	7,622,521	4%	7,355,519	4%	8,037,461	5%
Electricity and water	4,567,737	2%	1,489,558	1%	1,445,581	1%	2,133,403	1%	851,362	0%
Finance and insurance	13,515,514	6%	11,033,325	5%	9,512,480	3%	6,488,784	3%	4,761,963	3%
Mining and quarrying	1,089,767	1%	1,588,605	1%	1,495,962	1%	1,584,657	1%	1,177,858	1%
Others	36,543,290	14%	31,443,372	14%	26,111,368	11%	21,204,851	11%	20,904,145	11%
	229,252,983	100%	227,355,332	100%	240,022,910	100%	197,622,284	100%	172,614,972	100%

6. Notes to the consolidated financial statements (Continued)

6.19 Loans and advances to customers (Continued)

6.19.5 Finance leases

Loans and advances to customers include finance leases receivable as follows:

Group

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Receivable no later than 1 year	800,006	731,102	718,204	490,992	561,842
Receivable later than 1 year and no later than 5 years	8,261,967	8,232,994	8,877,007	6,677,302	4,973,236
Receivable later than 5 year	3,947,590	2,710,243	1,557,267	2,873,419	1,155,251
	13,009,563	11,674,339	11,152,478	10,041,713	6,690,329

Company

Receivable no later than 1 year	800,006	731,102	718,204	490,992	561,842
Receivable later than 1 year and no later than 5 years	8,261,967	8,232,994	8,877,007	6,677,302	4,973,236
Receivable later than 5 year	3,947,590	2,710,243	1,557,268	2,873,419	1,155,251
	13,009,563	11,674,339	11,152,479	10,041,713	6,690,329

6.19.6 Loans and advances at fair value through profit or loss

Loans and advances at fair value includes loan notes issued to a Special Purpose Entity (SPE) formed as part of a restructuring arrangement between lender Banks and Kenya Airways Plc in 2017. Under the terms of the restructuring, the amounts owing to the Banks were transferred to the SPE, which in exchange was allocated equity shares of Kenya Airways Plc. Principally, the Banks will recover the amounts through the sale of Kenya Airways shares. The Banks receive a fixed interest income on the amounts due at a rate that is largely below the market rates

	Group		Company	
	2025	2024	2025	2024
Loan note	406,798	1,028,308	406,798	1,028,308
Fair value gain/(loss)	207,359	(621,510)	207,359	(621,510)
Unearned interest	10,235	-	10,235	-
Carrying amount	624,392	406,798	624,392	406,798

6. Notes to the consolidated financial statements (Continued)

6.20 Financial Assets

6.20.1 Financial Assets at fair value through profit or loss (FVTPL)

Group

Derivative assets	-	-	538,513	739,898	179,138
Government securities	-	90,078	199,672	14,341,027	15,753,822
	-	90,078	738,185	15,080,925	15,932,960

Company

Derivative assets	-	-	538,513	739,898	179,138
Government securities	-	-	-	14,341,027	15,753,822
	-	-	538,513	15,080,925	15,932,960

6.20.2 Financial assets measured at fair value through other comprehensive income (FVOCI)

Group

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Equity investment	53,160	54,071	725,941	550,051	476,414
Corporate bonds	4,796,130	289,186	295,778	295,778	295,012
Government securities	121,447,473	61,137,931	50,347,519	44,540,028	57,074,203
	126,296,763	61,481,188	51,369,238	45,385,857	57,845,629

Company

Equity investment	-	-	662,532	496,475	426,671
Corporate bonds	4,796,130	289,186	295,778	295,778	295,012
Government securities	121,279,965	60,989,605	50,111,346	44,181,604	56,871,215
	126,076,095	61,278,791	51,069,656	44,973,857	57,592,898

6. Notes to the consolidated financial statements (Continued)

6.20 Financial Assets (Continued)

6.20.3 Financial assets at amortised cost

Group

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Preference shares investment in related party	3,617,000	3,590,000	4,640,941	4,648,443	4,692,795
Government securities	39,344,595	68,250,641	36,370,658	29,058,219	36,142,410
Trade receivables	32,632	48,725	36,816	57,661	35,470
	42,994,227	71,889,366	41,048,415	33,764,323	40,870,675

Company

Preference shares investment in related party	3,617,000	3,590,000	4,640,941	4,648,443	5,246,057
Government securities	31,555,168	59,413,934	26,878,671	22,655,837	30,605,205
	35,172,168	63,003,934	31,519,612	27,304,280	35,851,262

*On 28 January 2016 and 6 July 2016, I&M Realty Limited issued 350 5% non-cumulative preference shares of a par value of KShs 10,000,000 each to the value of KShs 3.5 billion redeemable after a period of 7 years at the discretion of the issuer, which were fully subscribed to by I&M Bank LIMITED. An additional 30 non-cumulative redeemable preference shares of KShs 10,000,000 each were issued in 2019 by I&M Realty Limited and were fully subscribed by I&M Bank LIMITED. These additional preference rank pari passu in all respect with the existing non-cumulative redeemable preference shares

* On 17 June 2021, Giro Limited issued 9,000,000 5% non-cumulative preference shares of a par value of KShs 30 each at KShs 60 each to the value of KShs 540,000,000 redeemable after a period of 5 years but before the expiry of 10 years at the discretion of the issuer, which were fully subscribed to by I&M Bank LIMITED.

The Group holds an equity investment in the Tanzania Mortgage Refinance Company Limited (TRMC), a non-listed financial institution established to provide long-term funding support to mortgage lenders. The investment has been designated at fair value through other comprehensive income (FVOCI) as it is not held for trading and is maintained for strategic purposes, to earn dividend income and support the development of the mortgage market. There were no disposal done during the year ended December 2025 (2024: Nil) and there were no transfers of any cumulative gain or loss within equity relating to the investment.

6. Notes to the consolidated financial statements (Continued)

6.20 Financial Assets (Continued)

The change in the carrying amount of investment securities held by the Group for the audited five years ended December 2025, 2024, 2023, 2022 and 2021 are set out below:

Group	Financial assets at amortised cost		Financial assets at fair value through profit or loss (FVTPL)	Financial assets at fair value through other comprehensive income (FVOCI)			Total KShs'000
	Government securities KShs'000	Preference shares KShs'000	Government securities KShs'000	Government securities KShs'000	Equity investments KShs'000	Corporate bond KShs'000	
31 December 2025							
At 1 January	68,250,642	3,590,000	90,078	61,137,930	54,071	289,186	133,411,907
Additions	63,477,221	-	-	116,090,068	-	4,697,300	184,264,589
Disposals and maturities	(92,465,733)	-	(88,560)	(65,231,386)	-	(288,860)	(158,074,539)
Changes in fair value	-	-	-	4,605,955	-	-	4,605,955
Unearned interest	238,576	27,000	-	4,843,769	(911)	98,504	5,206,938
12-month ECL	(7,231)	-	-	1,137	-	-	(6,094)
Translation reserve	(148,880)	-	(1,518)	-	-	-	(150,398)
At 31 December	39,344,595	3,617,000	-	121,447,473	53,160	4,796,130	169,258,358
31 December 2024							
At 1 January	36,370,658	3,590,000	738,185	50,347,519	54,071	295,778	91,396,211
Additions	56,382,270	-	-	26,992,250	-	-	83,374,520
Disposals and maturities	(22,443,895)	-	(80,189)	(19,323,414)	-	-	(41,847,498)
Changes in fair value	-	-	(538,513)	3,155,269	-	-	2,616,756
Unearned interest	(2,048,907)	-	-	(353)	-	(6,592)	(2,055,852)
12 - Month ECL	(9,484)	-	-	(19,158)	-	-	(28,642)
Translation reserve	-	-	(29,405)	(14,183)	-	-	(43,588)
At 31 December	68,250,642	3,590,000	90,078	61,137,930	54,071	289,186	133,411,907

6. Notes to the consolidated financial statements (Continued)

6.20 Financial Assets (Continued)

Group	Investment securities at fair value through profit or loss (FVTPL) Government securities KShs'000	Investment securities at amortised cost Government securities KShs'000	Investment securities measured at fair value through other comprehensive income (FVOCI)				Total KShs'000
			Government securities KShs'000	Preference shares KShs'000	Equity investments KShs'000	Corporate bond KShs'000	
31 December 2023							
At 1 January	15,080,925	29,058,219	44,540,028	4,648,443	550,051	295,778	94,173,444
Additions	1,434,243	44,598,295	15,146,845	-	-	-	61,179,383
Disposals and maturities	(15,578,379)	(39,245,464)	(7,066,794)	-	-	-	(61,890,637)
Changes in fair value	(199,104)	-	(2,109,611)	(7,502)	83,521	-	(2,232,696)
Amortisation of discounts and premiums, unearned interest and interest receivable	500	784,540	(201,615)	-	82,536	-	665,961
Translation reserve	-	1,175,068	38,666	-	9,833	-	1,223,567
At 31 December	738,185	36,370,658	50,347,519	4,640,941	725,941	295,778	93,119,022

6 Notes to the consolidated financial statements (Continued)

6.20 Financial Assets (Continued)

Group	Financial assets at fair value through profit or loss (FVTPL)	Other financial assets at amortised cost	Financial assets measured at fair value through other comprehensive income (FVOCI)				Total KShs'000
			Government securities KShs'000	Government securities KShs'000	Government securities KShs'000	Preference shares KShs'000	
31 December 2022							
At 1 January	15,932,960	36,142,410	57,074,203	4,692,795	476,414	295,012	114,613,794
Additions	5,000	10,673,991	9,418,567	-	-	-	20,097,558
Disposals and maturities	(167,300)	(20,064,028)	(17,848,376)	-	-	-	(38,079,704)
Changes in fair value	(2,408,180)	-	(4,110,773)	(44,352)	69,804	696	(6,492,805)
Amortisation of discounts and premiums, unearned interest and interest receivable	1,718,445	1,879,104	14,258	-	-	70	3,611,877
Translation reserve	-	426,742	(7,851)	-	3,833	-	422,724
At 31 December 2022	15,080,925	29,058,219	44,540,028	4,648,443	550,051	295,778	94,173,444
31 December 2021							
At 1 January	11,798,434	41,593,094	36,606,922	4,408,750	448,857	-	94,856,057
Additions	13,009,290	20,518,434	45,663,639	540,000	-	288,860	80,020,223
Disposals and maturities	(9,182,773)	(27,938,602)	(25,116,129)	-	-	-	(62,237,504)
Changes in fair value	201,884	-	(828,461)	(255,955)	(13,334)	(69)	(895,935)
Amortisation of discounts and premiums, unearned interest and interest receivable	106,125	1,715,509	748,579	-	38,885	6,221	2,615,319
Translation reserve	-	253,975	(347)	-	2,006	-	255,634
At 31 December 2021	15,932,960	36,142,410	57,074,203	4,692,795	476,414	295,012	114,613,794

6. Notes to the consolidated financial statements (Continued)

6.20 Financial Assets (Continued)

The change in the carrying amount of investment securities held by the Company for the audited five years ended December 2025, 2024, 2023, 2022 and 2021 are set out below:

Company	Financial assets at amortised cost		Financial assets at fair value through profit or loss (FVTPL)	Financial assets at fair value through other comprehensive income (FVOCI)			Total KShs'000
	Government securities KShs'000	Preference shares KShs'000	Government securities KShs'000	Government securities KShs'000	Equity investments KShs'000	Corporate bond KShs'000	
31 December 2025							
At 1 January	59,413,934	3,590,000	-	60,989,605	-	289,186	124,282,725
Additions	60,267,782	-	-	116,090,068	-	4,697,300	181,055,150
Disposals and maturities	(88,030,283)	-	-	(65,237,779)	-	(288,860)	(153,556,922)
Changes in fair value	-	-	-	4,584,147	-	-	4,584,147
Unearned interest	(89,034)	27,000	-	4,852,787	-	98,504	4,889,257
12-month ECL	(7,231)	-	-	1,137	-	-	(6,094)
At 31 December	31,555,168	3,617,000	-	121,279,965	-	4,796,130	161,248,263
31 December 2024							
At 1 January	26,878,671	3,590,000	538,513	50,111,346	-	295,778	81,414,308
Additions	52,421,750	-	-	26,992,250	-	-	79,414,000
Disposals and maturities	(17,386,433)	-	(538,513)	(19,241,377)	-	-	(37,166,323)
Changes in fair value	-	-	-	3,146,544	-	-	3,146,544
Unearned interest	(2,490,571)	-	-	-	-	(6,592)	(2,497,163)
Reclassification	-	-	-	-	-	-	-
12-month ECL	(9,483)	-	-	(19,158)	-	-	(28,641)
At 31 December	59,413,934	3,590,000	-	60,989,605	-	289,186	124,282,725

6. Notes to the consolidated financial statements (Continued)

6.20 Financial Assets (Continued)

Company	Investment securities at fair value through profit or loss (FVTPL) Government securities KShs'000	Investment securities at amortised cost Government securities KShs'000	Investment securities measured at fair value through other comprehensive income (FVOCI)				Total KShs'000
			Government securities KShs'000	Preference shares KShs'000	Equity investments KShs'000	Corporate bond KShs'000	
31 December 2023							
At 1 January	15,080,925	22,655,837	44,181,604	4,648,443	496,475	295,778	87,359,062
Additions	-	40,457,666	14,303,608	-	-	-	54,761,274
Disposals and maturities	(14,341,027)	(36,751,957)	(6,067,989)	-	-	-	(57,160,973)
Changes in fair value	(201,385)	-	(2,097,090)	(7,502)	83,521	-	(2,222,456)
Amortisation of discounts and premiums, unearned interest, and interest receivable	-	517,125	(208,787)	-	82,536	-	390,874
At 31 December 2023	538,513	26,878,671	50,111,346	4,640,941	662,532	295,778	83,127,781

6. Notes to the consolidated financial statements (Continued)

6.20 Financial Assets (Continued)

Company	Financial assets at fair value through profit or loss (FVTPL) Government securities KShs'000	Other financial assets at amortised cost Government securities KShs'000	Financial assets measured at fair value through other comprehensive income (FVOCI)				Total KShs'000
			Government securities KShs'000	Preference shares KShs'000	Equity investments KShs'000	Corporate bond KShs'000	
31 December 2022							
At 1 January	15,932,960	30,605,205	56,871,215	5,246,057	426,671	295,012	109,377,120
Additions	5,000	8,500,000	8,958,473	-	-	-	17,463,473
Disposals and maturities	(167,300)	(18,013,647)	(17,152,876)	(553,262)	-	-	(35,887,085)
Changes in fair value	(2,408,180)	-	(4,495,366)	(44,352)	69,804	696	(6,877,398)
Amortisation of discounts and premiums, unearned interest and interest receivable	1,718,445	1,564,279	158	-	-	70	3,282,952
At 31 December 2022	15,080,925	22,655,837	44,181,604	4,648,443	496,475	295,778	87,359,062
31 December 2021							
At 1 January	11,798,434	36,732,012	36,606,922	4,870,719	401,120	-	90,409,207
Additions	13,009,290	18,500,000	45,468,514	540,000	-	288,860	77,806,664
Disposals and maturities	(9,182,773)	(26,050,018)	(25,116,129)	(100,000)	-	-	(60,448,920)
Changes in fair value	201,884	-	(822,573)	(64,662)	(13,334)	(69)	(698,754)
Amortisation of discounts and premiums, unearned interest and interest receivable	106,125	1,423,211	734,481	-	38,885	6,221	2,308,923
At 31 December 2021	15,932,960	30,605,205	56,871,215	5,246,057	426,671	295,012	109,377,120

6. Notes to the consolidated financial statements (Continued)

6.21 a) Assets Held For Sale

As at 31 December 2025, the Group continued to recognize in its financial statements items of buildings obtained by possession of collateral. Sale of the buildings 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 and Company

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Assets held for sale	-	507,314	307,501	748,849	1,001,430

b) Investment Properties

Group and Company

	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
Investment Properties	509,492	-	-	-	-

During the year, the Group reassessed the status of assets previously classified as assets held for sale in accordance with the criteria set out in IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These assets—originally comprising properties foreclosed in the normal course of business and expected to be recovered primarily through sale—no longer met the requirements for classification as held for sale as at 31 December 2025. As a result, the Group reclassified the assets from assets held for sale to investment properties in accordance with IAS 40 Investment Property

6.22 Investment in subsidiaries

	Country of incorporation	Sector	2025		2024		2023		2022		2021	
			KShs'000	% Ownership	KShs'000	% Ownership	KShs'000	% Ownership	KShs'000	% Ownership	KShs'000	% Ownership
I&M Bank (T) Limited	Tanzania	Banking	3,882,612	49.81%	3,882,612	78.51%	3,882,612	78.51%	3,057,585	77.80%	3,057,585	77.80%
I&M Bancassurance Intermediary Limited	Kenya	Insurance	100	100%	100	100%	100	100%	100	100%	100	100%
At 1 January and 31 December			3,882,612		3,882,612		3,882,612		3,057,585		3,057,585	

6. Notes to the consolidated financial statements (Continued)

6.22 Investment in subsidiaries (Continued)

The Bank acquired 55.03% controlling equity stake in CF Union Bank Limited (now I&M Bank (T) Limited) on 14 January 2010 to offer banking services in Tanzania. In 2016, through a combination of rights issues (effective 12 October 2016) and a buyout of Proparco shares in I&M Bank (T) Limited (effective 26 October 2016) to get to 70.38%, 77.80% in 2022 to 78.51% in 2023 following take up of renounced rights issue shares. In 2025 the Bank's direct ownership decreased from 77.80% to 49.81% following buyout of Proparco and MEAL minority interest by I&M Group PLC, the ultimate holding company.

I&M Bancassurance Intermediary Limited was incorporated on 23 July 2014 and commenced operations on 1 August 2014 to offer insurance agency services in Kenya.

A summary of the subsidiaries performance is shown below;

		Revenue KShs'000 a	Expenses KShs'000 b	Profit before tax KShs'000 c=(a-b)	Profit after tax KShs'000 d
	Year				
I&M Tanzania Limited	2025	6,267,888	(5,096,720)	1,171,168	1,061,005
	2024	5,163,877	(4,103,337)	1,060,540	878,630
	2023	3,466,375	(3,157,195)	309,180	275,099
	2022	2,217,991	(2,906,698)	(688,707)	(506,064)
	2021	1,988,310	(1,495,932)	492,378	337,788
I&M Bancassurance Intermediary Limited	2025	555,207	(170,911)	384,296	273,452
	2024	460,671	(126,850)	333,821	237,557
	2023	351,148	(78,511)	272,637	193,854
	2022	327,246	(88,667)	238,579	171,910
	2021	264,304	(78,531)	185,773	133,337
Youjays Insurance Brokers Limited	2022	138	(457)	(319)	(270)
	2021	516	246	762	712

6. Notes to the consolidated financial statements (Continued)

6.22 Investment in subsidiaries (Continued)

	Bank				
	12 mths to 31.12.2025 KShs '000	12 mths to 31.12.2024 KShs '000	12 mths to 31.12.2023 KShs '000	12 mths to 31.12.2022 KShs '000	12 mths to 31.12.2021 KShs '000
At 1 January	3,882,712	3,882,712	3,057,685	3,057,685	2,750,753
Additional investment in I&M Bank (T) Limited	-	-	825,027	-	306,932
At 1 January and 31 December	3,882,712	3,882,712	3,882,712	3,057,685	3,057,685

Additional 762 Class A shares at par value TZS 1,000,000 each was acquired in 2023.

The following table summarises the information relating to Group's subsidiary that has non-controlling interest (NCI).

	12 mths to 31.12.2025	12 mths to 31.12.2024	12 mths to 31.12.2023	12 mths to 31.12.2022	12 mths to 31.12.2021
NCI percentage	50.19%	21.49%	21.49%	22.2%	22.2%
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Movement during the year					
At January	1,376,592	1,410,036	1,008,917	1,067,478	1,169,337
Comprehensive income					
Net (loss)/profit after tax	415,593	188,818	59,119	(112,346)	74,989
Translation reserve	(35,070)	(222,082)	195,104	64,215	42,687
Net fair value reserve	-	(180)	(384)	13,414	54
Total comprehensive income	380,523	(33,444)	253,839	(34,717)	117,730
NCI buyout	2,285,878	-	-	-	(219,589)
Dividends paid	-	-	147,280	(23,844)	-
At 31 December	4,042,993	1,376,592	1,410,036	1,008,917	1,067,478

6. Notes to the consolidated financial statements (Continued)

6.22 Investment in subsidiaries (Continued)

	12 mths to 31.12.2025	12 mths to 31.12.2024	12 mths to 31.12.2023	12 mths to 31.12.2022	12 mths to 31.12.2021
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Summarized statement of financial position					
Loans and advances to customers	27,686,358	23,202,947	28,135,317	19,341,259	17,413,506
Other assets	22,338,260	19,678,348	18,142,427	12,209,151	11,393,950
Liabilities	(41,969,244)	(36,493,952)	(39,734,777)	(27,023,013)	(24,016,272)
Net Assets	8,055,374	6,387,343	6,542,967	4,527,397	4,791,184
Carrying amount of NCI	4,042,993	1,372,640	1,406,084	1,005,082	1,063,643
Total carrying amount of NCI	-	3,952	3,952	3,835	3,835
Total carrying amount of NCI	4,042,993	1,376,592	1,410,036	1,008,917	1,067,478
Summarized statement of profit or loss and other comprehensive income					
Net interest income	4,603,830	3,866,055	2,720,748	1,622,319	1,509,033
Profit/(loss) for the year	1,061,005	878,630	275,099	(506,064)	337,788
Total comprehensive income	1,061,005	878,630	275,099	(506,064)	337,788
Pre-dilution profit ceded by NCI	(116,925)	-	-	-	-
Profit allocated to NCI	415,593	188,818	59,119	(112,346)	74,989
Summarized statement of cash flows					
Net cash generated from operating activities	2,353,716	43,328	50,810	1,282,372	1,372,493
Net cash used in investing activities	(192,426)	(89,783)	(105,288)	(111,372)	(99,356)
Net cash used financing activities before dividends to NCI	1,247,744	115,380	135,307	(1,132,106)	(303,840)
Net increase in cash and cash equivalents	3,409,034	68,925	80,829	38,894	969,297

6. Notes to the consolidated financial statements (Continued)

6.23 a) Property and equipment Group

2025:

	Leasehold improvements KShs'000	Furniture, fittings, fixtures and office equipment KShs'000	Computers KShs'000	Motor vehicles KShs'000	Capitalizable work in progress KShs'000	Total KShs'000
Cost						
At 1 January	2,546,890	2,127,028	2,417,259	159,956	40,406	7,291,539
Additions	99,821	131,716	147,258	6,732	363,631	749,158
Disposals	(113,933)	(43,996)	(36,251)	(15,415)	(21,346)	(230,941)
Reclassification/internal transfers	47,178	18,768	66,522	-	(138,118)	(5,650)
Translation differences	(5,131)	(7,980)	(957)	(762)	(102)	(14,932)
At 31 December	2,574,825	2,225,536	2,593,831	150,511	244,471	7,789,174
Depreciation						
At 1 January	1,933,459	1,333,587	2,076,729	132,576	-	5,476,351
Charge for the year	228,621	160,394	265,494	13,343	-	667,852
On disposal	(17,762)	(6,980)	(35,921)	(15,415)	-	(76,078)
Translation differences	(2,914)	(4,883)	(815)	(561)	-	(9,173)
At 31 December	2,141,404	1,482,118	2,305,487	129,943	-	6,058,952
Net book value at 31 December	433,421	743,418	288,344	20,568	244,471	1,730,222

6. Notes to the consolidated financial statements (Continued)

6.23 a) Property and equipment (Continued) Group (Continued)

2024:	Leasehold improvements KShs'000	Furniture, fittings, fixtures and office equipment KShs'000	Computers KShs'000	Motor vehicles KShs'000	Capitalizable work in progress KShs'000	Total KShs'000
Cost						
At 1 January	2,270,538	1,989,641	2,177,151	159,948	196,133	6,793,411
Additions	233,539	158,222	166,947	9,943	244,206	812,857
Disposals	(50,009)	(63,109)	(10,046)	(3,377)	(18,046)	(144,587)
Reclassification/internal transfers	138,089	118,368	93,182	-	(379,512)	(29,873)
Translation differences	(45,267)	(76,094)	(9,975)	(6,558)	(2,375)	(140,269)
At 31 December	2,546,890	2,127,028	2,417,259	159,956	40,406	7,291,539
Depreciation						
At 1 January	1,788,801	1,296,472	1,641,981	127,012	-	4,854,266
Charge for the year	221,133	145,351	451,965	13,698	-	832,147
On disposal	(46,085)	(58,998)	(8,959)	(3,377)	-	(117,419)
Translation differences	(30,390)	(49,238)	(8,258)	(4,757)	-	(92,643)
At 31 December	1,933,459	1,333,587	2,076,729	132,576	-	5,476,351
Net book value at 31 December	613,431	793,441	340,530	27,380	40,406	1,815,188

6. Notes to the consolidated financial statements (Continued)

6.23 a) Property and equipment (Continued)

Group (continued)

2023:	Leasehold improvements KShs'000	Furniture, fittings, fixtures and office equipment KShs'000	Computers KShs'000	Motor vehicles KShs'000	Capitalizable work in progress KShs'000	Total KShs'000
Cost						
At 1 January	2,179,309	1,833,725	1,857,630	129,356	101,125	6,101,145
Additions	11,282	75,929	74,172	12,550	469,362	643,295
Disposal	(21,730)	(45,411)	(3,435)	-	(21,172)	(91,748)
Reclassification/internal transfers	61,907	47,836	238,336	11,890	(339,603)	20,366
Transfer to intangible assets	-	-	-	-	(17,577)	(17,577)
Translation differences	39,770	77,562	10,448	6,152	3,998	137,930
At 31 December	2,270,538	1,989,641	2,177,151	159,948	196,133	6,793,411
Depreciation						
At 1 January	1,561,126	1,123,455	1,272,562	109,990	-	4,067,133
Reclassification	-	-	2,330	-	-	2,330
Charge for the year	215,301	144,400	362,135	12,735	-	734,571
Disposals	(21,452)	(21,747)	(3,292)	-	-	(46,491)
Translation differences	33,826	50,364	8,246	4,287	-	96,723
At 31 December	1,788,801	1,296,472	1,641,981	127,012	-	4,854,266
Net book value at 31 December	481,737	693,169	535,170	32,936	196,133	1,939,145

6. Notes to the consolidated financial statements (Continued)

6.23 a) Property and equipment (Continued)

Group (continued)

2022:

	Leasehold improvements KShs'000	Furniture, fittings, fixtures and office equipment KShs'000	Computers KShs'000	Motor vehicles KShs'000	Capital work in progress KShs'000	Total KShs'000
Cost						
At 1 January	2,130,674	1,670,020	1,634,584	122,038	150,365	5,707,681
Additions	13,619	102,891	26,722	9,429	203,533	356,194
Disposals	(1,045)	(7,540)	(677)	(4,160)	-	(13,422)
Reclassification/internal transfers	20,566	40,039	193,226	-	(253,831)	-
Translation differences	15,495	28,315	3,775	2,049	1,058	50,692
At 31 December	2,179,309	1,833,725	1,857,630	129,356	101,125	6,101,145
Depreciation						
At 1 January	1,319,894	970,785	956,000	101,374	-	3,348,053
Charge for the year	230,137	142,305	313,442	11,164	-	697,048
On disposal	(911)	(6,153)	353	(3,998)	-	(10,709)
Translation differences	12,006	16,518	2,767	1,450	-	32,741
At 31 December	1,561,126	1,123,455	1,272,562	109,990	-	4,067,133
Net book value at 31 December	618,183	710,270	585,068	19,366	101,125	2,034,012

6. Notes to the consolidated financial statements (Continued)

6.23 a) Property and equipment (Continued)

Group (continued)

2021:	Leasehold improvements KShs'000	Furniture, fittings, fixtures and office equipment KShs'000	Computers KShs'000	Motor vehicles KShs'000	Capital work in progress KShs'000	Total KShs'000
Cost						
At 1 January	2,010,598	1,341,089	934,221	121,485	683,472	5,090,865
Additions	58,059	166,021	32,278	8,603	348,376	613,337
Disposals	-	(4,869)	(677)	(8,870)	(6,059)	(20,475)
Reclassification/internal transfers	53,919	154,713	667,085	-	(875,717)	-
Translation differences	8,098	13,066	1,677	820	293	23,954
At 31 December	2,130,674	1,670,020	1,634,584	122,038	150,365	5,707,681
Depreciation						
At 1 January	1,102,792	846,834	799,780	90,946	-	2,840,352
Reclassification	-	485	(485)	-	-	-
Charge for the year	211,563	120,480	156,121	18,422	-	506,586
On disposal	-	(4,161)	(677)	(8,674)	-	(13,512)
Translation differences	5,539	7,147	1,261	680	-	14,627
At 31 December	1,319,894	970,785	956,000	101,374	-	3,348,053
Net book value at 31 December	810,780	699,235	678,584	20,664	150,365	2,359,628

6. Notes to the consolidated financial statements (Continued)

6.23 a) Property and equipment (Continued)

Company

2025:

	Leasehold improvements KShs'000	Furniture, fittings, fixtures and office equipment KShs'000	Computers KShs'000	Motor vehicles KShs'000	Capitalizable work in progress KShs'000	Total KShs'000
Cost						
At 1 January	2,241,363	1,612,640	2,443,627	117,829	22,742	6,438,201
Additions	93,348	84,291	142,660	544	351,623	672,466
Disposals	(105,570)	(43,996)	(35,775)	(15,415)	(21,346)	(222,102)
Reclassification/internal transfers	47,178	18,768	66,522	-	(138,118)	(5,650)
At 31 December	2,276,319	1,671,703	2,617,034	102,958	214,901	6,882,915
Depreciation						
At 1 January	1,772,591	1,040,086	2,052,005	102,839	-	4,967,521
On disposals	(9,399)	(6,980)	(35,775)	(15,417)	-	(67,571)
Charge for the year	196,220	122,891	261,362	6,321	-	586,794
At 31 December	1,959,412	1,155,997	2,277,592	93,743	-	5,486,744
Net book value at 31 December	316,907	515,706	339,442	9,215	214,901	1,396,171

6. Notes to the consolidated financial statements (Continued)

6.23 a) Property and equipment (Continued)

Company (Continued)

2024:	Leasehold improvements KShs'000	Furniture, fittings, fixtures and office equipment KShs'000	Computers KShs'000	Motor vehicles KShs'000	Capitalizable work in progress KShs'000	Total KShs'000
Cost						
At 1 January	2,014,082	1,419,000	2,186,971	120,279	146,221	5,886,553
Additions	89,192	77,042	163,474	-	244,206	573,914
Disposals	-	(1,770)	-	(2,450)	(18,046)	(22,266)
Reclassification/internal transfers	138,089	118,368	93,182	-	(349,639)	-
At 31 December	2,241,363	1,612,640	2,443,627	117,829	22,742	6,438,201
Depreciation						
At 1 January	1,564,731	923,198	1,606,106	97,278	-	4,191,313
On disposals	-	(1,231)	-	(2,450)	-	(3,681)
Charge for the year	207,860	118,119	445,899	8,011	-	779,889
At 31 December	1,772,591	1,040,086	2,052,005	102,839	-	4,967,521
Net book value at 31 December	468,772	572,554	391,622	14,990	22,742	1,470,680

6. Notes to the consolidated financial statements (Continued)

6.23 a) Property and equipment (Continued) Company (Continued)

2023:

	Leasehold improvements KShs'000	Furniture, fittings, fixtures and office equipment KShs'000	Computers KShs'000	Motor vehicles KShs'000	Capitalizable work in progress KShs'000	Total KShs'000
Cost						
At 1 January	1,962,623	1,351,406	1,885,310	95,839	67,141	5,362,319
Additions	11,282	70,527	68,802	12,550	439,855	603,016
Disposals	(21,730)	(32,445)	(3,435)	-	(21,172)	(78,782)
Reclassification/internal transfers	61,907	29,512	236,294	11,890	(339,603)	-
At 31 December	2,014,082	1,419,000	2,186,971	120,279	146,221	5,886,553
Depreciation						
At 1 January	1,381,866	848,821	1,253,246	88,398	-	3,572,331
On disposals	(21,452)	(31,260)	(3,292)	-	-	(56,004)
Charge for the year	204,317	105,637	356,152	8,880	-	674,986
At 31 December	1,564,731	923,198	1,606,106	97,278	-	4,191,313
Net book value at 31 December	449,351	495,802	580,865	23,001	146,221	1,695,240

6. Notes to the consolidated financial statements (Continued)

6.23 a) Property and equipment (Continued)

Company (Continued)

2022:

	Leasehold improvements KShs'000	Furniture, fittings, fixtures and office equipment KShs'000	Computers KShs'000	Motor vehicles KShs'000	Right of use asset KShs'000	Capital work in progress KShs'000	Total KShs'000
Cost							
At 1 January	1,929,758	1,258,361	1,667,710	99,998	2,184,835	120,401	5,076,228
Additions	13,343	60,544	25,052	-	10,309	200,571	299,510
Disposals	(1,045)	(7,538)	(677)	(4,159)	(169,855)	-	(13,419)
Reclassification/internal transfers	20,567	40,039	193,225	-	-	(253,831)	-
At 31 December	1,962,623	1,351,406	1,885,310	95,839	2,025,289	67,141	5,362,319
Depreciation							
At 1 January	1,174,750	754,261	944,241	83,801	811,400	-	2,957,053
On disposals	(911)	(6,156)	(677)	(3,998)	(169,855)	-	(11,742)
Charge for the year	208,027	100,716	309,682	8,595	229,779	-	627,020
At 31 December	1,381,866	848,821	1,253,246	88,398	871,324	-	3,572,331
Net book value at 31 December	580,757	502,585	632,064	7,441	1,153,965	67,141	1,789,988

6. Notes to the consolidated financial statements (Continued)

6.23 a) Property and equipment (Continued)

Company (continued)

2021:	Leasehold improvements KShs'000	Furniture, fittings, fixtures and office equipment KShs'000	Computers KShs'000	Motor vehicles KShs'000	Capital work in progress KShs'000	Total KShs'000
Cost						
At 1 January	1,817,901	987,477	981,944	103,667	663,668	4,554,657
Additions	57,937	113,102	29,105	5,200	336,325	541,669
Disposals	-	(4,493)	(677)	(8,869)	(6,059)	(20,098)
Reclassification/internal transfers	53,920	162,275	657,338	-	(873,533)	-
At 31 December	1,929,758	1,258,361	1,667,710	99,998	120,401	5,076,228
Depreciation						
At 1 January	978,448	671,074	793,914	75,442	-	2,518,878
On disposals	-	(3,785)	(677)	(8,674)	-	(13,136)
Charge for the year	196,302	86,972	151,004	17,033	-	451,311
At 31 December	1,174,750	754,261	944,241	83,801	-	2,957,053
Net book value at 31 December	755,008	504,100	723,469	16,197	120,401	2,119,175

Assets that are fully depreciated amounted to KShs 4,306,131,009 (2024 - KShs 2,568,542,423, 2023 - KShs 2,473,724,661, 2022 - KShs 2,296,726,366, 2021 - KShs 1,882,798,971). If depreciation had been charged during the year on the cost of these assets at a nominal rate, it would have amounted to KShs 1,061,066,645.24 (2024 - KShs 607,356,413, 2023 - KShs 588,502,437, 2022 - KShs 550,413,384, 2021 - KShs 340,701,368).

6. Notes to the consolidated financial statements (Continued)

6.23 (b) Right of Use Asset

Group	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
Cost					
At 1 January	3,816,162	3,592,966	2,323,501	2,443,845	2,281,020
Additions	837,080	512,694	1,338,776	56,936	153,002
Disposals	(322,855)	(174,857)	(121,218)	(196,055)	-
Currency translation difference	56,965	(114,641)	51,907	18,775	9,823
At 31 December	4,387,352	3,816,162	3,592,966	2,323,501	2,443,845
Depreciation					
At 1 January	1,608,760	1,317,296	1,081,135	949,935	597,930
Charge for the year	595,048	489,835	316,973	288,447	347,555
On disposals	(54,453)	(148,163)	(121,127)	(169,842)	-
Translation differences	(4,315)	(50,208)	40,315	12,595	4,450
At 31 December	2,145,040	1,608,760	1,317,296	1,081,135	949,935
Net book value at 31 December	2,242,312	2,207,402	2,275,670	1,242,366	1,493,910
Company					
	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
Cost					
At 1 January	3,215,845	2,799,129	2,025,289	2,184,835	2,031,833
Additions	673,492	416,716	895,058	10,309	153,002
Disposals	(322,855)	-	(121,218)	(169,855)	-
At 31 December	3,566,482	3,215,845	2,799,129	2,025,289	2,184,835
Depreciation					
At 1 January	1,404,153	1,035,160	871,324	811,400	515,419
Charge for the year	477,368	368,993	284,962	229,779	295,981
On disposals	(54,453)	-	(121,126)	(169,855)	-
At 31 December	1,827,068	1,404,153	1,035,160	871,324	811,400
Net book value at 31 December	1,739,414	1,811,692	1,763,969	1,153,965	1,373,435

6. Notes to the consolidated financial statements (Continued)

6.24 Intangible assets

6.24.1 Goodwill

Goodwill represents the excess of purchase consideration over the fair value of identifiable assets arising from the acquisition of I&M Bank Tanzania and Youjays Insurance Brokers Limited. Following the merger of Youjays Insurance Brokers Limited's business operations into I&M Bancassurance Intermediaries Limited, the goodwill was allocated to I&M Bancassurance Intermediaries Limited. The goodwill was tested for impairment at 31 December 2025 using the value in use approach.

Below are the key considerations that the Bank will use to determine the assessment of goodwill:

- the level at which goodwill is allocated - consistent with prior periods the Cash Generated Units (CGUs) to which goodwill is allocated are the Group's revenue generating segments that benefit from relevant historical business combinations generating goodwill.
- determination of the carrying amount of each CGU which includes an allocation, on a reasonable and consistent basis of corporate assets and liabilities that are not directly attributable to the CGUs to which goodwill is allocated.
- assessment of the recoverable amount of each CGU used to determine whether the carrying amount of goodwill is supported is based on judgements including:
 - selection of the model used to determine the fair value - the Group has used the modified dividend approach to estimate the fair value; and
 - selection of the key assumptions in respect of future maintainable earnings, the P/E multiple applied, including selection of an appropriate comparator group and determination of an appropriate control premium, and costs of disposal as described above.

The assessment of the recoverable amount of each CGU has been made within the context of the prevailing market conditions on both earnings and asset prices and reflects expectations of future events that are believed to be reasonable under the circumstances.

	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
(i) Group					
I&M Bank (T) Limited	562,677	572,320	671,161	567,081	526,504
Youjays Insurance Brokers Limited	232,284	232,284	232,284	232,284	232,284
Balance as 31 December	794,961	804,604	903,445	799,365	758,788
(ii) Movement of Goodwill					
At 1 January	804,604	903,445	799,365	758,788	737,560
Exchange differences	(9,643)	(98,841)	104,080	40,577	21,228
At 31 December	794,961	804,604	903,445	799,365	758,788

6. Notes to the consolidated financial statements (Continued)

6.24 Intangible assets (Continued)

6.24.1 Goodwill (Continued)

The recoverable amounts for I&M Bank (T) Limited has been calculated based on their value in use, determined by discounting the future cash flows expected to be generated from the continuing use of the Cash Generating Unit (CGU). The present value of the recoverable amounts on I&M Bank LIMITED share were KShs 6.729 billion (2024 - KShs 5.623 billion, 2023 - KShs 5.623 billion, 2022 - KShs 5.623 billion and 2021 - KShs 4.318 billion) for I&M Bank (T) Limited. No impairment losses were recognised during 2025 (2024- Nil, 2023 - Nil, 2022 - Nil, and 2021 - Nil), because the recoverable amounts of these CGUs were determined to be higher than their carrying amounts.

The key assumptions used in the calculation of value in use were as follows:

I&M Bank (T) Limited	2025	2024	2023	2022	2021
5 year risk free rate	15.25%	11.16%	11.16%	9.18%	9.10%
Risk premium	8.05%	10.34%	12.30%	12.30%	11.95%
Terminal growth rate	5.00%	5.00%	4.25%	3.00%	3.00%
Discount rate	23.00%	21.00%	21.00%	21.00%	21.00%
Exchange rate (KShs to TShs)	1 = 19.07	1 = 18.75	1 =15.99	1 = 18.92	1 =20.59
Youjays Insurance Brokers Limited	2025	2024	2023	2022	2021
5 year risk free rate	13.48%	13.21%	11.95%	10.86%	10.46%
Risk premium	13.01%	10.01%	9.49%	9.49%	9.33%
Terminal growth rate	5.00%	4.50%	4.00%	4.00%	4.00%
Discount rate	26.49%	21.00%	21.00%	21.00%	20.00%
Exchange rate (KShs to KShs)	1 = 1	1 = 1	1 =1	1 = 1	1 = 1

The discount rate utilised was the risk-free rate on the rate of a 20 year government bonds issued by the government in the respective markets and in the same currency as the cash flows.

These cash flows have been projected for 5 years for I&M Bank (T) Limited and I&M Bancassurance Intermediary Limited based on the approved Business plans of the respective units.

In the opinion of the Directors, there was no impairment of goodwill during the year.

2025						Reduction in headroom		
Cash Generating Unit	Carrying value and share of net assets	Value in use	Value in use exceeding carrying value	Discount rate	Terminal growth rate	100bps increase in discount rate	100bps decrease in terminal rate	10% reduction in forecasted cash flows
	KShs'M	KShs'M	KShs'M	%	%	KShs'M	KShs'M	KShs'M
I&M Bank (T) Limited	6,729	9,446	2,717	23.3%	5%	(613)	(352)	(945)
I&M Bancassurance Intermediary Limited	614	4,161	3,548	26%	4.7%	(202)	(101)	(416)

6. Notes to the consolidated financial statements (Continued)

6.24 Intangible assets (Continued)

6.24.2 Computer software

Group

2025:

Cost	Computer Software KShs'000	Other intangible assets KShs'000	Capitalizable work in progress KShs'000	Total KShs'000
At 1 January	6,525,789	45,516	425,522	6,996,827
Additions	236,037	-	335,480	571,517
Reclassification from capital work in progress	367,357	-	(367,357)	-
Translation differences	(57,246)	-	(1,043)	(58,289)
At 31 December	7,071,937	45,516	392,602	7,510,055
Amortisation				
At 1 January	4,458,597	13,655	-	4,472,252
Amortisation for the year	781,005	2,276	-	783,281
Translation differences	(9,653)	-	-	(9,653)
At 31 December	5,229,949	15,931	-	5,245,880
Carrying amount at 31 December	1,841,988	29,585	392,602	2,264,175

Cost	Computer Software KShs'000	Other intangible assets KShs'000	Capitalizable work in progress KShs'000	Total KShs'000
At 1 January	5,977,527	45,516	326,842	6,349,885
Additions	204,981	-	527,168	732,149
Reclassification from capital work in progress	453,722	-	(423,849)	29,873
Translation differences	(110,441)	-	(4,639)	(115,080)
At 31 December	6,525,789	45,516	425,522	6,996,827
Amortisation				
At 1 January	3,704,728	11,379	-	3,716,107
Amortisation for the year	842,193	2,276	-	844,469
Translation differences	(88,324)	-	-	(88,324)
At 31 December	4,458,597	13,655	-	4,472,252
Carrying amount at 31 December	2,067,192	31,861	425,522	2,524,575

6. Notes to the consolidated financial statements (Continued)

6.24 Intangible assets (Continued)

6.24.2 Computer software (Continued)

Group

2023:	Computer Software KShs'000	Other intangible assets KShs'000	Capitalizable work in progress KShs'000	Total KShs'000
Cost				
At 1 January	4,874,648	-	333,564	5,208,212
Additions	214,191	-	776,832	991,023
Reclassification from capital work in progress	783,554	-	(783,554)	-
Transferred from investment in subsidiary	-	45,516	-	45,516
Translation differences	105,134	-	-	105,134
At 31 December	5,977,527	45,516	326,842	6,349,885
Amortisation				
At 1 January	2,771,349	-	-	2,771,349
Transferred from investment in subsidiary	-	9,103	-	9,103
Amortisation for the year	856,297	2,276	-	858,573
Translation differences	77,082	-	-	77,082
At 31 December	3,704,728	11,379	-	3,716,107
Carrying amount at 31 December	2,272,799	34,137	326,842	2,633,778
2022:				
Cost				
At 1 January	3,768,152	-	481,174	4,249,326
Additions	62,944	-	857,714	920,658
Reclassification from capital work in progress	1,005,324	-	(1,005,324)	-
Translation differences	38,228	-	-	38,228
At 31 December	4,874,648	-	333,564	5,208,212
Amortisation				
At 1 January	2,105,029	-	-	2,105,029
Amortisation for the year	642,748	-	-	642,748
Translation differences	23,572	-	-	23,572
At 31 December	2,771,349	-	-	2,771,349
Carrying amount at 31 December	2,103,299	-	333,564	2,436,863

6. Notes to the consolidated financial statements (Continued)

6.24 Intangible assets (Continued)

6.24.2 Computer software (Continued)

Group

2021:	Computer Software KShs'000	Capital work in progress KShs'000	Total KShs'000
Cost			
At 1 January	3,068,218	423,189	3,491,407
Additions	325,777	412,816	738,593
Reclassification from capital work in progress	354,831	(354,831)	-
Translation differences	19,326	-	19,326
At 31 December	3,768,152	481,174	4,249,326
Amortisation			
At 1 January	1,621,319	-	1,621,319
Amortisation for the year	474,490	-	474,490
Translation differences	9,220	-	9,220
At 31 December	2,105,029	-	2,105,029
Carrying amount at 31 December	1,663,123	481,174	2,144,297

Company

2025:	Computer Software KShs'000	Capitalizable work in progress KShs'000	Total KShs'000
Cost			
At 1 January	5,873,848	318,291	6,192,139
Additions	148,417	297,525	445,942
Reclassification from capital work in progress	351,265	(345,616)	5,649
On disposals	(45,228)	-	(45,228)
At 31 December	6,328,302	270,200	6,598,502
Amortisation			
At 1 January	3,885,018	-	3,885,018
Amortisation for the year	734,485	-	734,485
At 31 December	4,619,503	-	4,619,503
Carrying amount at 31 December	1,708,799	270,200	1,978,999

6. Notes to the consolidated financial statements (Continued)

6.24 Intangible assets (Continued)

6.24.2 Computer software (Continued)

Company			
2024:		Capitalizable	
	Computer	work in	Total
Cost	Software	progress	KShs'000
	KShs'000	KShs'000	
At 1 January	5,290,249	273,337	5,563,586
Additions	129,877	498,676	628,553
Reclassification from capital work in progress	453,722	(453,722)	-
At 31 December	5,873,848	318,291	6,192,139
Amortisation			
At 1 January	3,131,107	-	3,131,107
Amortisation for the year	753,911	-	753,911
At 31 December	3,885,018	-	3,885,018
Carrying amount at 31 December	1,988,830	318,291	2,307,121
2023:		Capitalizable	
	Computer	work in	Total
Cost	Software	progress	KShs'000
	KShs'000	KShs'000	
At 1 January	4,369,321	280,059	4,649,380
Additions	137,374	776,832	914,206
Reclassification from capital work in progress	783,554	(783,554)	-
At 31 December	5,290,249	273,337	5,563,586
Amortisation			
At 1 January	2,376,964	-	2,376,964
Amortisation for the year	754,143	-	754,143
At 31 December	3,131,107	-	3,131,107
Carrying amount at 31 December	2,159,142	273,337	2,432,479

6. Notes to the consolidated financial statements (Continued)

6.24 Intangible assets (Continued)

6.24.2 Computer software (Continued)

Company

2022:	Computer Software KShs'000	Capital work in progress KShs'000	Total KShs'000
Cost			
At 1 January	3,307,589	427,669	3,735,258
Additions	56,408	857,714	914,122
Reclassification from capital work in progress	1,005,324	(1,005,324)	-
At 31 December	4,369,321	280,059	4,649,380
Amortisation			
At 1 January	1,818,622	-	1,818,622
Amortisation for the year	558,342	-	558,342
At 31 December	2,376,964	-	2,376,964
Carrying amount at 31 December	1,992,357	280,059	2,272,416

2021:	Computer Software KShs'000	Capital work in progress KShs'000	Total KShs'000
Cost			
At 1 January	2,653,539	369,684	3,023,223
Additions	299,219	412,816	712,035
Reclassification from capital work in progress	354,831	(354,831)	-
At 31 December	3,307,589	427,669	3,735,258
Amortisation			
At 1 January	1,415,747	-	1,415,747
Amortisation for the year	402,875	-	402,875
At 31 December	1,818,622	-	1,818,622
Carrying amount at 31 December	1,488,967	427,669	1,916,636

The Company's computer software with a gross value of KShs 2,629,592,591.53 (2024- 1,359,537,782 ,2023 - KShs 1,338,172,622, 2022- KShs 979,759,575 and 2021- KShs 815,729,692) are fully amortised but still in use. If amortisation had been charged during the year on the cost of these assets at a nominal rate, it would have amounted to KShs 525,990,518.31 (2024- KShs 271,907,556, 2023 - KShs 267,634,524, 2022 - KShs 195,951,915 and 2021- KShs 163,145,938).

6. Notes to the consolidated financial statements (Continued)

6.25 Deferred tax assets

Deferred tax assets at 31 December 2025, 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021 are attributable to the following:

Group

2025:

	Balance at 1 January KShs'000	Prior year adjustment KShs'000	Recognised in equity KShs'000	Translation differences KShs'000	Recognized in profit or loss KShs'000	Balance at 31 December KShs'000
Equipment	82,924	175,572	-	(178)	(159,069)	99,249
Right of use asset	82,100	(93,345)	-	(504)	24,721	12,972
General provisions	2,839,956	30,517	-	(11,746)	(1,087,342)	1,771,385
Impairment allowances	6,327,979	(404,906)	-	(575)	2,327,309	8,249,807
Fair value reserves	1,272,372	-	(1,229,510)	85	-	42,947
	10,605,331	(292,162)	(1,229,510)	(12,918)	1,105,619	10,176,360

2024:

	Balance at 1 January KShs'000	Prior year adjustment KShs'000	Recognised in equity KShs'000	Translation differences KShs'000	Recognized in profit or loss KShs'000	Balance at 31 December KShs'000
Equipment	125,582	-	-	36	(42,694)	82,924
Right of use asset	26,940	-	-	(3,914)	59,074	82,100
General provisions	2,415,380	-	-	(71,393)	495,969	2,839,956
Impairment allowances	5,011,339	(144,850)	-	(3,699)	1,465,189	6,327,979
Fair value reserves	2,216,373	-	(943,963)	745	(783)	1,272,372
	9,795,614	(144,850)	(943,963)	(78,225)	1,976,755	10,605,331

6. Notes to the consolidated financial statements (Continued)

6.25 Deferred tax assets (Continued)

Group (Continued)

2023:

	Balance at 1 January KShs'000	Prior year adjustment KShs'000	Recognised in equity KShs'000	Translation differences KShs'000	Recognised in profit or loss KShs'000	Balance at 31 December KShs'000
Equipment	30,977	81,211	-	(4,686)	18,080	125,582
Right of use asset	(30,152)	2	-	3,516	53,574	26,940
General provisions	2,069,329	(33,744)	-	117,730	262,065	2,415,380
Impairment allowances	4,147,985	188	-	-	863,166	5,011,339
Fair value reserves	1,490,830	-	726,406	(863)	-	2,216,373
	7,708,969	47,657	726,406	115,697	1,196,885	9,795,614

2022:

	Balance at 1 January KShs'000	Prior year adjustment KShs'000	Recognised in equity KShs'000	Translation differences KShs'000	Recognised in profit or loss KShs'000	Balance at 31 December KShs'000
Equipment	55,945	(50,831)	-	(2,701)	28,564	30,977
Right of use asset	(19,626)	-	-	1,080	(11,606)	(30,152)
General provisions	1,419,734	(10,803)	-	37,080	623,318	2,069,329
Impairment allowances	3,207,630	(94)	-	-	940,449	4,147,985
Fair value reserves	212,970	-	1,278,249	(389)	-	1,490,830
	4,876,653	(61,728)	1,278,249	35,070	1,580,725	7,708,969

6. Notes to the consolidated financial statements (Continued)

6.25 Deferred tax assets (Continued)

Group (Continued)

2021:

	Balance at 1 January KShs'000	Prior year adjustment KShs'000	Recognised in equity KShs'000	Translation differences KShs'000	Recognised in profit or loss KShs'000	Balance at 31 December KShs'000
Equipment	72,091	13,873	-	(1,253)	(28,766)	55,945
Right of use asset	(24,917)	32,503	-	300	(27,512)	(19,626)
General provisions	1,223,113	-	-	10,691	185,930	1,419,734
Impairment allowances	3,367,915	-	-	-	(160,285)	3,207,630
Fair value reserves	(116,164)	-	329,347	(213)	-	212,970
	4,522,038	46,376	329,347	9,525	(30,633)	4,876,653

Company

2025:

	Balance at 1 January KShs'000	Prior year adjustment KShs'000	Recognised in equity KShs'000	Recognized in profit or loss KShs'000	Balance at 31 December KShs'000
Equipment	53,094	175,572	-	(154,235)	74,431
Right of use asset	82,008	(93,345)	-	17,165	5,828
General provisions	2,136,995	30,517	-	(1,087,341)	1,080,171
Impairment allowances	6,323,252	(406,062)	-	2,263,148	8,180,338
Fair value reserves	1,314,791	-	(1,229,510)	-	85,281
	9,910,140	(293,318)	(1,229,510)	1,038,737	9,426,049

2024:

	Balance at 1 January KShs'000	Prior year adjustment KShs'000	Recognised in equity KShs'000	Recognized in profit or loss KShs'000	Balance at 31 December KShs'000
Equipment	106,015	-	-	(52,921)	53,094
Right of use asset	30,179	-	-	51,829	82,008
General provisions	1,660,022	-	-	476,973	2,136,995
Impairment allowances	4,985,330	(331,303)	-	1,669,225	6,323,252
Fair value reserves	2,223,010	-	(908,219)	-	1,314,791
	9,004,556	(331,303)	(908,219)	2,145,106	9,910,140

6. Notes to the consolidated financial statements (Continued)

6.25 Deferred tax assets (Continued)

Company (Continued)

2023:	Balance at 1 January KShs'000	Prior year adjustment KShs'000	Recognised in equity KShs'000	Recognised in profit or loss KShs'000	Balance at 31 December KShs'000
Equipment	34,103	81,211	-	(9,299)	106,015
Right of use asset	(19,682)	2	-	49,859	30,179
General provisions	1,457,282	(33,744)	-	236,484	1,660,022
Impairment allowances	4,121,224	188	-	863,918	4,985,330
Fair value reserves	1,496,604	-	726,406	-	2,223,010
	7,089,531	47,657	726,406	1,140,962	9,004,556

2022:	Balance at 1 January KShs'000	Prior year adjustment KShs'000	Recognised in equity KShs'000	Recognised in profit or loss KShs'000	Balance at 31 December KShs'000
Equipment	67,890	(50,831)	-	17,044	34,103
Right of use asset	(3,957)	-	-	(15,725)	(19,682)
General provisions	1,054,364	(10,803)	-	413,721	1,457,282
Impairment allowances	3,186,822	(94)	-	934,496	4,121,224
Fair value reserves	103,006	-	1,393,598	-	1,496,604
	4,408,125	(61,728)	1,393,598	1,349,536	7,089,531

2021:	Balance at 1 January KShs'000	Prior year adjustment KShs'000	Recognised in equity KShs'000	Recognised in profit or loss KShs'000	Balance at 31 December KShs'000
Equipment	84,751	13,873	-	(30,734)	67,890
Right of use asset	(26,775)	32,503	-	(9,685)	(3,957)
General provisions	874,866	-	-	179,498	1,054,364
Impairment allowances	3,347,373	-	-	(160,551)	3,186,822
Fair value reserves	(167,185)	-	270,191	-	103,006
	4,113,030	46,376	270,191	(21,472)	4,408,125

6. Notes to the consolidated financial statements (Continued)

6.26.1 Due from related parties

Group

	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
I&M Realty Limited	258,013	359,688	550,522	637,757	720,230
I&M Bank (Rwanda) PLC	591,936	211,420	1,435,315	131,127	3,189
&M Group PLC	-	14,420	-	-	60,242
I&M Bank (Uganda) Limited	670,660	1,002,483	961,646	13,441	7,188
	1,520,609	1,588,011	2,947,483	782,325	790,849

Company

I&M Realty Limited	257,395	359,067	549,905	637,139	720,230
I&M Bank (T) Limited	4,358,777	2,560,384	2,226,105	227,947	48,222
I&M Bank (Rwanda) PLC	591,936	211,420	1,435,315	131,127	3,189
I&M Group PLC	-	14,420	-	-	60,242
I&M Bank (Uganda) Limited	670,660	1,002,483	961,646	13,441	7,188
	5,878,768	4,147,774	5,172,971	1,009,654	839,071

6. Notes to the consolidated financial statements (Continued)

6.26.2 Due to related parties

Group

	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
Giro Limited	19,394	990,408	761,345	134,410	217,177
I&M Group PLC	406,727	755,366	2,408,179	864,255	828,926
I&M Realty Limited	60,972	366,823	39,564	91,345	96,787
Investment & Mortgage Nominees limited	1,496	1,325	1,090	-	-
I&M Bank (Rwanda) PLC	566,675	335,006	407,742	122,411	204,152
I&M Realty (Tanzania) Limited	91,847	13,129	-	-	-
I&M Burbidge Capital Limited	1,485	2,273	10,153	32,611	10,942
I&M Capital Limited	117,840	8,812	3,941	20,755	28,181
I&M Bank (Uganda) Limited	128,351	59,939	1,067,435	466,655	406,220
	1,394,787	2,533,081	4,699,449	1,732,442	1,792,385

Company

Giro Limited	19,394	990,408	761,345	134,410	217,177
I&M Group PLC	406,727	755,366	2,408,179	864,255	828,926
I&M Realty Limited	60,972	366,823	39,564	91,345	96,787
I&M Bank (T) Limited	222,459	86,588	227,447	138,131	70,695
I&M Bank (Rwanda) PLC	366,078	201,085	407,742	122,411	55,143
I&M Bancassurance Intermediary Limited	202,809	201,401	160,310	43,576	56,826
Investment & Mortgage Nominees limited	1,496	1,325	1,090	-	-
Youjays Insurance Brokers Limited	-	-	-	-	2911
I&M Burbidge Capital Limited	1,485	2,273	10,153	32,611	10,942
I&M Capital Limited	117,840	8,812	3,941	20,755	28,181
I&M Bank (Uganda) Limited	128,351	59,939	1,067,435	466,655	406,220
	1,527,611	2,674,020	5,087,206	1,914,149	1,773,808

The balances mostly relate to deposits and balances held with I&M Bank LIMITED

6. Notes to the consolidated financial statements (Continued)

6.27 Other assets

	12 mths to 31.12.2025	12 mths to 31.12.2024	12 mths to 31.12.2023	12 mths to 31.12.2022	12 mths to 31.12.2021
Group	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Prepayments	1,266,037	890,842	661,651	471,826	462,458
Other receivables	5,003,764	3,910,414	3,298,205	3,127,918	1,554,485
	6,269,801	4,801,256	3,959,856	3,599,744	2,016,943
Company					
Prepayments	1,121,992	779,522	548,444	378,410	376,919
Other receivables	3,964,760	3,304,090	2,933,516	2,960,231	1,490,059
	5,086,752	4,083,612	3,481,960	3,338,641	1,866,978

6.28 Deposits from banks

(a) Group					
Due within 90 Days	20,572,031	27,451,723	21,624,168	9,920,971	8,669,672
Due after 90 days		-	5,653	1,261,743	3,320,956
	20,572,031	27,451,723	21,629,821	11,182,714	11,990,628
(b) Company					
Due within 90 Days	17,474,928	24,377,799	20,564,865	8,453,748	8,251,520
Due after 90 days		-	5,652	1,261,743	3,320,956
	17,474,928	24,377,799	20,570,517	9,715,491	11,572,476

6. Notes to the consolidated financial statements (Continued)

6.29 Deposits from customers

	12 mtths to 31.12.2025 KShs'000	12 mtths to 31.12.2024 KShs'000	12 mtths to 31.12.2023 KShs'000	12 mtths to 31.12.2022 KShs'000	12 mtths to 31.12.2021 KShs'000
(a) Group					
Retail Customer					
Savings Deposits	2,989,581	4,765,728	5,253,012	4,026,372	3,459,474
Current deposits	101,863,551	81,491,925	83,664,664	66,869,572	64,231,761
Term deposits	122,549,040	147,060,444	147,026,131	115,899,331	159,879,519
	227,402,172	233,318,097	235,943,807	186,795,275	227,570,754
Corporate Customer					
Current deposits	54,145,331	45,776,081	41,433,415	14,668,185	5,484,919
Term deposits	98,689,644	53,745,656	63,517,929	55,631,758	15,790,641
Margin deposits	421,048	204,132	259,439	746,294	588,353
	153,256,023	99,725,869	105,210,783	71,046,237	21,863,913
Total	380,658,195	333,043,966	341,154,590	257,841,512	249,434,667
(a) Company					
Retail Customer					
Savings Deposits	2,645,993	1,454,359	998,404	935,383	902,473
Current deposits	93,666,826	74,656,794	74,924,729	63,425,549	61,994,793
Term deposits	108,338,299	136,939,033	137,719,793	105,587,496	151,193,623
	204,651,118	213,050,186	213,642,926	169,948,428	214,090,889
Corporate Customer					
Current deposits	49,824,100	45,776,081	41,433,415	12,737,553	3,905,001
Term deposits	93,769,249	44,816,779	50,750,331	50,559,067	9,489,054
Margin deposits	416,480	122,919	168,519	561,748	545,675
	144,009,829	90,715,779	92,352,265	63,858,368	13,939,730
Total	348,660,947	303,765,965	305,995,191	233,806,796	228,030,619

6. Notes to the consolidated financial statements (Continued)

6.30 Other liabilities

	12 mtths to 31.12.2025 KShs'000	12 mtths to 31.12.2024 KShs'000	12 mtths to 31.12.2023 KShs'000	12 mtths to 31.12.2022 KShs'000	12 mtths to 31.12.2021 KShs'000
(a) Group					
Accruals	3,153,824	2,574,952	1,909,363	1,757,948	1,154,472
Other accounts payables	1,484,967	1,528,844	1,338,930	2,313,175	738,815
Provisions for loan commitments*	436,757	437,674	295,822	150,021	241,556
Bankers cheques payable	179,982	121,014	181,613	109,611	104,892
	5,255,530	4,662,484	3,725,728	4,330,755	2,239,735
(b) Company					
Accruals	2,647,818	2,090,384	1,706,036	1,598,086	1,067,524
Other accounts payables	1,041,630	1,084,871	938,584	1,930,277	505,641
Provisions for loan commitments*	428,058	430,564	282,789	147,717	229,796
Bankers cheques payable	161,878	103,112	161,083	92,922	89,631
	4,279,384	3,708,931	3,088,492	3,769,002	1,892,592

*This represents impairment allowance for loan commitments and financial guarantee contracts.

6.31 Borrowings

Borrowings comprised the following.

Group	2025 KShs'000	2024 KShs'000	2023 KShs'000	2022 KShs'000	2021 KShs'000
Long term borrowings	847,995	174,742	204,921	1,563,943	3,964,050
Subordinated debts	6,652,064	10,310,689	12,532,190	9,800,069	8,924,816
	7,500,059	10,485,431	12,737,111	11,364,012	12,888,866

6. Notes to the consolidated financial statements (Continued)

6.31 Borrowings (Continued)

Company	2025 KShs'000	2024 KShs'000	2023 KShs'000	2022 KShs'000	2021 KShs'000
Long term borrowings	-	-	-	884,444	2,431,625
Subordinated debts	6,652,064	10,310,689	12,532,190	9,800,069	8,924,816
	6,652,064	10,310,689	12,532,190	10,684,513	11,356,441

6.31.1 Long term borrowings

Group	2025 KShs'000	2024 KShs'000	2023 KShs'000	2022 KShs'000	2021 KShs'000
Less than one year	105,005	1,396	204,921	1,392,184	1,623,410
One to five years	742,990	173,346	-	171,759	2,340,640
	847,995	174,742	204,921	1,563,943	3,964,050

Company	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
Less than one year	-	-	-	884,444	1,623,410
One to five years	-	-	-	-	808,215
	-	-	-	884,444	2,431,625

The Group's outstanding long-term borrowings relates to;

Long-term borrowing of Kshs 170 million advanced to I&M Bank (T) Limited with an effective rate of 7.5%. The interest on the facility is repayable on a quarterly basis and the principal at maturity. The outstanding principal balance as at 31 December 2025 was Kshs 170 million (2024: Kshs 170 million).

A long-term borrowing of Kshs 645 million (first tranche of the approved Kshs 1.29 billion) advanced to I&M Bank (T) Limited by FMO with effective tax rate of 6.69% per annum. Interest and principal are payable on a semi-annual basis. The outstanding balance as at the end of the year was Kshs 645 million.

6. Notes to the consolidated financial statements (Continued)

6.31 Borrowings (Continued)

Loan movement schedule

	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
(i) Group					
At 1 January	174,742	204,921	1,563,943	3,964,050	5,981,854
Funds received	698,745	-	-	-	456,524
Payments on principal	-	(2,828)	(1,500,690)	(2,892,781)	(2,790,268)
Payments on interest	(24,574)	(13,001)	(104,945)	(158,914)	-
Accrued interest	23,561	15,829	41,721	76,050	6,882
Translation differences	(24,479)	(30,179)	204,892	575,538	309,058
At 31 December	847,995	174,742	204,921	1,563,943	3,964,050
(ii) Company					
At 1 January	-	-	884,444	2,431,625	4,233,156
Payments on principal	-	-	(999,286)	(1,762,222)	(2,057,510)
Payments on interest	-	-	(37,125)	(84,870)	-
Interest payable	-	-	-	3,372	6,982
Translation differences	-	-	151,967	296,539	248,997
At 31 December	-	-	-	884,444	2,431,625

The fair value of the long-term borrowings are disclosed in Note 6. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that the Directors expect would be available at the year-end date. The repricing of the borrowings is done either quarterly or biannually based on the agreed loan covenant.

6. Notes to the consolidated financial statements (Continued)

6.31 Borrowings (Continued)

6.31.2 Subordinated debt

	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
(a) Group & Company					
Less than one year	184,564	3,843,189	388,240	258,946	172,663
One to five years	6,467,500	6,467,500	12,143,950	7,999,248	5,923,403
Over five years	-	-	-	1,541,875	2,828,750
	6,652,064	10,310,689	12,532,190	9,800,069	8,924,816

The subordinated debt would in the event of winding up of the respective companies be subordinated to the claims of depositors and all other creditors. The Group has not had any defaults of principal or interest with respect to these debts..

	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
(b) Group & Company					
At 1 January	10,310,689	12,532,190	9,800,069	8,924,816	3,050,747
Payments on principal	(3,528,150)	-	-	-	5,657,500
Payments on interest	(522,324)	(665,785)	(624,532)	(365,520)	-
Interest payable	202,064	305,202	388,117	258,983	172,663
Exchange differences	189,785	(1,860,918)	2,968,536	981,790	43,906
	6,652,064	10,310,689	12,532,190	9,800,069	8,924,816

6. Notes to the consolidated financial statements (Continued)

6.31 Borrowings (Continued)

6.31.2 Subordinated debt (Continued)

The Company's subordinated debt constituted the following:

- i. USD 50,000,000 subordinated facility issued on 28th June 2021 for a tenor of 6 years 9 months with redemption in four consecutive approximately equal instalments starting 15th Sept 2026 and on each interest payment date thereafter until and including 15th Mar 2028.

The fair value of the subordinated debt are disclosed in Note 6. Fair values, are based on discounted cash flows using a discount rate based upon the borrowing rate that the Directors expect would be available at the year-end date. The repricing of the borrowings is done either quarterly or biannually based on the individual agreed covenant.

The Group did not have any defaults of principal or interest or other breaches with respect to its subordinated liabilities and long-term borrowings during the year ended December 31 2025, 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021.

6.32 Derivative Financial Assets And Liabilities

The table below shows the fair values of currency forwards and swaps recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a currency forward or swap's underlying off balance sheet asset / liability and is the basis upon which changes in the fair values of currency forwards and swaps are measured. The notional amounts indicate the volume of transactions outstanding at the year-end and are indicative of neither the market risk nor the credit risk.

6. Notes to the consolidated financial statements (Continued)

6.32 Derivative Financial Assets And Liabilities (Continued)

Group/Company	2025			
	Notional amount asset	Notional amount liability	Fair value of asset	Fair value of liability
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Forwards	50,590	63,340	-	12,750
FX Swaps	882,631	1,217,864	-	335,232
Spot	373	403	-	103
Interest rate swap	6,450,000	6,450,000	146,672	-
	7,383,594	7,731,607	146,672	348,085

Group/Company	2024			
	Notional amount asset	Notional amount liability	Fair value of asset	Fair value of liability
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Forwards	58,959,581	58,589,716	-	1,263,289
FX Swaps				
Spot				
Interest rate swap	6,467,500	6,467,500	341,795	-
	65,427,081	65,057,216	341,795	1,263,289

6. Notes to the consolidated financial statements (Continued)

6.33 Lease liabilities

Below is the analysis of the lease liabilities during the year:

Group	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
Expected to be settled within 12 months after the year end	745,959	29,583	342,498	437,675	257,443
Expected to be settled more than 12 months after the year end	1,673,397	2,130,566	1,756,245	676,025	1,143,332
	2,419,356	2,160,149	2,098,743	1,113,700	1,400,775
Company					
Expected to be settled within 12 months after the year end	606,919	536	258,476	184,497	437,675
Expected to be settled more than 12 months after the year end	1,302,606	1,773,369	1,325,869	802,153	818,227
	1,909,525	1,773,905	1,584,345	986,650	1,255,902

Extension options

Some leases of office premises contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

6. Notes to the consolidated financial statements (Continued)

6.33 Lease liabilities (Continued)

Group	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
Payments of principal portion of the lease liability	645,757	766,120	361,642	323,979	351,297
Interest paid on lease liabilities	254,925	251,510	145,731	145,626	104,981
	900,682	1,017,630	507,373	469,605	456,278
Company					
Payments of principal portion of the lease liability	269,470	227,156	293,863	279,194	320,764
Interest paid on lease liabilities	201,851	203,675	130,137	129,922	87,171
	471,321	430,831	424,000	409,116	407,935

Lease liability movement

Group	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
Balance at 1 January	2,160,149	2,098,743	1,113,700	1,400,775	1,593,697
Additions	750,208	494,746	1,335,276	45,789	149,502
Interest expense	254,925	251,510	145,731	145,626	104,981
Lease payments	(900,682)	(1,017,630)	(507,373)	(469,605)	(456,278)
Translation difference	154,756	332,780	11,409	(8,885)	8,873
Balance at 31 December	2,419,356	2,160,149	2,098,743	1,113,700	1,400,775
Company					
Balance at 1 January	1,773,905	1,584,345	986,650	1,255,902	1,427,164
Additions	673,492	416,716	891,558	9,942	149,502
Interest expense	201,851	203,675	130,137	129,922	87,171
Lease payments	(471,321)	(430,831)	(424,000)	(409,116)	(407,935)
Disposal of leases	(268,402)	-	-	-	-
Balance at 31 December	1,909,525	1,773,905	1,584,345	986,650	1,255,902

6. Notes to the consolidated financial statements (Continued)

6.33 Lease liabilities (Continued)

Amount recognised in profit or loss

Group	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
Interest on lease liabilities (Note 6.8)	254,925	251,510	145,731	145,626	104,981
Depreciation charge on right of use asset (Note 6.23)	595,048	489,835	316,973	288,447	347,555
	849,973	741,345	462,704	434,073	452,536
Company					
Interest on lease liabilities (Note 6.8)	201,851	203,675	130,137	129,922	
Right to use asset charge for the year (Note 6.23)	477,368	368,993	284,962	229,779	87,171
					295,981
	679,219	572,668	415,099	359,701	383,152

6.34 Share capital and reserves

6.34.1 Share capital

Group and Company	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
Authorised	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
1 January and 31 December - 30,000,000 Ordinary shares of KShs 100 each					
Issued and fully paid					
1 January and 31 December - 30,000,000 Ordinary shares of KShs 100 each	3,000,000	3,000,000	3,000,000	3,000,000	2,980,000

All the ordinary shares rank equally with regard to the Company's residual assets, are entitled to dividends from time to time and are entitled to one vote per share at general meetings of the Company.

6. Notes to the consolidated financial statements (Continued)

6.34 Share capital and reserves (Continued)

6.34.2 Major shareholders and Share premium

The major shareholders at 31 December 2025 and 2024 were as follows:

Group and Company	%	Number of shares	Share Capital KShs'000	Share Premium KShs'000
I&M Group PLC	100	30,000,000	3,000,000	5,531,267
At 31 December 2024 and 2023	<u>100</u>	<u>30,000,000</u>	<u>3,000,000</u>	<u>5,531,267</u>

6.34.3 Statutory credit risk reserve

Where impairment losses required by legislation or regulations exceed those computed under IFRS Accounting Standards, the excess is recognised as a statutory reserve and accounted for as an appropriation of retained profits and the reverse for reductions.

6.34.4 Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations (namely I&M Bank (T) Limited - Tanzania) into the functional currency of the parent company.

6.34.5 Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of FVOCI investments, excluding impairment losses, until the investment is derecognised.

6.34.6 Cash flow hedge reserve

The hedging reserve comprises the effective portion of cumulative net change in fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

6. Notes to the consolidated financial statements (Continued)

6.34 Share capital and reserves (Continued)

6.34.7 Dividend

The following dividend were declared and paid by the Company. No withholding tax was applied since dividend paid to a resident company with shareholding above 12.5% is exempted from tax.

	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
Kshs 135 per qualifying ordinary share (2024 - Kshs 135), 2023 - Kshs 210) (2022 - Kshs 142), 2021 - KShs65)	4,800,000	4,050,000	6,300,000	3,993,200	6,778,527

After reporting date, the following dividends were proposed by the board of Directors. The dividends have not been recognised as liabilities and there no tax consequences.

	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
Kshs 200 per qualifying ordinary share (2024 - Kshs 160), 2023 - Kshs 135) (2022 - Kshs 210), 2021 - Kshs142)	6,240,000	4,800,000	4,050,000	6,300,000	3,993,200

6. Notes to the consolidated financial statements (Continued)

6.35 Notes to the statement of cash flows

6.35.1 Reconciliation of profit before income tax to net cash flow from operating activities - Group

Group	Note	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
Profit before income tax		18,619,532	14,733,648	12,566,914	11,739,214	11,235,121
Adjustments for:						
Depreciation on property and equipment	6.23(a)	667,852	832,147	734,571	697,048	506,586
Depreciation on right of use asset	6.23(b)	595,048	489,835	316,973	288,447	347,555
Amortisation of intangible asset	6.24(b)	783,281	844,469	858,573	642,748	474,490
Interest on lease liabilities	6.8	254,925	251,510	145,731	145,626	104,981
Loss/(profit) on sale of property and equipment		(38,220)	52,747	(57)	(1,923)	(5,869)
Net interest income		(36,561,291)	(29,479,898)	(22,018,811)	(17,881,427)	(17,194,252)
Net income on financial assets at fair value through profit or loss (FVTPL)	6.10	(1,514,060)	(72,825)	(875,594)	(860,147)	(1,633,602)
Effect of exchange rate fluctuations on cash and cash equivalent held		(423,896)	7,008,767	(611,782)	(281,125)	(430,328)
Foreign exchange differences		453,460	(2,738,064)	3,906,667	546,844	454,396
		(17,163,369)	(8,077,664)	(4,976,815)	(4,964,695)	(6,140,922)

6. Notes to the consolidated financial statements (Continued)

6.35 Notes to the statement of cash flows (Continued)

6.35.1 Reconciliation of profit before income tax to net cash flow from operating activities - Group (Continued)

	Note	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
(Increase)/decrease in operating assets						
Movement in loans and advances to customers		(5,977,726)	20,083,710	(56,018,883)	(23,170,745)	(14,329,390)
Financial assets at fair value through profit or loss (FVTPL)		1,604,138	314,134	15,218,334	1,712,182	(2,500,924)
Financial assets measured at fair value through other comprehensive income (FVOCI)		(60,264,022)	(5,869,816)	(8,009,087)	8,406,085	(22,171,768)
Financial assets at amortised cost		28,895,139	(31,891,892)	(7,291,594)	7,062,000	5,487,410
Assets held for sale		(2,178)	(199,813)	441,348	252,581	18,971
Loans and advances to banks		567,990	(2,261,673)	346,889	(32,198)	(315,338)
Derivative financial instruments		68,185	-	-	-	-
- Cash Reserve Ratio		-	-	-	(370,769)	-
Due from related parties		67,402	1,359,472	(2,165,158)	8,524	15,486
Other assets		(1,468,545)	(1,183,195)	(359,832)	(1,582,801)	(388,671)
		(36,509,617)	(19,649,073)	(57,837,983)	(7,715,141)	(34,184,224)
Increase/(decrease) in operating liabilities						
Customer deposits		47,614,229	(8,110,624)	83,313,078	11,479,321	17,330,934
Deposits from banks		(6,879,692)	5,821,902	10,447,107	3,330,889	10,710,395
Long term borrowings		-	-	-	(2,716,047)	(2,333,744)
Due to related parties		(1,138,294)	(2,166,368)	2,967,007	(59,943)	841,070
Other liabilities		818,671	2,743,455	(178,689)	2,097,902	(221,732)
		40,414,914	(1,711,635)	96,548,503	14,132,122	26,326,923
Cash flows generated from operating activities						
		(13,258,072)	(29,438,372)	33,733,705	1,452,286	(13,998,223)
Tax paid	6.13	(5,881,461)	(3,049,637)	(3,963,303)	(4,150,044)	(3,886,876)
Interest on lease liabilities		(254,925)	(251,510)	(145,731)	(145,626)	(104,981)
Interest received		55,479,549	55,858,318	40,640,989	29,031,066	26,667,897
Interest paid on deposits		(18,918,258)	(26,378,420)	(18,622,178)	(14,847,372)	(13,128,864)
Derivative financial instruments		(915,204)	-	-	-	-
Interest paid on borrowings		(546,898)	(678,786)	(729,477)	-	-
		15,704,731	(3,938,407)	50,914,005	11,340,310	(4,451,047)
Net cash flows generated from operating activities						

6. Notes to the consolidated financial statements (Continued)

6.35 Notes to the statement of cash flows (Continued)

6.35.2 Reconciliation of profit before income tax to net cash flow from operating activities - Company

Company	Note	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
Profit before income tax		17,364,069	13,493,489	12,084,199	12,260,083	10,587,447
Adjustments for:						
Depreciation on property and equipment	6.23(a)	586,794	779,889	674,986	627,020	451,311
Depreciation on right of use asset	6.23(b)	477,368	368,993	284,962	229,779	295,981
Amortisation of intangible asset	6.24.2	734,485	753,911	754,143	558,342	402,875
Interest expense on lease liabilities	6.8	201,851	203,675	130,137	129,922	87,171
Profit on sale of property and equipment		(38,220)	(1,992)	(57)	(1,923)	(5,869)
Effects of exchange rate changes on cash and cash equivalents		424,004	6,510,045	(117,492)	-	-
Exchange differences on translation of foreign operation		189,785	(1,860,918)	3,120,503	-	-
Net interest income		(31,931,997)	(25,571,055)	(19,272,388)	(16,238,247)	(15,667,430)
Net income on financial assets at fair value through profit or loss (FVTPL)	6.10	(1,503,560)	(70,216)	(863,910)	(860,147)	(1,633,602)
Dividend income	6.11.2	(300,000)	(200,000)	(117,000)	(87,387)	(27,500)
		(13,795,421)	(5,594,179)	(3,321,917)	(3,382,558)	(5,509,616)

6. Notes to the consolidated financial statements (Continued)

6.35 Notes to the statement of cash flows (Continued)

6.35.2 Reconciliation of profit before income tax to net cash flow from operating activities - Company (Continued)

	Note	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
(Increase)/decrease in operating assets						
Movement in loans and advances to customers		(1,494,315)	15,151,340	(47,224,826)	(21,310,171)	(12,035,187)
Financial assets at fair value through profit or loss (FVTPL)		-	1,123,425	15,406,322	1,712,182	(2,500,924)
Financial assets measured at fair value through other comprehensive income (FVOCI)		(58,709,597)	(2,768,536)	(8,109,369)	8,747,437	(21,881,802)
Financial assets at amortised cost		27,831,766	(35,778,377)	(4,222,834)	7,949,368	6,126,807
Assets held for sale		(2,178)	(199,813)	441,348	252,581	18,971
Loans and advances to banks		567,990	(2,261,673)	346,889	(32,198)	(315,338)
- Cash Reserve Ratio		-	-	-	-	-
Due from group companies		(1,730,994)	1,025,197	(4,163,317)	(170,583)	185,731
Derivative financial instruments		13,783	-	-	-	-
Other assets		(1,003,140)	(943,447)	(143,319)	(1,471,663)	(400,917)
		(34,526,685)	(24,651,884)	(47,669,106)	(4,323,047)	(30,802,659)
Increase/(decrease) in operating liabilities						
Customer deposits		44,894,982	(2,229,226)	72,188,395	8,444,442	12,674,630
Deposits from banks		(6,902,871)	3,807,282	10,855,026	(1,856,985)	10,558,012
Due to group companies		(1,146,409)	(2,413,186)	3,173,057	140,341	561,232
Long term borrowings		-	-	-	(1,847,092)	(2,057,510)
Derivative financial instruments		(915,204)	-	-	-	-
Other liabilities		772,517	1,148,289	(295,893)	2,083,044	(358,758)
		36,703,015	313,159	85,920,585	6,963,750	21,377,606
Cash flows generated from operating activities						
		(11,619,091)	(29,932,904)	34,929,562	(741,855)	(14,934,669)
Tax paid	6.13	(5,491,136)	(2,781,674)	(3,722,343)	(3,938,631)	(3,652,656)
Interest on lease liabilities		(201,851)	(203,675)	(130,137)	(129,922)	(87,171)
Interest received		48,961,104	50,167,828	36,437,339	26,289,110	24,179,218
Interest paid on deposits		(17,029,107)	(24,596,773)	(17,164,951)	(13,277,204)	(11,744,054)
Interest paid on long term borrowings and debt capital		(522,324)	(665,785)	(661,657)	-	-
		14,097,595	(8,012,983)	49,687,813	8,201,498	(6,239,332)

6. Notes to the consolidated financial statements (Continued)

6.35 Notes to the statement of cash flows (Continued)

6.35.3 Analysis of cash and cash equivalents

Group		12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
	Note					
Cash and balances with Central Bank of Kenya	6.16	21,498,578	24,011,805	24,124,036	15,966,304	17,539,247
Items in the course of collection	6.17	378,928	667,196	343,983	433,996	654,632
Loans and advances to banks	6.18	36,990,266	26,793,276	44,340,965	10,634,142	5,689,716
		58,867,772	51,472,277	68,808,984	27,034,442	23,883,595
Company						
Cash and balances with Central Bank of Kenya	6.16	16,199,185	19,396,678	20,884,419	12,978,570	13,931,296
Items in the course of collection	6.17	376,440	669,433	316,197	433,996	648,914
Loans and advances to banks	6.18	31,197,971	23,211,942	41,859,511	9,637,727	4,675,461
		47,773,596	43,278,053	63,060,127	23,050,293	19,255,671

6. Notes to the consolidated financial statements (Continued)

6.36 Off balance sheet contingencies and commitments

6.36.1 Legal proceedings

There were a number of legal proceedings outstanding against the Group at 31 December 2020/2025. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.

6.36.2 Contractual off-balance sheet financial liabilities

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

Group	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
Contingencies related to:					
Letters of credit	79,879,608	62,982,962	69,621,123	40,889,019	43,175,580
Guarantees	25,280,694	20,326,866	23,917,639	22,281,947	19,648,325
Other credit commitments	37,354,076	29,692,426	27,675,825	22,755,748	25,037,970
	142,514,378	113,002,254	121,214,587	85,926,714	87,861,875
Commitments related to:					
Outstanding spot/forward contracts	114,239,116	65,427,081	50,337,467	42,105,421	21,704,283
	256,753,494	178,429,335	171,552,054	128,032,135	109,566,158
Company					
Contingencies related to:					
Letters of credit	77,283,164	61,780,416	68,553,009	39,053,231	41,345,814
Guarantees	22,530,035	18,165,282	21,027,490	19,712,430	15,665,809
Other credit commitments	33,886,032	26,337,886	25,171,255	20,600,139	23,363,180
	133,699,231	106,283,584	114,751,754	79,365,800	80,374,803
Commitments related to:					
Outstanding spot/forward contracts	114,239,116	65,427,081	50,337,467	42,105,421	21,704,283
	247,938,347	171,710,665	165,089,221	121,471,221	102,079,086

6. Notes to the consolidated financial statements (Continued)

6.36 Off balance sheet contingencies and commitments (Continued)

6.36.2 Contractual off-balance sheet financial liabilities (Continued)

Guarantees are generally written by a bank to support performance by a customer to third parties. The Bank will only be required to meet these obligations in the event of the customer's default.

Letters of credit commit the Bank to make payment to third parties, on production of documents, which are subsequently reimbursed by customers.

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented and reimbursement by the customer is almost immediate.

Forward contracts are arrangements to buy or sell a specified quantity of foreign currency, usually on a specified future date at an agreed rate. The fair values of the respective currency forwards are carried on the face of the balance sheet.

6.37 Contingent liabilities

There are no contingent liabilities against the company arising from normal course of business that have been lodged..

6. Notes to the consolidated financial statements (Continued)

6.38 Related party transactions

In the normal course of business, the Group enters into transactions with related parties. All the loans and advances and deposits are issued or received from the related parties at market interest rates. There were no provisions held towards impairment of any of the advances to related parties. Related parties within this group are I&M Bank LIMITED, I&M Bank T Limited, and I&M Bancassurance Intermediary Limited.

In the normal course of business, the Company enters into transactions with related parties/sister companies (Note 27). All the loans and advances and deposits are issued or received from the related parties are market interest rates. There were no provisions held towards impairment of any of the advances to related parties.

Loans to staff and senior management are at preferential rates for both secured and unsecured facilities while loans and deposit to directors and related companies are at market rates. Loan and deposits tenure varies based on agreed terms as at time of contracting.

6.38.1 Transactions with directors/shareholders

	12 mths to 31.12.2018 KShs'000	12 mths to 31.12.2017 KShs'000	12 mths to 31.12.2016 KShs'000	12 mths to 31.12.2015 KShs'000	12 mths to 31.12.2014 KShs'000
(i) Loans to directors/shareholders	13,231	21,987	21,146	940	5,428
Interest Income from loans to directors/shareholders	1,126	1,158	930	341	989
(ii) Deposits from directors/shareholders	877,023	495,138	2,760,985	1,061,149	1,003,507
Interest expense on deposits from directors/shareholders	35,710	39,411	158,640	35,502	39,494

6.38.2 Transactions with related companies

(i) Loans to related companies (virture of common directorship)	5,502,587	4,914,292	2,236,455	1,285,175	1,661,832
Interest income from loans to related companies(virture of common directorship)	257,980	351,001	256,718	127,455	213,467

6 Notes to the consolidated financial statements (Continued)

6.38 Related party transactions (Continued)

6.38.2 Transactions with related companies (Continued)

	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
(ii) Deposits from related companies (virtue of common directorship)	1,236,078	1,378,548	690,996	606,916	1,545,159
Interest expense on deposits from related companies	64,484	92,541	9,072	13,788	81,043
(iii) Amounts due from group companies subsidiaries	62,476	97,799	106,576	7,784	21,122
Interest income on amounts due from subsidiaries	-	-	-	-	-
(iv) Amounts due to group companies subsidiaries	1,525,116	1,199,065	5,087,080	1,912,152	1,773,679
Interest expense on amounts due from subsidiaries	-	-	-	-	-
(v) Preference shares in I&M Realty Limited (sister company)	3,077,000	3,050,000	3,800,000	3,800,000	3,800,000
(vi) Preference shares Giro Limited (sister company)	540,000	540,000	540,000	540,000	540,000
(vii) Preference shares I&M Bancassurance Intermediary Limited	-	-	-	-	175,000

6.38.3 Transactions with employees

Staff loans	3,031,640	3,342,761	2,694,892	2,104,064	1,890,238
Interest earned on these loans was KShs	449,946	167,853	146,804	144,352	121,929

6.38.4 Management fees received

Management fees received	82,908	184,688	10,288	32,250	115,160
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6. Notes to the consolidated financial statements (Continued)

6.38 Related party transactions (Continued)

6.38.5 Management compensation (Short term benefits)

	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
Management compensation (Short term benefits)	316,152	243,642	298,940	202,321	168,043

6.39 Capital commitments

	12 mths to 31.12.2025 KShs'000	12 mths to 31.12.2024 KShs'000	12 mths to 31.12.2023 KShs'000	12 mths to 31.12.2022 KShs'000	12 mths to 31.12.2021 KShs'000
Group	3,488,679	2,575,131	2,406,152	1,392,334	2,012,878
Company	2,849,583	2,051,347	1,634,544	1,248,365	1,619,700

These are capital commitments on leasehold improvements and digitization initiatives being adopted by the Group.

6. Notes to the consolidated financial statements (Continued)

6.40 Current/ Non-Current Distinction

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled.

	2025			
	Within 12 Months		After 12 months	
	GROUP KShs '000	BANK KShs '000	GROUP KShs '000	BANK KShs '000
ASSETS				
Cash and balances with central banks	21,498,578	16,199,185	-	-
Items in the course of collection	378,928	376,440	-	-
Financial assets at fair value through profit or loss (FVTPL)	-	-	-	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	15,305,993	15,305,993	110,990,770	110,770,102
Derivative financial instruments	146,672	146,672	-	-
Other financial assets at amortised cost	12,080,328	10,784,978	30,913,899	24,387,190
Loans and advances to banks	38,669,386	32,892,301	15,210	-
Loans and advances to customers	98,725,606	84,331,920	146,949,241	133,656,569
Assets held for sale	-	-	-	-
Due from group companies	1,520,609	5,878,768	-	-
Income tax receivable	1,162,230	941,564	-	-
Investment in subsidiaries	-	-	-	3,882,712
Other assets	6,269,801	6,416,473	-	(1,329,721)
Investment Property	509,492	509,492	-	-
Property and equipment	-	-	1,730,222	1,396,171
Right-of-use assets	-	-	2,242,312	1,739,414
Intangible assets - goodwill	-	-	-	-
Intangible assets - others	-	-	3,059,136	1,978,999
Deferred income tax asset	-	-	10,176,360	9,426,049
TOTAL ASSETS	196,267,623	173,783,786	306,077,150	285,907,485
LIABILITIES				
Derivative financial instruments	348,085	348,085	-	-
Deposits from banks	20,572,031	17,474,928	-	-
Items in the course of collection	-	-	-	-
Deposits from customers	371,611,513	348,657,536	9,046,682	3,411
Deferred income tax liability	-	-	-	-
Due to group companies	-	1,527,611	1,394,787	-
Income tax payable	7,969	-	-	-
Other liabilities	5,255,530	4,279,384	-	-
Long term debt	105,005	-	2,314,351	1,909,525
Subordinated debt	3,843,189	3,843,189	3,656,870	2,808,875
	401,743,322	376,130,733	16,412,690	4,721,811
Net	(205,475,699)	(202,346,947)	289,664,460	281,185,674

6. Notes to the consolidated financial statements (Continued)

6.40 Current/ Non-Current Distinction (Continued)

	2024			
	Within 12 Months		After 12 months	
	GROUP KShs '000	BANK KShs '000	GROUP KShs '000	BANK KShs '000
ASSETS				
Cash and balances with central banks	24,011,805	19,396,678	-	-
Items in the course of collection	669,433	669,433	-	-
Financial assets at fair value through profit or loss (FVTPL)	-	-	90,078	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	14,380,311	14,661,651	47,100,877	46,617,140
Derivative financial instruments	341,795	341,795	-	-
Other financial assets at amortised cost	44,078,281	39,667,470	27,811,085	23,336,464
Loans and advances to banks	28,904,840	25,474,262	150,756	-
Loans and advances to customers	229,223,442	89,863,068	10,473,679	126,631,106
Assets held for sale	507,314	507,314	-	-
Due from group companies	1,588,011	4,147,774	-	-
Tax receivable	-	-	131,300	-
Investment in subsidiaries	-	-	-	3,882,712
Other assets	4,801,256	4,083,612	-	-
Investment Property	-	-	-	-
Property and equipment	-	-	1,815,188	1,470,680
Right-of-use assets	-	-	2,207,402	1,811,692
Intangible assets - goodwill	-	-	-	2,307,121
Intangible assets - others	-	-	3,329,179	-
Deferred income tax asset	-	-	10,605,331	9,910,140
TOTAL ASSETS	348,506,488	198,813,057	103,714,875	215,967,055
LIABILITIES				
Derivative financial instruments	1,263,289	1,263,289	-	-
Deposits from banks	27,451,723	24,377,799	-	-
Items in the course of collection	-	-	2,237	-
Deposits from customers	322,395,241	303,210,480	10,648,725	555,485
Deferred tax liability	-	-	-	-
Due to group companies	2,533,081	2,674,020	-	-
Income tax payable	-	1,118,973	1,133,802	-
Other liabilities	4,662,484	3,708,931	-	-
Long term debt	1,396	-	2,158,753	1,773,905
Subordinated debt	388,240	388,240	10,097,191	9,922,449
	358,695,454	336,741,732	24,040,708	12,251,839
Net	(10,188,966)	(137,928,675)	79,674,167	203,715,216

6. Notes to the consolidated financial statements (Continued)

6.40 Current/ Non-Current Distinction (Continued)

	Within 12 Months		After 12 months	
	GROUP	BANK	GROUP	BANK
	KShs '000	KShs '000	KShs '000	KShs '000
ASSETS				
Cash and balances with central banks	24,124,036	20,884,419	-	-
Items in the course of collection	343,983	316,197	-	-
Financial assets at fair value through profit or loss (FVTPL)	538,512	538,513	199,673	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	4,718,910	4,718,909	51,291,269	50,991,688
Other financial assets at amortised cost	9,718,242	5,385,576	26,689,232	21,493,095
Loans and advances to banks	44,341,612	41,860,158	-	-
Loans and advances to customers	245,359,053	230,279,517	14,014,980	959,199
Assets held for sale	307,501	307,501	-	-
Due from group companies	2,947,483	5,172,971	-	-
Tax receivable	-	-	605,555	444,373
Investment in subsidiaries	-	-	-	3,882,712
Other assets	4,083,612	3,481,960	(123,756)	-
Property and equipment	-	-	1,939,145	1,695,240
Right-of-use assets	-	-	2,275,670	1,763,969
Intangible assets - goodwill	-	-	903,445	2,432,479
Intangible assets - others	-	-	2,633,778	-
Deferred tax asset	-	-	9,795,614	9,004,556
TOTAL ASSETS	336,482,944	312,945,721	110,224,605	92,667,311
LIABILITIES				
Deposits from banks	21,629,821	20,570,517	-	-
Items in the course of collection	-	-	-	-
Deposits from customers	323,366,931	301,032,915	17,787,659	4,962,276
Deferred tax liability	-	-	-	-
Due to group companies	4,699,449	5,087,206	-	-
Tax payable	-	-	-	-
Other liabilities	5,824,471	4,672,837	-	-
Long term debt	-	-	204,921	-
Subordinated debt	12,532,190	12,532,190	-	-
Net	368,052,862	343,895,665	17,992,580	4,962,276
	(31,569,918)	(30,949,944)	92,232,025	87,705,035

6. Notes to the consolidated financial statements (Continued)

6.41 Hedge Accounting

Cash flow hedge of interest rate risk and foreign currency debt securities issued

The Group uses interest rate swaps to hedge the interest rate risks in respect of the benchmark interest rate (mainly SOFR) from its issuance of floating-rate notes denominated in foreign currencies. The Group hedges interest rate risk to the extent of benchmark interest rate exposure on its floating-rate notes to mitigate variability in its cash flows. Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria.

The Group's approach to managing market risk, including interest rate risk and foreign currency risk, is discussed in Note 4. The Group's exposure to market risk is disclosed in Note 4C. The Group determines the amount of the exposure to which it applies hedge accounting by assessing the potential impact of changes in interest rates on the future cash flows from its issuance of floating-rate notes denominated in foreign currencies. This assessment is performed using analytical techniques, such as cash flow sensitivity analysis.

The Group determines whether an economic relationship exists between the cash flows of the hedged item and hedging instrument based on an evaluation of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Group considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Group evaluates whether the cash flows of the hedged item and the hedging instrument respond similarly to the hedged risk, such as the benchmark interest rate. The Group further supports this qualitative assessment by using regression analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the present value of the hedged item.

The Group assesses hedge effectiveness under the hypothetical derivative method, which creates a derivative instrument to serve as a proxy for the hedged transaction. The terms of the hypothetical derivative match the critical terms of the hedged item, and it has a fair value of zero at inception. The hypothetical derivative and the actual derivative are regressed to establish the statistical significance of the hedging relationship. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been highly effective in offsetting changes in cash flows of the hedged item (prospectively and retrospectively) using this regression analysis.

Under the Group's policy, in order to conclude that the hedging relationship is effective, all of the following criteria should be met.

In this hedging relationship, the main sources of effectiveness is the differences in maturity or timing of cash flows of the swap and the subordinated debt.

At 31 December 2024, the Group held the following instruments to hedge exposures to changes in interest rates and foreign currency.

	Maturity 2025			
	Less than 1 year KShs'000	1-5 Year KShs'000	More than 5 years KShs'000	Total KShs'000
Interest rate risk				
Interest Rate Swap				
Nominal amount	-	6,450,000	-	6,450,000
Average fixed interest rate		2.44%		

6. Notes to the consolidated financial statements (Continued)

6.41 Hedge Accounting (Continued)

Cash flow hedge of interest rate risk and foreign currency debt securities issued (Continued)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness at 31 December 2025.

2025							
	Nominal Amount	Carrying value of hedging instrument	Line item in the statement of Financial Position where the hedging instruments is included	Changes in fair value used for calculating hedge ineffectiveness	Changes in fair value instrument recognised in OCI	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from hedge reserve to Statement of income
	Kshs '000	Kshs '000		Kshs '000	Kshs '000	Kshs '000	
Interest rate risk Interest Rate Swap	6,450,000	(264,743)	Derivative assets	-	(181,340)	-	-

The amounts relating to items designated as hedge items at 31 December 2025 as follows

2025				
	Line item in the statement of Financial position where the hedging instruments is included	Changes in fair value used for calculating hedge ineffectiveness	Cash flow hedge reserve	Balance remaining in the cashflow hedge reserve from hedging relationships for which hedge accounting is no longer applied
Interest rate risk USD Floating Rate	Subordinated debt	-	(181,340)	-

6.42 Events After Reporting Period

There are no material events or circumstances that have arisen between the reporting date and the date of this report.

