



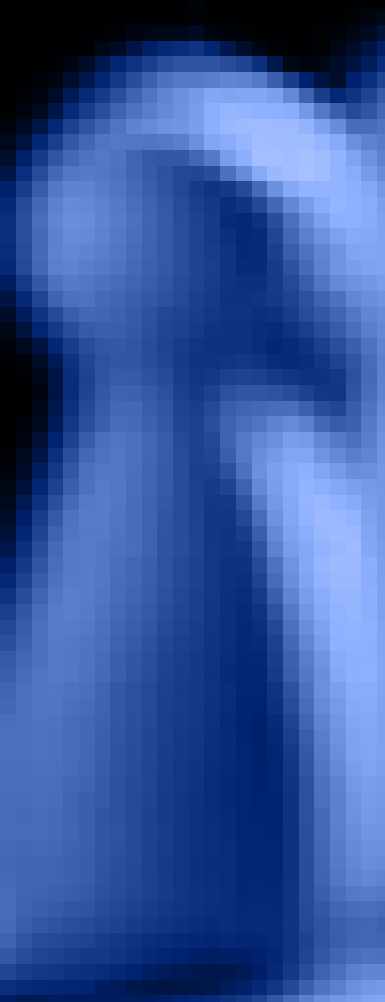
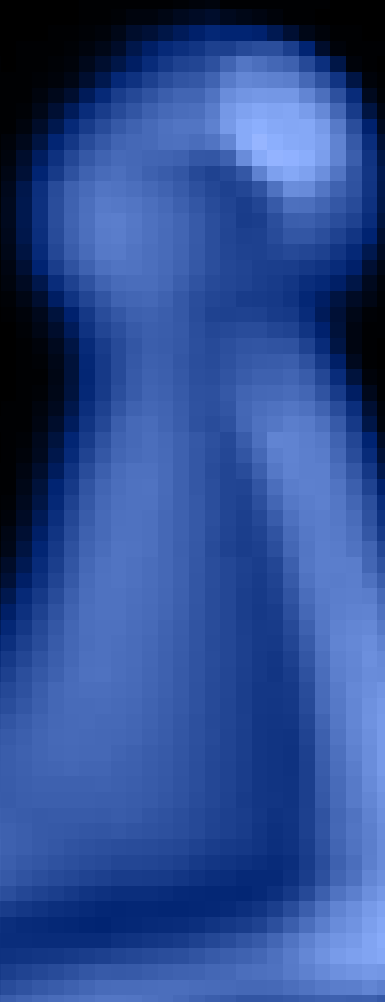
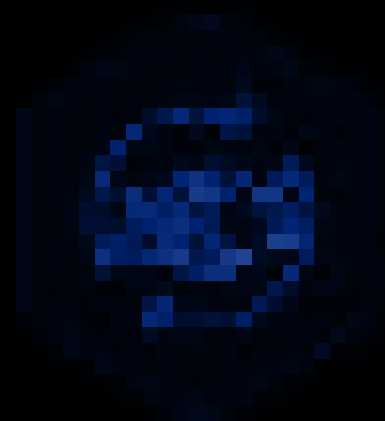
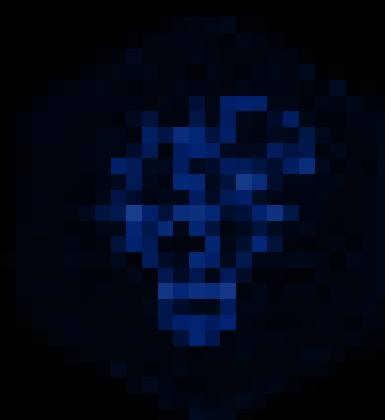
2025 Intergrated Report and Financial statements

Sustainable Financing

A tall, modern skyscraper with a blue glass facade and a grey concrete frame. The building has a distinctive stepped top with a grid of windows. A large sign on the roof features a house icon above the text "FAMILY BANK TOWERS". The sky is clear blue, and green trees are visible on the left side of the frame.

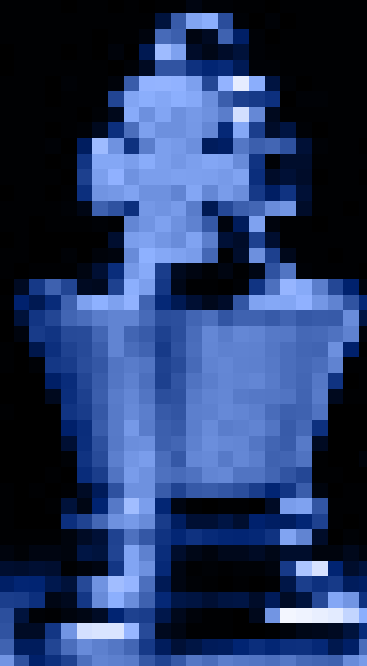
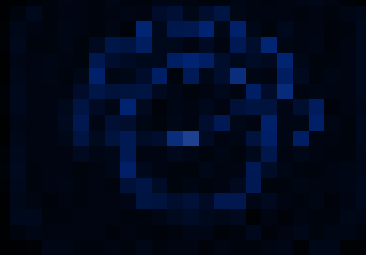
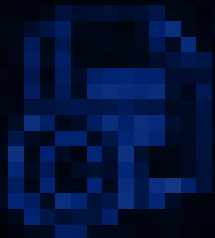
**FAMILY BANK
TOWERS**

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About our report

This integrated report illustrates how Family Bank Limited (the “Bank” or the “Company”) and its subsidiaries, Family Bank Bancassurance Intermediary Limited (together the “Group”), Family Group Foundation create and preserve value for all our stakeholders and how we deliver on our purpose of improving people’s lives by making their financial freedom possible.

Scope and boundary

The report covers the period from January 1, 2025, to December 31, 2025. It is intended to communicate to our stakeholders about the financial and nonfinancial performance of Family Bank Limited, its subsidiary Family Bank Bancassurance Intermediary Limited and the Family Group Foundation.

Forward-looking statements

This report contains certain forward-looking statements regarding our strategy, performance, and operations.

These forward-looking statements involve risk and uncertainty as they relate to future events and circumstances, which are difficult to predict and, therefore, beyond our control. This unpredictability could cause our actual results, performance, or achievements to be materially different from what is expressed or implied by such forward-looking statements.

Directors’ approval

The Board acknowledges its responsibility to ensure that reports issued by Family Bank Limited enable stakeholders to make informed assessments of its performance and its short-, medium- and long-term prospects. It also acknowledges its responsibility to ensure the integrity of Family Bank’s external reports.



Reporting frameworks

This report has been prepared in accordance with the International Integrated Reporting Framework (the framework) and the Capital Market Authority (CMA) Code of Corporate Governance. The accompanying financial statements conform to IFRS Accounting Standards, the Banking Act, and the Kenya Companies Act, 2015.



Preparation process and assurance approach

We adopted an integrated and collaborative reporting strategy that involves all stakeholders in our value creation and preservation model. We engaged key contributors to the report at the initial stages to collect their recommendations that informed the determination of materiality and metrics to be reported in accordance with adopted reporting standards. Metrics were collected from different departments that manage the capital; drafts were also generated by the teams and reviewed internally to provide assurance on the metrics being disclosed. Senior management provided oversight and quality control throughout the process, while the Board provided independent assurance.



Feedback

To help us continue reporting on what matters most to you, we welcome your feedback and questions. Please contact our Investor relations team at investorsrelationsKenya@familybank.co.ke with your feedback or visit www.familybank.co.ke/investorrelations

Report Overview

Our reporting landscape

In the 2025 review period, the operating environment remained challenging, with the sector focusing on sustainable reporting standards. For Family Bank, it was a year of strategic recalibration, operational efficiency, growth, and innovation as we embarked on a new strategic plan for the next five years. We focused on driving efficiency, building resilient systems, innovating on better customer value propositions to meet evolving customer needs while reinforcing our impact to sustainable community development.

- Inflation remained relatively stable throughout the year closing at 4.5%.
- Private sector credit demand in Kenya gradually continued to recover, supported by declining interest rates and improving economic activity.
- The Kenyan currency remained relatively stable throughout the year due to increased foreign inflows, which helped control import-driven inflation closing at 129.01
- The Kenyan GDP remained resilient, growing from 4.7% in 2024 to 4.8% in 2025 driven by improved agricultural output, sustained growth in the services sector, and increased activity in the construction industry.
- Despite the volatile economic outlook, we remained agile by broadening our revenue streams, supporting key economic sectors such as small and medium-sized enterprises (SMEs), agribusiness, and manufacturing, and Trade whilst deepening customer relationships.

Vision, Mission, Purpose & Core Values

Our Vision

To be the financial institution that leads in the positive transformation of people's lives in Africa.

Our Mission

We positively transform people's lives by providing quality financial services through innovative, efficient and reputable practices.

Our Purpose

To enable people to create and sustain wealth through access to flexible, affordable financial services.

Core Values

Winning Together:
Within ourselves and with our customers, we work together and we win together.

Self-belief:

in ourselves and our customers' ability to change the world.

Transparency:

Our customers will trust and reward us for it.

Humility:

It's not about us, it's about our customers.



Our positioning is best captured in our tagline, **"With you, for life"**, which expresses our promise to our customers in the simplest way.

The Group Overview

Marking over four (4) decades of growth since the bank was established in 1984, Family Bank has evolved from a building society into a fully-fledged commercial bank in May 2007. Our vision remains rooted in the positive transformation of lives across Africa, driven by our core mission of positively transforming people’s lives by providing quality financial services through innovative, efficient and reputable practices.

As of 2025, Family Bank operated a network of 96 branches across 32 counties in Kenya, supported by 5,000 agencies and 103,000 merchants, an ecosystem that enhances accessibility and convenience for customers. This physical presence is complemented by a rapidly growing digital customer base and a diversified revenue model spanning both funded and non-funded income streams, ensuring balanced and sustainable earnings generation. The bank is currently supporting over 1.3 million customers with total assets of Kshs 208.7 billion and a deposit base of Kshs 151.9 billion as of December 31, 2025.

Last year marked the commencement of our new five-year strategy, anchored on the ambition “To Be the Preferred Bank for Biashara.” This strategic direction reflects our commitment to strengthening our position as a relationship-driven, customer-centric institution focused on empowering businesses and households across Kenya. Our ambitions are structured around three transformative pillars.



- Customer Value proposition
- Productivity and Efficiency
- Digitalization & Data Utilization

The Bank’s strategic positioning is anchored on its strong focus on the MSME segment, supported by a sector-driven approach that delivers tailored financial solutions aligned to the specific needs of distinct customer value chains. The Bank leverages a digital-first banking model and an inclusive finance proposition to broaden economic participation and expand access to formal financial services.

Underpinned by strong corporate governance and disciplined risk management frameworks, the Group remains committed to sustainable value creation, while continuing to operate in full compliance under the regulatory supervision of the Central Bank of Kenya (CBK) and other relevant financial sector regulators.

OUR FOOTPRINT IN KENYA

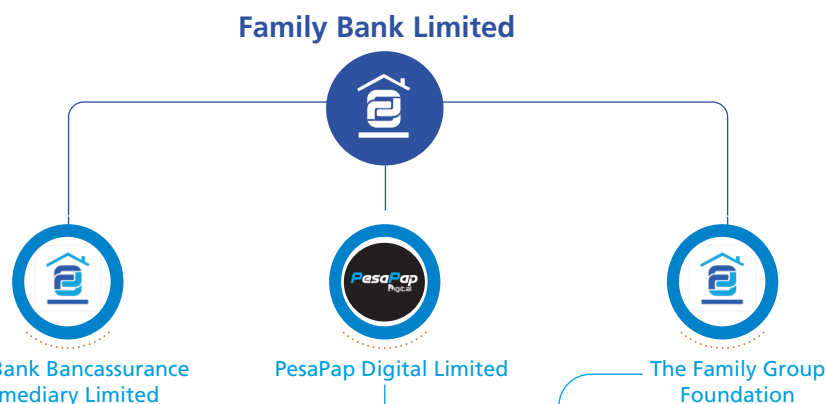


<p>1.3 Million Customers</p>	<p>96 Branches within 32 Counties</p>
<p>5,000 Agencies and 103,000 Merchants</p>	<p>1,839 Dedicated Employees</p>



Our Structure

Family Bank Limited and its subsidiaries; Family Bank Bancassurance Intermediary Limited, PesaPap Digital Limited and The Family Group Foundation



Family Bank Bancassurance Intermediary Limited

Family Bank Bancassurance Intermediary Limited (FBBI) was established in 2008. It is licensed and regulated by the Insurance Regulatory Authority (IRA) to conduct bancassurance business.

Through its partnerships with various reputable insurance companies, FBBI offers a comprehensive range of innovative insurance products and services utilising the bancassurance referral model.

FBBI also facilitates access to professional insurance advisory services and provides convenient, innovative, and accessible insurance solutions to our customers through broad branch outreach and alternative banking channels.

Since its establishment, the bancassurance intermediary has achieved impressive growth in profitability and customer base, despite a challenging operating environment.

In the financial year 2025, the wide range of insurance products distributed within its general, life, and medical classes generated a gross written premium of over Kes 1.947 billion. FBBI also contributed Kes 285 million to the Group's profit before tax in the 2025 financial year.

PesaPap Digital Ltd

PesaPap Digital Ltd (PDL) is a wholly owned subsidiary of Family Bank Ltd. It was incorporated in 2015 to, among other objectives, conduct software design and development business.

PDL, the latest addition to the Group, is strategically positioned to offer already developed software products and services for commercial purposes. Its long-term goal is to become a fully-fledged fintech, providing software and financial systems services in both local and international markets.

The Family Group Foundation is registered under Kenya's Company Act as a company limited by guarantee and does not have a share capital. Established in 2012, The Family Group Foundation plays a crucial role in advancing the Bank's social and environmental responsibilities.

The Foundation's vision is to transform families positively for the African social and economic reawakening. Its mission is to empower families by catalysing transformative change for wealth creation. This is achieved by investing in inclusive community development in education, healthcare, agriculture, youth economic empowerment, and entrepreneurship development. These efforts are driven through the Foundation's Shared Value Initiatives, which focus on youth social and economic empowerment.

The initiatives are centred on the following pillars:



Access to quality high school education through scholarships for bright students from vulnerable backgrounds.



Technical, vocational, and entrepreneurial skills development in construction, ICT, and agribusiness for youth.



Environmental conservation for climate action.



Leadership Reflections

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Board Chairman's Statement



In addition, the world economy continued to shift structurally at an accelerating pace, with the rapid growth of Artificial Intelligence (AI) and digital technologies being especially significant.

Lazarus Muema
Board Chairman, Family Bank Limited

Dear Shareholders,

On behalf of the Board of Directors of Family Bank Limited, I am pleased to present to you the Family Bank Group's Integrated Report and Financial Statements for the year 2025.

As you may recall, in 2025 we commenced the implementation of our 2025-2029 strategic plan, and I am pleased to note that our teams have worked tirelessly to ensure that all milestones for 2025 are met and in some cases exceeded and that we continue to position Family Bank as the **Preferred Bank for Biashara**.

Financial Performance

The Family Bank Group delivered a strong financial performance in 2025, reflecting the resilience of our strategy and disciplined execution. Profit After Tax increased by 55.4% to KES 5.4 billion, supported by continued growth in our balance sheet and improved income generation.

Total assets grew by 23% to KES 208.7 billion. This growth was supported by a strengthened equity base attributable mainly to a successful capital raise and to growth in retained earnings. Alongside the above growth we continued to apply a carefully formulated risk management framework to ensure that the Bank can grow sustainably creating long-term value for shareholders.

55.4%

Increase in Profit After Tax to

KES 5.4 billion

Total assets grew to

KES 208.7 billion

the Federal Reserve easing by approximately 50 basis points cumulatively, reflecting improving price stability. By the fourth quarter, inflation had largely converged toward target levels of 2–2.5%, although interest rates remained structurally higher than pre-pandemic levels.

Despite this progress, geopolitical developments continued to pose significant risks. The ongoing Russia-Ukraine War, alongside rising trade tensions such as the USA's 10% tariff on global imports, disrupted supply chains and trade flows.

In addition, global geopolitical risk escalated further following the U.S.–Iran conflict, which intensified after earlier tensions in 2025 and evolved into a broader regional confrontation by 2026. The conflict disrupted energy markets and trade routes—particularly around the Strait of Hormuz, a critical global oil transit point—contributing volatility in global commodity prices and financial markets (Source: Reuters; global conflict reports).

In addition, the global economy continued to undergo structural transformation, with rapid advancements in Artificial Intelligence and digital technologies reshaping productivity, business models, and competitiveness across industries.



Total assets grew by 23% to KES 208.7 billion. This growth was supported by a strengthened equity base attributable mainly to a successful capital raise and to growth in retained earnings.

Kenya's Economic Environment in 2025

Locally, the economy remained notably resilient in 2025, recording overall GDP growth of approximately 4.9% (Source: Kenya National Bureau of Statistics), underpinned by macroeconomic stabilisation, easing inflation, and gradual recovery in private sector activity.

Inflation followed a consistent downward trajectory across all four quarters. In the first quarter, inflation averaged 6.5%, before easing to 5.5% in Q2, 4.7% in Q3, and ultimately closing the year at 4.5% in December 2025 (Source: Central Bank of Kenya). This reflected improved food supply, stable energy prices, and effective monetary and fiscal policy interventions.

Currency Stability

The Kenyan Shilling remained largely stable throughout the year, trading within a narrow band of KES 129–130 against the US dollar, particularly from the second quarter onwards. This stability was supported by strong foreign exchange inflows, including diaspora remittances, which

The Operating Environment

Global Economic Environment

In 2025, the global economic environment was generally stable, although still shaped by tight financial conditions at the start of the year. In the first quarter, inflation across advanced economies eased to approximately 3–3.5%, according to the International Monetary Fund, following several years of aggressive monetary tightening by major central banks such as the Federal Reserve and European Central Bank. However, policy rates remained elevated at 4.5%–5.5%, maintaining pressure on global borrowing costs.

As the year progressed into the second quarter, inflation declined further toward 2.8%, allowing central banks to begin signalling a gradual shift toward a more supportive stance. By the third quarter, some advanced economies had initiated cautious rate cuts, with

grew steadily from an average of USD 412 million per month in Q1 to approximately USD 440 million per month by Q3, with total inflows reaching USD 5.1 billion for the year (+8% YoY) (Source: CBK). Additional support came from tourism recovery and improved foreign exchange reserves.

Easing of Monetary Policy

As inflation declined, the Central Bank of Kenya gradually eased its monetary policy stance over the course of the year. The benchmark policy rate was revised in phases—from 10.75% in Q1 to 10.25% in Q2, then to 9.75% and 9.25% in Q3, before closing at 9.00% by year-end.

This easing cycle supported a recovery in private sector credit, which grew to approximately 13–14% year-on-year by Q3, indicating improving business confidence and demand.

Fiscal Position and Pending Bills

On the fiscal side, government obligations remained a key consideration. Pending bills stood at approximately KES 516 billion in Q1, before declining modestly to KES 480 billion by Q3 (Source: National Treasury of Kenya). While progress was made in settling arrears, fiscal pressures continued to influence liquidity within the private sector. As of 2025, Kenya's total public debt stood at approximately KES 12.0–12.3 trillion with 55% being domestic debt and 45% being the external debt.

Strong Performance at the NSE

In 2025, the Nairobi Securities Exchange experienced its strongest rally in over a decade, particularly in the second half of the year. Investor wealth increased by more than KES 1 trillion, (about 51–53%) , driven by strong performance in equities, with the NSE All Share Index (NASI) rising by 51% , the NSE 20 (the benchmark blue-chip index) by 56.1% and NSE 25 by 49.8% . The rally was supported by factors such as interest rate cuts, local investor participation, and gains in key sectors like banking, telecom, and energy stocks.

Risk and Compliance

In 2025, disciplined risk oversight remained a core pillar of our strategy. We further advanced our Enterprise Risk Management framework by integrating environmental and social factors into our credit and investment processes.

We also strengthened our capabilities in identifying and mitigating fraud and operational risks through enhanced data analytics, while deepening regulatory adherence through focused investments in technology and ongoing staff capability building.

These actions reinforce the protection of our stakeholders, preserve our institutional integrity, and sustain our long-term growth ambitions.

Key Strategic Developments

Plans for listing in the Nairobi Securities Exchange

During an Extraordinary General Meeting held in October

2025, the Board received approval from shareholders to list on the Nairobi Securities Exchange by way of introduction in Mid-2026.

The decision to list on the NSE came after many years of assessments, reviews and monitoring of trends. In 2025 we finally got to a point of convergence between shareholders' interest and the Board's assessment of an opportune time to position the Bank for the next phase of growth while enhancing the Bank's appeal to long-term investors.

Capital Raising

To support the next phase of growth, the Bank needed to strengthen its balance sheet by infusing additional capital through private placement targeting institutional investors and high-net-worth individuals. We were able to raise Ksh 8 billion, exceeding our target by 131%. This additional capital is instrumental in supporting digitization, lending, and expansion efforts.

Our Continued Commitment to Sustainability

Beyond financial performance, sustainability remains a core pillar of our long-term strategy as a homegrown institution. In addition to financial targets, Family Bank is committed to drive financial and social inclusion, and to support Kenya's transition to a low-carbon economy

Additionally, through the Family Group Foundation's Tufuzu initiatives, we continue to drive meaningful impact across communities by supporting programmes in education, agribusiness, construction, ICT, and environmental conservation, with a growing focus on climate resilience.

Our commitment to reinvesting in the communities we serve is anchored in our belief that, with access to the right financial tools and opportunities, ordinary individuals can achieve extraordinary outcomes. We therefore remain deliberate in enabling inclusive growth and building sustainable livelihoods across the markets we operate in.

Strategic direction and outlook

2025 marked a strong start to the implementation of our 2025–2029 strategic plan. As we continue to focus on delivering sustainable value for our customers and stakeholders, we remain confident in the Bank's growth trajectory and long-term prospects. Our fundamentals are sound, our strategic direction is clear, and our brand continues to command respect in the market. As a Board, we have been deliberate in strengthening the institution, positioning the Bank for scale, and unlocking long-term shareholder value.

Board Changes

During the year, Mr. David Ichoho retired from the Board. On behalf of the Board, I extend our heartfelt gratitude to Mr. David Ichoho for his commitment, invaluable contribution, and selfless leadership, and we wish him great success in his future endeavours.

We warmly welcome Mr. Baptista Muriki Kanyaru to the Board. Mr. Baptista Muriki Kanyaru is a seasoned legal professional with over a decade of experience. He is an advocate of the High Court of Kenya and a member of the Law Society of Kenya. In addition to his legal practice, Mr. Kanyaru currently serves as a Director at KTDA holdings, Kiegei and Igembe Tea Factories where he contributes to strategic oversight and leadership. We wish him every success and God's guidance as he undertakes this new responsibility.

Dividends Payment

The Board of Directors has recommended, for approval by shareholders at this Annual General Meeting (AGM), a dividend of KShs. 1.20 per ordinary share for the year ended 2025, compared to KShs. 0.85 per share in 2024, subject to shareholder approval.

This proposed increase reflects the Group's strong financial performance and commitment to delivering enhanced shareholder returns. It is further supported by growing investor confidence, as evidenced by the appreciation of the Bank's share price on the private counter from KShs. 14.50 to KShs. 21.00 in year 2025.

Acknowledgement

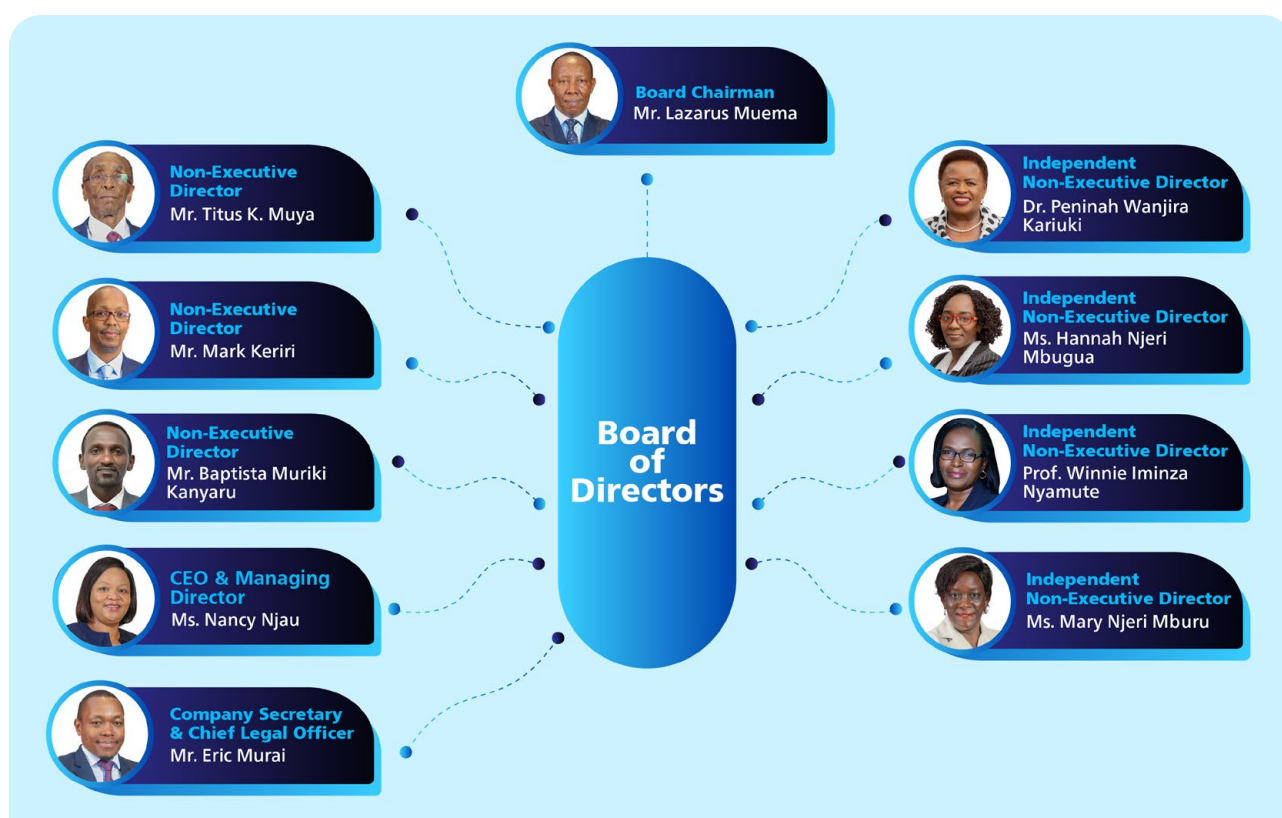
On behalf of the Board of Directors, I extend our sincere appreciation to the Central Bank of Kenya, the Capital Markets Authority, our shareholders, customers, and all stakeholders for their continued trust and support. I also wish to thank the Chief Executive Officer and the Executive Committee for their

leadership, discipline, and commitment in executing the Bank's strategy and delivering these results. Finally, I would like to thank Members of the board for their support and guidance and to especially appreciate our founder Mr. TK Muya for having established a firm foundation and for his tireless effort and support.

As we progress towards our planned listing on the Nairobi Securities Exchange, we remain anchored in our purpose of creating and sustaining wealth by providing accessible, flexible, and affordable financial solutions.



Lazarus Muema
Board Chairman, Family Bank Limited



Taarifa Ya Mwenyekiti



Kadhalika, uchumi wa dunia uliendelea kubadilisha muundo wake kwa kasi, hasa kutokana na ukuaji wa kasi wa teknolojia ya Akili Mnemba (AI) na teknolojia za dijitali.

Lazarus Muema
Mwenyekiti, Family Bank Limited

Wenyehisa wapendwa,

Kwa niaba ya Bodi ya Wakurugenzi ya Family Bank Limited, ni furaha yangu kuwasilisha kwenu Ripoti Kamilifu na Taarifa za Kifedha za Kundi la Family Bank za mwaka 2025. Kama mnavyokumbuka, mwaka 2025 tulianza utekelezaji wa mpango wa mkakati wa 2025-2029 na nina furaha kuwajulisha kwamba makundi yote yamefanya kazi bila kuchoka kuhakikisha kwamba hatua muhimu zilizofaa kutimizwa 2025 zinatimizwa na kwingine hata tukapitisha, na kwamba tunaendelea kuiweka Family Bank kama Benki Inayopendwa kwa ajili ya Biashara.

Matokeo ya Kifedha

Kundi la Family Bank liliandikisha matokeo mazuri sana ya kifedha mwaka 2025, ishara ya mafanikio ya mkakati wetu na utekelezaji wetu kwa nidhamu. Faida Baada ya Ushuru iliongezeka kwa 55.4% hadi Kshs 5.4 bilioni, ikisaidiwa na ukuaji ulioendelea wa mizania yetu ya kibiashara na kuimarika kwa mapato.

Jumla ya mali ilikua kwa 23% hadi Kshs 208.7 bilioni. Ukuaji huu ulisaidiwa pia na na kuongezeka kwa mtaji wetu kulikotokana na kufanikiwa kwetu kuongeza mtaji mwaka huo na pia mapato ya awali tuliyokuwa tumeyahifadhi. Pamoja na ukuaji huu, tuliendelea pia kufuata mfumo makinifu wa kusimamia hatari ili kuhakikisha kuwa Benki inaweza kukua kwa njia endelevu na kuunda thamani ya kipindi kirefu kwa wenyehisa.

55.4%

Faida Baada ya Ushuru iliongezeka kwa

KES 5.4 bilioni

Jumla ya mali ilikua hadi

KES 208.7 billion

Mazingira ya Uendeshaji Shughuli

Mazingira ya Kiuchumi Duniani

Mwaka 2025, mazingira ya kiuchumi duniani kwa kiwango kikubwa yalikuwa thabiti, ingawa yaliendelea kuathiriwa na hali ngumu za kifedha mwanzoni mwa mwaka. Katika robo ya kwanza ya mwaka, kiwango cha mfumko wa bei katika mataifa yaliyoendelea kiuchumi kwa kilipungua hadi takriban 3-3.5%, kwa mujibu wa Shirika la Fedha Duniani (IMF), baada ya miaka kadha ya kukazwa kwa sera za kifedha na benki nyingi kuu kama vile Benki Kuu ya Marekani na Benki Kuu ya Ulaya. Hata hivyo, viwango vya riba vilisalia juu vikiwa 4.5%-5.5% jambo lililoendelea kuweka shinikizo kwenye gharama ya mikopo.

Mwaka ulipoendelea hadi robo ya pili, kiwango cha mfumko kilishuka zaidi na kukaribia 2.8% jambo lililoziwezesha benki kuu kuanza kuashiria mtindo wa kulegeza masharti. Kufikia robo ya tatu, baadhi ya mataifa yaliyoendelea kiuchumi yalikuwa yameanza, japo kwa tahadhari, kupunguza viwango vya riba huku Benki Kuu ya Marekani ikipunguza kiwango chake kwa alama 50, Ishara ya kuwepo kwa uthabiti wa bei za bidhaa. Kufikia robo ya nne, kiwango cha mfumko kilikuwa kimekaribia lengo lake la 2-2.5% ingawa viwango vya riba vilisalia juu ukilinganisha na viwango vya kabla ya janga la ugongwa wa Covid-19.

Licha ya hatua hizi, matukio ya kisiasa kwenye nchi yenye athari kwa nchi nyingine yaliendelea kutoa changamoto kuu. Vita vinavyoendelea kati ya Ukraine na Urusi, pamoja na shinikizo za biashara ya kimataifa kwa mfano ushuru wa forodha wa Marekani wa 10% kwenye bidhaa zote zinazoagizwa kutoka nje ya nchi hiyo, vilivuruga mifumo ya usambazaji wa bidhaa na mtiririko wa biashara.

Kadhalika, hatari kutoka kwa matukio ya kisiasa katika nchi nyingine duniani ilipanda zaidi baada ya kuanza kwa mzozo kati ya Marekani na Iran ambao uliongeza wasiwasi uliokuwepo 2025 na kuwa mzozo wa kanda kufikia 2026. Mzozo huo uliathiri masoko ya kawi nan jia kuu za biashara – hasa kwenye Mlango wa Bahari wa Hormuz, ambao ni njia muhimu ya kusaifirishia mafuta duniani. Hii ilichangia kuyumbayumba kwa bei za mafuta kimataifa na pia masoko ya kifedha (Chanzo: Reuters; ripoti za mizozo duniani).

Kadhalika, uchumi wa dunia uliendelea kubadilisha muundo wake kwa kasi, hasa kutokana na ukuaji wa kasi wa teknolojia ya Akili Mnemba (AI) na teknolojia za dijitali ambazo zinabadilisha uzalishaji, miundo ya biashara, na pia ushindani katika sekta mbalimbali.



Jumla ya mali ilikua kwa 23% hadi Kshs 208.7 bilioni. Ukuaji huu ulisaidiwa pia na na kuongezeka kwa mtaji wetu kulikotokana na kufanikiwa kwetu kuongeza mtaji mwaka huo na pia mapato ya awali tuliyokuwa tumeyahifadhi.

Mazingira ya Kiuchumi Kenya 2025

Humu nchini, uchumi ulikuwa mkakamavu mwaka 2025 ambapo Pato la Taifa (GDP) lilikuwa 4.9% (Chanzo: Idara ya Taifa ya Takwimu Kenya), hali iliyotokana na kuwekwa thabiti kwa mazingira pana ya kiuchumi, kushuka kwa mfumko wa bei, na kuendelea kujikwamua kwa shughuli za uzalishaji katika sekta ya kibinafsi.

• **Kushuka kwa mfumko:**

Mfumko wa bei uliendelea kushuka katika robo zote nne. Katika robo ya kwanza, mfumko ulikuwa kwa wastani 6.5%, kabla ya kushuka hadi 5.5% robo ya pili, 4.7% robo ya tatu, na mwishowe kumaliza mwaka katika 4.5% mwezi Desemba 2025. (Chanzo: Benki Kuu ya Kenya). Hii iliashiria kuongezeka kwa upatikanaji wa chakula, bei thabiti ya kawi, na hatua za sera ya kifedha na matumizi ya fedha za serikali.

• **Uthabiti wa sarafu**

Shilingi ya Kenya ilikuwa thabiti kwa kiwango kikubwa mwaka huo, ambapo thamani yake ilikuwa Ksh 129-130 dhidi ya Dola ya Marekani, hasa kuanzia robo ya pili na kuendelea. Hii ilisaidiwa na kuingia kwa wingi kwa fedha za kigeni, ikiwemo kutumwa kwa pesa na Wakenya wanaoishi nje ya nchi kiasi ambacho kiliongezeka kutoka wastani wa USD 412 milioni kila mwezi robo ya kwanza hadi USD 440 milioni kila mwezi robo ya tatu. Jumla ya fedha hizo ilifikia USD 5.1 bilioni kwa mwaka huo (+8% YoY) (Chanzo: CBK). Nafuu zaidi ilitokana nakuimarika tena kwa sekta ya utalii na pia kuongezeka kwa akiba ya sarafu za kigeni.

Kulegezwa kwa sera ya kifedha:

Mfumko ulivyoendelea kushuka, Benki Kuu ya Kenya (CBK) ililegeza sera yake mwaka ulivyosonga. Kiwango msingi cha riba kili kilibadilishwa kwa awamu - kutoka 10.75% katika robo ya kwanza hadi 10.25% robo ya pili, kisha 9.75% na 9.25% robo ya tatu, kabla ya kufuka mwaka katika 9.00%. Kulegezwa kwa kiwango hicho cha riba kulisaidia kuimarika kwa utoaji wa mikopo katika sekta ya kibinafsi, ambako kuliongezeka 13-14% mwaka baada yam waka kufikia robo ya tatu na kuashiria kuongezeka kwa imani katika hali ya biashara na ukuaji wa mahitaji ya bidhaa na huduma.

Hali ya Fedha za Umma na Madeni ya Serikali

Katika upande wa fedha za umma, matumizi na fedha zinazofaa kulipwa na serikali vilisalia kuwa kiungo muhimu. Malimbikizi ya malipo inayodaiwa serikali yalikuwa Kshs 516 bilioni robo ya kwanza, na yalishuka kiasi hadi Kshs 480 bilioni kufikia robo ya tatu (Chanzo: Hazina Kuu ya Kenya). Ingawa hatua zilipigwa katika kulipa malimbikizi ya malipo, shinikizo za matumizi ya fedha za serikali ziliendelea kuathiri upatikanaji na mzunguko wa fedha katika sekta ya kibinafsi. Kufikia 2025, deni la jumla la serikali ya Kenya lilikuwa takriban Kshs 12.0–12.3 trilioni, 55% likiwa deni la ndani ya nchi na 45% madeni ya nje ya nchi.

Matokeo mazuri katika NSE:

Mwaka 2025, Soko la Hisa la Nairobi (NSE) lilishuhudia kuongezeka kwa thamani kwa kiwango kikubwa zaidi katika zaidi ya mwongo, hasa nusu ya pili yam waka. Mali ya wawekezaji iliongezeka kwa zaidi ya Kshs 1 trilioni (takriban 51-53%), ikichangiwa na kufanya vyema kwa hisa mbalimbali. Kipimo cha mauzo ya hisa kwenye soko hilo (NASI)

kiliongezeka kwa 51%, nacho kipimo cha mauzo ya hisa za kampuni 20 kubwa zaidi (NSE 20) kikaongezeka kwa 56.1%, na cha NSE 25 kwa 49.8%. Hii ilitokana na mambo kadha ikiwemo kupunguzwa kwa viwango vya riba, kushiriki kwa wawekezaji wenyeji, na kuimarika kwa hisa katika kampuni za sekta muhimu kama vile benki, mawasiliano na kawi.

Hatari na Kutimizwa kwa Sheria

Mwaka 2025, nidhamu katika kuzingatia hatari ilisaliwa kuwa nguzo kuu kwenye mkakati wetu. Tuliendeleza mfumo wetu wa Usimamizi wa Hatari katika Biashara kwa kufungamanisha viashiria kwa kimazingira na kijamii katika kukadiriwa hatari kwenye mikopo na uwekezaji.

Pia, tuliimarisha uwezo katika kutambua na kuzuia ulaghai na hatari nyingine zinazohusiana na uendeshaji wa shughuli zetu kupitia kutumiwa kwa udadisi wa data, huku pia tukikoleza ufuataji wa sheria kupitia kuwekezaji makusudi kwenye teknolojia na kuwezesha wafanyakazi wetu.

Hatua hizi zinatia nguvu kinga tuliyoweka kwa wadau wetu, kulinda sifa zetu na pia kusaidia kuendeleza ndoto yetu ya ukuaji wa kipindi kirefu.

Matukio Makuu ya Kimkakati

Mpango wa kuorodheshwa katika Soko la Hisa la Nairobi

Katika Mkutano Mkuu Maalumu ulioandaliwa Oktoba 2025, Bodi ilipokea idhini kutoka kwa wenyehisa ya kuorodhesha hisa zake katika Soko la Hisa la Nairobi kwa kuorodhesha hisa zilivyo kwa sasa katikati mwa 2026.

Uamuzi huu wa kuorodheshwa katika NSE ulichukuliwa baada ya miaka mingi ya udadisi, utathmini na kufuatilia mitindo sokoni. Mwaka 2025, hatimaye tulifikia hatua ya kukubaliana kwa maslahi ya wenyehisa na utathmini wa Bodi kwamba ni wakati mwafaka wa kuiweka Benki katika nafasi nzuri ya kufikia hatua nyingine ya ukuaji, na pia kuiwezesha Benki kuwavutia wawekezaji wa kipindi kirefu.

Kuongeza Mtaji

Ili kusaidia kufikia hatua nyingine ya ukuaji, Benki ilihitaji kuimarisha mizania yake ya kibiashara kwa kuongeza mtaji, ambapo hili lilifanyika kwa njia isiyo wazi kwa umma kwa kuwalenga wawekezaji wa taasisi na watu wenye utajiri mkubwa. Tulifanikiwa kupata Kshs 8 bilioni, ambapo ilikuwa ni sawa na 131%. Mtaji huu wa ziada ni muhimu katika kusaidia matumizi ya dijitali, ukopeshaji, na juhudi za upanuzi.

Kuendeleza Ahadi yetu kwa Uendelevu

Kando na matokeo ya kifedha, uendelevu umesalia kuwa nguzo kuu katika mkakati wetu wa kipindi kirefu kama taasisi mwenyeji. Pamoja na malengo ya kifedha, Family Bank imejitolea kuhakikisha ujumuishaji wa kifedha na kijamii, na kusaidia Kenya kubadilika hadi kuwa nchi ya uchumi unaozalisha gesi ya kaboni kwa kiwango cha chini.

Kadhalika, kupitia mikakati ya Tufuzu, ya Wakfu wa Kundi la Family, tunaendelea kuongoza mabadiliko ya maana kwenye jamii kupitia kuunga mkono miradi katika elimu, kilimo biashara, ujenzi, ICT, na uhifadhi wa mazingira, tukiangazia pia kujikinga dhidi ya athari za mabadiliko ya tabia nchi.

Kujitolea kwetu katika kuwekeza tena kwenye jamii tunazohudumia kuna msingi wake katika imani yetu kwamba, kwa kufikia vifaa vifaavyo vya kifedha na fursa, watu wa kawaida wanaweza kufannya makubwa. Kwa hivyo, kwa makusudi, tumekuwa tukiwezesha ukuaji jumuishaji na kujenga jamii endelevu kote katika maeneo ambayo tunaendesha shughuli zetu.

Mwelekeo wa Kimkakati na Mustakabali

Mwaka 2025 uliashiria mwanzo mzuri wa utekelezaji wa mpango wetu wa mkakati wa 2025–2029. Tunapoendelea kuangazia kutoa thamani endelevu kwa wateja wetu na wadau wetu, tuna imani katika kuendelea kwa mkondo wa ukuaji wa benki hii na matarajio ya kipindi kirefu. Viashiria muhimu vya biashara yetu vimo katika hali nzuri, na mwelekeo wetu wa kimkakati uko wazi. Aidha, nembo yetu inaendelea kuheshimika sokoni. Kama Bodi, tumekuwa tukiongeza nguvu taasisi yetu kwa makusudi, na kuiweka Benki hii katika nafasi nzuri ya upanuzi, na kufungulia thamani ya kipindi kirefu kwa wenyehisa.

Mabadiliko kwenye Bodi

Katika mwaka huo, Bw. David Ichoho alistaafu kutoka kwenye Bodi. Kwa niaba ya Bodi, natua shukrani zetu za dhali kwa Bw. David Ichoho kwa kujitolea kwake, mchango wake usio na kifani, na uongozi wa kujitolea, na tunamtakia kila la heri katika shughuli zake za baadaye.

Tunamkaribisha sana Bw. Baptista Muriki Kanyaru kwenye Bodi. Bw. Baptista Muriki Kanyaru ni mtaalamu wa masuala ya kisheria mwenye tajriba na uzoefu wa zaidi ya mwongo mmoja. Ni wakili katika Mahakama Kuu ya Kenya na mwanachama wa Chama cha Wanasheria cha Kenya (LSK). Kando na uanasheria, Bw. Kanyaru kwa sasa anahudumu kama Mkurugenzi katika KTDA holdings, Kiegei na Igembe Tea Factories ambapo huchangia uangalizi na uongozi wa kimkakati. Tunamtakia ufanisi na busara na Hekima kutoka kwa Mungu anapochukua jukumu hili mpya.

Malipo ya Mgawo wa Faida

Bodi ya Wakurugenzi imependekeza, kwa ajili ya kuidhinishwa na wenyehisa katika Mkutano Mkuu wa Mwaka (AGM), mgawo wa faida wa KShs. 1.20 kwa kila hisa ya kawaida kwa mwaka uliomalizika 2025, ukilinganisha na KShs. 0.85 kwa kila hisa mwaka 2024, hii ikitegemea kuidhinishwa kwake na wenyehisa.

Ongezeko hili la mgawo wa faida lililopendekezwa linadhihirisha matokeo mazuri ya kifedha ya Kundi na kujitolea kwetu kutoa thamani kwa wenyehisa. Hili linaungwa mkono pia na kuendelea kuongezeka kwa imani ya wawekezaji, kama ilivyodhihirishwa na kupanda kwa bei ya hisa za Benki hii katika kaunta ya kibinafsi kutoka KShs. 14.50 hadi KShs. 21.00 katika mwaka 2025.

Shukrani

Kwa niaba ya Bodi ya Wakurugenzi, natoa shukrani zangu za dhali kwa Benki Kuu ya Kenya, Mamlaka ya Masoko ya Mtaji, wenyehisa wetu, wateja wetu, na wadau wetu wote kwa kuendelea kuwa na imani nasi na kwa uungaji mkono wao. Ningependa pia kushukuru Afisa Mkuu Mtendaji na Kamati Tendaji kwa uongozi wao, nidhamu na kujitolea kwao katika kutekeleza mkakati wa Benki na kufanikisha matokeo haya. Mwisho kabisa, ningependa kuwashukuru Wanachama wa bodi kwa usaidizi wao na ushauri wao na hasa kumshukuru mwanzilishi wetu Bw. TK Muya kwa kuweka msingi imara na kwa bidii yake isiyo kikomo pamoja na uungaji mkono wake.

Tunapoelekea kuorodheshwa kwa hisa zetu katika Soko la Hisa la Nairobi, kama ilivyo mpango, tunasalia imara kwenye lengo letu kuu la kuunda na kudumisha thamani kwa kutoa huduma bora za kifedha zinazopatikana kwa urahisi, na za gharama nafuu.



Lazarus Muema
Mwenyekiti wa Bodi, Family Bank Limited

Chief Executive Officer and Managing Director's Statement



As part of our growth agenda, we are focused on expanding our physical footprint to over 100 branches, complemented by continued growth in our agent and digital channels

Nancy Njau
Managing Director & Chief Executive Officer

Dear Shareholders,

Dear Shareholders, it is my pleasure to welcome you to our 19th Annual General Meeting. I am delighted to present the Family Bank Group's results for the financial year 2025.

Financial Performance

Despite a challenging macroeconomic environment, Family Bank delivered strong financial results. Our Profit After Tax surged by 55.4% to Kshs 5.4 billion, while Profit Before Tax grew by 61.6% to Kshs 6.3 billion. Total assets expanded substantially, and our balance sheet was strengthened through robust deposit growth, and a successful Kshs 8.0 billion equity raise through private placement, which was Oversubscribed by 131%. This drove total assets up 23.8% to Kshs 208.7 billion. Net interest income rose 44.5% to Kshs 16.1 billion, and Net non-funded income grew 3% to Kshs 3.9 billion. Customer deposits and loan book also grew, underpinning the Bank's liquidity and capital adequacy ratios well that closed well above regulatory thresholds. Below is a summary of key performance lines.

	Group 2025 Ksh"000"	Bank 2025 Ksh"000"	Group Y/Y
Total assets	208,688,568	208,626,792	24%
Loans and advances to customers	105,898,912	105,898,912	14%
Customer deposits	151,878,945	152,437,336	20%
PBT	6,330,352	6,395,305	62%
PAT	5,378,153	5,530,650	55%

The net loans and advances growth by 14% was driven by improved credit accessibility and sustained demand from businesses and households. This loan book expansion was supported by our adoption of the Central Bank Rate (CBR)-linked risk-based pricing framework, which enabled us to effectively pass through Monetary Policy Committee rate reductions to our customers. This has translated into more affordable credit, particularly for private sector borrowers, and contributed to increased uptake of loans across key segments.

As part of our growth agenda, we are focused on expanding our physical footprint to over 100 branches, complemented by continued growth in our agent and digital channels

Building on this, we continued to invest in digital channels and tailor our services to meet evolving customer needs. In line with our brand and strategy promise of being "The Preferred Bank for Biashara," we deepened our reach to Micro, Small, and Medium Enterprises (MSMEs) and retail customers.

Net interest income rose

44.5%
to Kshs 16.1 billion

Total assets grew to

KES 208.7 billion



Our performance reflects the resilience of our strategy and our deliberate focus on customer-centric innovation, underpinned by the disciplined execution of the first year of our strategic plan.

During the year, we continued to execute against our key strategic pillars:

- **Compelling Customer Propositions** – We refined our product offering to better serve the evolving needs of MSMEs and retail customers, ensuring relevance, accessibility, and value at every touchpoint.
- **Digitization and Data Utilization** – We accelerated investment in digital channels and leveraged data insights to enhance customer experience, drive adoption, and enable more informed decision-making.
- **Productivity & Efficiency** – We strengthened operational discipline, optimizing processes and driving cost efficiencies to support sustainable growth.
- **Enterprise Risk Management** – We maintained a robust risk framework, safeguarding the business while enabling prudent growth.
- **Expansion**– We continued to deepen our footprint, enhancing access to financial services for underserved and high-potential markets.

Key Success Drivers

• Strategic Impact Funding

During the year, we strengthened our access to long-term, development-focused capital through strategic partnerships with leading Development Finance Institutions (DFIs), in line with our five-year ambition to scale SME financing.

We secured a USD 20 million trade finance facility from British International Investment, targeted at MSMEs and agribusinesses, with a strong focus on women-led enterprises. We also renewed our collaboration with Blue Orchard Microfinance by securing USD 10 million Supplementary capital to support MSME lending. In addition, our partnership with the European Investment Bank provided a €50 million facility to expand financing for Kenyan SMEs.

Beyond strengthening our capital base, these partnerships enhance our capacity to extend affordable, longer-tenor financing to underserved segments, while reinforcing our governance and alignment with global best practices. Collectively, they position us to accelerate lending to businesses and key social sectors, in line with the Capital Markets Authority's financial inclusion agenda.

• Branch Optimization

During the year, we continued to optimise our physical distribution network to align with evolving customer needs and usage patterns. We expanded our footprint with the opening of a new branch in Kilifi, bringing our total network to 96 branches across 32 counties. In parallel, we relocated our Kangemi, Kisii, and Ngara branches to more strategic locations, enhancing accessibility, convenience, and overall customer experience.

These initiatives, complemented by the continued growth of our agent and digital banking channels, ensure that our distribution footprint remains both relevant and responsive to customer demand. Our agile distribution strategy positions us to effectively serve customers across both urban and rural markets.

• Strategic Partnerships

We continued to leverage strategic partnerships as a key enabler of growth, deepening our presence across critical sectors of the economy. During the year, we strengthened collaborations within the transport industry, financial services ecosystem, manufacturing sector, and national security forces, allowing us to deliver tailored financial solutions aligned to the unique needs of each segment.

These partnerships not only expand our reach and diversify our portfolio but also enhance our ability to structure sector-specific solutions, drive value for customers,

and unlock new business opportunities. They remain central to our strategy of building sustainable, long-term relationships that support enterprise growth and economic development.

• Customer Engagements

We deepened our customer engagement during the year through structured forums and continuous dialogue across key segments, reinforcing our commitment to being a truly customer-centric financial partner. Through SME forums, women empowerment engagements, and agricultural sector dialogues, we created platforms to better understand the evolving needs of our customers and tailor our solutions accordingly.

As part of these efforts, we implemented targeted capacity-building initiatives, including a Women in Agribusiness programme, where women-led Agri-SMEs underwent training focused on strengthening business management skills, enhancing financial literacy, and improving access to finance.

In addition, town halls, customer dinners, and targeted engagements across all business segments enabled us to strengthen relationships, gather real-time feedback, and enhance service delivery. These interactions not only informed product development and service improvements but also reinforced trust and positioned us as a responsive and accessible partner to our customers.

• Capital Markets Engagement

We continued to strengthen our relationships with regulators and the investment. Our leadership team conducted a courtesy engagement with the Capital Markets Authority (CMA), reaffirming our commitment to strong governance, transparency, and readiness for the planned listing on the Nairobi Securities Exchange (NSE).

During the year, we also deepened our engagements across the capital markets ecosystem, including targeted fund managers' engagements, which was crucial in enhancing investor understanding of our strategy, performance, and growth outlook.

In addition, we introduced a custodial business offering, enhancing our capability to support institutional investors and strengthening our position within the capital markets value chain.

• Industry recognitions

Our strong performance and customer-centric approach continue to be recognised across the industry, reflecting the impact of our strategic initiatives and sustained focus on service excellence. During the year, we recorded high levels of customer satisfaction, translating into multiple industry accolades.

Notably, the Bank received an award as the Best Tier-Two Bank in Customer Experience for the fifth consecutive year in the Kenya Bankers Association Awards

These recognitions affirm the strength of our customer-centric strategy and our commitment to delivering inclusive financial solutions. Through our digital platforms, agent network, and tailored SME offerings, we continue to bring banking closer to everyday Kenyans, advancing our purpose of transforming lives through financial inclusion.

• Sustained investment in our people

We continued to invest deliberately in our people, recognising that our ability to execute strategy and manage risk is anchored on the strength of our teams. During the year, we expanded our training and transformation programmes, building critical capacity across credit, digital, and compliance functions to support our growth ambitions.

This was complemented by targeted leadership development, staff wellness initiatives, and a strong focus on building high-performing, agile teams. Our commitment to inclusivity and youth empowerment, with 60% of our workforce comprising young talent, has further strengthened our talent pipeline, ensuring a balanced and future-ready organisation.



I extend my sincere appreciation to our shareholders, Board of Directors, regulators, partners, and vendors for their continued support and confidence in the Bank.

Executive Leadership Updates

We continued to strengthen our leadership team to support the execution of our strategy and drive organizational transformation. In this regard, we welcomed Bildard Fwamba as the Chief Internal Auditor. He is a well-versed audit and finance professional with over 25 years' experience in internal audit, financial management and regulatory oversight.

2026 Outlook

Looking ahead, we enter 2026 with confidence as we continue the execution of our 2025–2029 Strategic Plan. We will sustain our investments in digital banking, data analytics, and value-added products to better meet evolving customer needs and enhance overall customer experience.

As part of our growth agenda, we are focused on expanding our physical footprint to over 100 branches, complemented by continued growth in our agent and digital channels to ensure broader access and convenience. A key milestone in the year will be our planned listing by way of introduction on the Nairobi Securities Exchange, which we are preparing to achieve by mid-year, subject to regulatory approvals.

We remain confident in our ability to deliver sustainable growth, driven by disciplined execution, customer-centric innovation, and a strong foundation for long-term value creation.

Appreciation

In closing, I extend my sincere appreciation to our shareholders, Board of Directors, regulators, partners, and vendors for their continued support and confidence in the Bank. I am equally grateful to the entire Family Bank team, our staff, agents, and supporting staff, whose dedication and hard work have made these achievements possible.

Above all, I thank our valued customers for their trust, which remains the foundation of our success. As The Preferred Bank for Biashara, we remain committed to earning that trust by delivering innovative solutions, expanding access, and creating meaningful, sustainable impact across Kenya.

We look ahead with confidence and remain focused on building long-term value for all our stakeholders. Thank you, and we look forward to our continued shared success in 2026 and beyond.

Nancy Njau
CEO & MD, Family Bank Limited

Taarifa Ya Afisa Mkuu Mtendaji



Matokeo yetu yanaashiria uthabiti wa mkakati wetu na uangazaji wetu kwa makusudi katika uvumbuzi unaomjali zaidi mteja.

Nancy Njau
Meneja Mkurugenzi & Afisa Mkuu Mtendaji

Wenyehisa wapendwa,

ni furaha yangu kuwakaribisha kwenye Mkutano wetu wa Kila Mwaka wa 19. Najivunia kuwasilisha kwenu matokeo ya kifedha ya Kundi la Family Bank ya mwaka 2025.

Matokeo ya Kifedha

Licha ya mazingira pana ya kiuchumi kuwa na changamoto, Family Bank iliandikisha matokeo mazuri ya kifedha. Faida yetu Baada ya Ushuru iliongezeka kwa 55.4% na kufikia Kshs 5.4 bilioni, nayo Faida Kabla ya Ushuru ikakua kwa 61.6% hadi Kshs 6.3 bilioni. Mali yetu kwa jumla iliongezeka pakubwa, na mizania yetu ya fedha ikafanywa thabiti na ongezeko la amana zilizowekwa na wateja na pia kuongezwa kwa mtaji kwa Kshs 8.0 bilioni kupitia uuzaji wa hisa usio wazi kwa umma, ambapo wanunuzi walikuwa 131%. Hili liliongeza mali ya jumla kwa 23.8% hadi Kshs 208.7 bilioni. Mapato halisi yaliongezeka 44.5% hadi Kshs 15.6 bilioni, na mapato halisi yaliyotokana na riba yakaongezeka 3% hadi Kshs 3.9 bilioni. Amana zilizowekwa na wateja na mikopo pia viliongezeka, jambo linaloashiria hali nzuri ya uwezo wa Benki kupata pesa taslimu na pia vipimo vya utoshelezaji wa mtaji ambavyo vipo juu ya matakwa ya kisheria. Hapa chini ni dondoo kuu kuhusu matokeo yetu.

	Kundi 2025 Ksh“000”	Benki 2025 Ksh“000”	Kundi Mwaka/Mwaka
Jumla ya mali	208,688,568	208,626,792	24%
Mikopo na fedha nyingine zilizokopeshwa wateja	105,898,912	105,898,912	14%
Amana za Wateja	151,878,945	152,437,336	20%
Faida Kabla ya Ushuru (PBT)	6,330,352	6,395,305	62%
Faida Baada ya Ushuru (PAT)	5,378,153	5,530,650	55%

Mikopo halisi na fedha nyingine zilizokopeshwa wateja vilikua kwa 14% kutokana na kuimarika kwa utolewaji wa mikopo na mahitaji endelevu ya mikopo kutoka kwa biashara na familia. Kuongezeka kwa mikopo tuliyoitoa kulisaidiwa nah atua yetu ya kutumia mfumo wa ukadiriaji wa gharama ya mikopo kwa kuzingatia hatari wa Kiwango cha Benki Kuu (CBR). Hatua hiyo ilituwezesha kupitisha mapunguzo ya kiwango hicho ya Kamati ya Sera ya Kifedha kwa wateja wetu. Hii ilisababisha mikopo nafuu, hasa kwa wakopaji wa sekta ya kibinafsi, na kuchangia ongezeko la uchukuaji wa mikopo katika vitengo muhimu.

Matokeo yetu yanaashiria uthabiti wa mkakati wetu na uangazaji wetu kwa makusudi katika uvumbuzi unaomjali zaidi mteja. Hii inatiwa nguvu na nidhamu yetu katika utekelezaji wa mwaka wa kwanza wa mpango wetu wa mkakati.

Pamoja na hilo, tuliendelea kuwekeza katika dijitali na kusuka huduma zetu ili kuendana na mahitaji ya wateja yanayobadilika. Kuambatana na ahadi ya nembo yetu na

Mapato halisi yaliongezeka

44.5%

hadi Kshs 16.1 bilioni,

Jumla ya mali ilikua hadi

KES 208.7 billion

mkakati wetu, wa kuwa “Benki Inayopendwa kwa Biashara,” tulikoleza juhudi zetu za kufikia biashara Ndogo ndogo na za Wastani (MSMEs) na wateja wa rejareja.

Katika mwaka huo, tuliendelea kutekeleza nguzo kuu za mkakati wetu:

- **Huduma za Kuwaridhisha Wateja** – Tuliboresha huduma zetu ili kukidhi vyema zaidi mahitaji yanayokaa yakibadilika ya MSMEs na wateja wa rejareja, kwa kuhakikisha huduma zinafaa, zinafikika kwa urahisi na zinatoa thamani.
- **Dijitali na Matumizi ya Data** – Tuliongeza kasi uwekezaji wetu katika mifumo ya kidijitali na kutumia data ili kuboresha jinsi tunavyowahudumia wateja, kuongeza kukumbatiwa kwa huduma zetu, na pia kuongoza ufanyaji wa maamuzi.
- **Uzalishaji & Ufanisi** – Tuliongeza nidhamu katika utendaji wetu, kuboresha taratibu na shughuli zetu na kuhakikisha ufanisi katika kupunguza gharama ili kusaidia ukuaji endelevu.
- **Usimamizi wa Hatari kwa Biashara** – Tulidumisha mfumo imara wa kukabiliana na hatari, na kulinda biashara huku tukiwezesha ukuaji wa busara.
- **Upanuzi** – Tuliendelea kupanua biashara yetu, na kurahihisha upatikanaji wa huduma za kifedha kwa watu na maeneo ambayo hayajakuwa yakifikikiwa na huduma hizo na pia kwenye masoko yenye uwezo mkubwa.

Mambo muhimu Yaliyochochea Ufanisi

• Ufadhili wa Kimkakati wenye Matokeo

Katika mwaka huo, tuliongeza nguvu uwezo wetu wa kupata mtaji wa kimaendeleo wa kipindi kirefu kupitia ushirikiano wa kimkakati ya Asasi za Kifedha za Maendeleo (DFIs), kuambatana na azma yetu ya miaka mitano ya kuongeza ufadhili wa SME.

Tulipata mkopo wa ufadhili wa kibiashara wa USD 20 milioni kutoka kwa British International Investment, unaolenga MSMEs na kilimo biashara, na zaidi ukiangazia biashara zinazoongozwa na wanawake. Tulifanya upya pia ushirikiano wetu na Blue Orchard Microfinance kwa kupata USD 10 milioni kama mtaji wa ziada kusaidia ukopesaji kwa MSME. Kadhalika, ushirikiano wetu na European Investment Bank ulitupatia €50 milioni za kuongeza ufadhili wetu kwa SMEs nchini Kenya.

Kando na kuongeza mtaji wetu, ushirikiano huu umeimarisha uwezo wetu wa kutoa ufadhili wa kipindi kirefu na nafuu kwa vitengo vya soko ambavyo havijafikiwa vilivyo, na pia kwa kuboresha utawala wetu na kuendana na desturi bora kimataifa.

• Matumizi bora ya Matawi

Katika mwaka huo, tuliendelea kutumia vyema mtandao wetu wa matawi ili kuendana na mahitaji ya wateja yanayokaa yakibadilika na pia mtindo wa matumizi. Tuliongeza matawi kwa kufungua tawi jipya Kilifi, na kufikisha mtandao wetu kwa jumla hadi matawi 96 katika kaunti 32. Sambamba, tulihamisha matawi yetu ya matawi Kangemi, Kisii, na Ngara hadi maeneo yafaayo zaidi, na kuboresha urahisi wa kufikia matawi hayo na kuboresha huduma kwa mteja kwa jumla.

Mikakati hii, ambayo ilisaidiana pia na kuendelea kukua kwa mtandao wa maajenti wetu na huduma za benki kupitia dijitali, inahakikisha kwamba mfumo wetu wa usambazaji wa huduma zetu unasalia kuwa wa kufaa na unafuatana na kukidhi mahitaji ya wateja. Mikakati wetu bora wa usambazaji unatuweka katika nafasi nzuri ya kuwahudumia wateja katika maeneo ya mijini na mashambani..

• Ushirikiano wa Kimkakati

Tuliendelea kutumia ushirikiano wetu wa kimkakati kama kichocheo cha ukuaji, na kukoleza uwepo wetu katika sekta muhimu za Uchumi. Katika mwaka huo, tuliimarisha ushirikiano wetu na wadau katika sekta ya uchukuzi, tukaimarisha ushirikiano na wadau katika mfumo ikolojia wa huduma za kifedha, sekta ya utengenezaji wa bidhaa, na vikosi vya usalama wa taifa, na kutuwezesha kutoa huduma za kifedha zilizoundwa mahsusi kutimiza mahitami maalum ya kila kitengo. Ushirikiano huu, kando na kutuwezesha kupanua uwepo wetu na kuongeza viungo mbalimbali kwenye huduma tunazozitoa, unatuwezesha kuboresha pia uwezo wetu wa huuda huduma mahsusi za

kutatua mahitaji maalumu ya sekta mbalimbali, kuongeza thamani kwa wateja, na pia kufungulia fursa mpya za kibiashara. Ushirikiano huu unasalia kuwa nguzo kuu katika mkakati wetu wa kujenga uhusiano endelevu wa kipindi kirefu unaosaidia ukuaji wa biashara na ustawi wa kiuchumi.

• Ushirikishwaji wa Wateja

Tuliongeza suhirikishaji wetu wa wateja katika mwaka huo kupitia majukwaa ya kupangwa na mazungumzo endelevu katika vitengo muhimu. Hii inatilia mkazo kujitolea kwetu kuwa mshirika kamili wa kifedha anayemjali mteja zaidi. Kupitia majukwaa na mabaraza na SME, mikutano ya kuwezesha wanawake na mazungumzo na wadau katika sekta ya kilimo, tuliunda majukwaa na njia za kutusaidia kuelewa vyema mahitaji ya wateja wetu yanayokaa yakibadilika na kuboresha huduma zetu kuambatana na hilo.

Kama sehemu ya juhudi hizi, tulitekeleza mikakati yenye walengwa ya uwezesaji, ikiwa ni Pamoja na mpango wa Wakawake katika Kilimo Biashara, ambapo SME zinazoongozwa na wanawake zilifaidi kutokana na mafunzo yaliyoangazia kuimarisha ujuzi wao katika usimamizi wa biashara, kuboresha ufahamu wa masuala ya kifedha, na kuongeza ufikiaji wa ufadhili.

Kadhalika, mikutano ya kibaraza, dhifa za jioni na wateja, na matukio ya ushirikishaji yenye walengwa kote katika vitengo mbalimbali vya biashara yetu, vilituwezesha kuimarisha uhusiano, kupata maoni na mapendekezo ya moja kwa moja, na kuboresha utoaji huduma. Shughuli hizi kando na kuongoza maamuzi kuhusu uboreshaji wa huduma zetu pia zilijenga na kuongeza nguvu imani ya wateja kwetu, na kutuweka katika nafasi nzuri kama mshirika anayeelewa na wa karibu wa wateja.

• Ushiriki katika Masoko ya Mtaji

Tuliendelea kuimarisha uhusiano wetu na wasimamizi na wawekezaji. Kundi letu la uongozi lilikutana na kushauriana na Mamlaka ya Masoko ya Mtaji (CMA), kukariri tena kujitolea kwetu kuhusu utawala imara, uwazi na kujiandaa kwetu kuhusu mpango wa kuorodhesha hisa zetu katika Soko la Hisa la Nairobi (NSE).

Katika mwaka huo, tulikoleza pia ushiriki wetu kote katika mfumo ikolojia wa masoko ya mtaji, ikiwa ni pamoja na kukutana na wasimamizi wa mifuko ya uwekezaji walengwa. Mikutano hii ilikuwa muhimu katika kuimarisha ufahamu wa wawekezaji kuhusu mkakati wetu, matokeo yetu na mustakabali wa ukuaji.

Kadhalika, tulianzisha biashara ya uhifadhi wa stakabadhi na mali, na kuongeza uwezo wetu wa kusaidia wawekezaji taasisi na pia kuimarisha nafasi yetu kwenye mfumo wote wa thamani wa masoko ya mtaji.

• Kutambuliwa kwenye Sekta

Matokeo yetu mazuri na mtazamo wetu wa kuzingatia zaidi mteja vimeendelea kutambuliwa kote katika sekta yetu. Hili linaashiria matunda ya juhudi zetu za kimkakati na kuendelea kuangazia huduma bora. Katika mwaka huo, tuliandikisha viwango vya juu vya kuridhika kwa wateja, jambo lililotushindia tuzo mbalimbali.

Muhimu zaidi, Benki hii ilitambuliwa kama Benki Bora ya Kiwango cha Pili katika Kuwahudumia Wateja kwa mara ya tano mtawalia katika tuzo za Chama cha Benki Kenya.

Tuzo hizi zinakariri nguvu ya mkakati wetu wa kuangazia mteja zaidi na kujitolea kwetu kutoa huduma za kifedha zinazowajumuisha wote. Kupitia huduma zetu za kidijitali, mtandao wetu wa maajenti, na huduma mahsusi za SME, tunaendelea kuweka karibu huduma za benki kwa Mkenya wa kawaida, na kuendelea lengo letu za kubadilisha maisha kupitia ujumuishaji wa kifedha.

• Uwekezaji endelevu katika watu wetu

Tuliendelea kuwekeza, kwa makusudi, katika watu wetu, tukitambua kwamba uwezo wetu wa kutekeleza mkakati wetu na kudhibiti hatari unategemea nguvu ya wafanyakazi wetu. Katika mwaka huo, tulipanua mipango yetu ya utoaji wa mafunzo na mageuzi, kuongeza uwezo muhimu katika maeneo ya utoaji mikopo, dijitali na utimizajiwa matakwa ya kisheria ili kusaidia azma ya ukuaji ya biashara yetu.

Hili lilisaidiwa na ustawishaji wa viongozi walengwa, mikakati ya kuimarisha hali ya afya ya wafanyakazi wetu, na kuangazia kuunda makundi yanayoweza kuchukua hatua haraka na yenye kuandikisha matokeo mazuri. Kujitolea kwetu katika ujumuishaji na uwezeshaji wa vijana, ambapo 60% ya wafanyakazi wetu ni vijana, pia imeongeza vipaji akiba tulivyo navyo, na kuhakikisha kwamba shirika letu lina uhakika na limejiandaa kwa siku za usoni.



natoa shukrani zangu kwa wenyehisa wetu, Bodi ya Wakurugenzi, wasimamizi wa sekta, washirika, na wauzaji wa huduma zetu kwa kuendelea kutuunga mkono na kwa imani yao katika Benki.

Mabadiliko kwenye Uongozi

Tuliendelea kuongeza nguvu Kundi letu la uongozi ili kusaidia utekelezaji wa mkakati wetu na kuongoza mageuzi katika shirika letu. Katika hili, tulimkaribisha Bildard Fwamba kama Mkaguzi Mkuu wa ndani wa Hesabu. Ni mtaalamu wa ukaguzi

wa hesabu na masuala ya kifedha mwenye uzoefu wa zaidi ya miaka 25 katika ukaguzi wa hesabu wa ndani, usimamizi wa kifedha na uangalizi wa masuala ya kisheria.

Uteuzi huu kwenye Benki utaoongeza kasi utekelezaji katika mambo muhimu tunayoyapa kipaumbele yakiwemo uvumbuzi wa kidijitali, ukuaji wa biashara na uongezaji wa uwezo.

Mustakabali wa 2026

Tukitazama mbele, tunaingia mwaka 2026 tukiwa na imani tunapoendelea na utekelezaji wa Mpango wetu wa Mkakati wa 2025–2029. Tutaendelea uwekezaji wetu katika utoaji wa huduma za benki kupitia dijitali, matumizi ya data, na huduma zilizoongezwa thamani ili kukidhi vyema zaidi mahitaji ya wateja yanayokaa yakibadilika na pia kuboresha kwa jumla jinsi tunavyowahudumia wateja wetu. Kama sehemu ya ajenda yetu ya ukuaji, tunaangazia kupanua mtandao wetu hadi matawi zaidi ya 100, tukisaidiwa pia na ukuaji katika mtandao wetu wa maajenti na majukwaa ya kidijitali. Hili litarahisisha upatikanaji wa huduma zetu. Tukio muhimu katika mwaka huo litakuwa ni mpango wetu wa kuanza kuuzwa kwa hisa zetu katika Soko la Hisa la Nairobi, jambo ambalo tunapanga kulitimiza kufikia katikati ya mwaka, kwa kutegemea idhini za kisheria.

Tuna imani katika uwezo wetu wa kutimiza ukuaji endelevu, ukiongozwa na nidhamu katika utekelezaji wa uvumbuzi unaoangazia mteja zaidi, na kujengwa kwa msingi thabiti wa kuhakikisha uundaji wa thamani kwa kipindi kirefu.

Shukrani

Nikihitimisha, natoa shukrani zangu kwa wenyehisa wetu, Bodi ya Wakurugenzi, wasimamizi wa sekta, washirika, na wauzaji wa huduma zetu kwa kuendelea kutuunga mkono na kwa imani yao katika Benki. Nashukuru pia kundi lote la Family Bank, wafanyakazi na maajenti, ambao kujitolea kwao na bidi vimetuwezesha kutimiza mafanikio haya.

Zaidi ya yote, nawashukuru wateja wetu tunaowathamini sana kwa imani yao, ambao imesalia kuwa msingi wa mafanikio yetu. Kama Benki Inayopendwa kwa Biashara, tumejitolea kuendelea kustahili imani hiyo kwa kutoa huduma zenye ubunifu na uvumbuzi, kupanua upatikanaji wa huduma zetu, na kuwa na manufaa ya maana na endelevu kote nchini Kenya. Tunaelekea kwenye siku zijazo kwa imani na tunasalia kujitolea kuunda thamani ya kipindi kirefu kwa wadau wetu wote. Asanteni, na tunasubiri kwa hamu kujumuika nanyi kwenye mafanikio ya pamoja mwaka 2026 na baadaye.

Nancy Njau
Afisa Mkuu Mtendaji & Meneja Mkurugenzi,
Family Bank Limited

Executive Team



Ms. Nancy Njau
CEO and Managing Director



Mr. Paul Ngaragari
Chief Finance Officer



Mr. Ezekiel Kimanathi
Ag. Chief Information Officer



Mr. John Wachiuri
Chief Risk Officer



Ms. Phyllis Kimani
Chief Retail Banking Officer



Ms. Belinda Maghanga
Chief Operations Officer



Mr. Elijah Kariuki
Chief Transformation Officer



Mr. Carlpeter Ngunuh
Chief ICT Special Projects Officer



Ms. Veronica Muthara
Chief Credit Officer



Mr. Eric Murai
Company Secretary and Chief Legal Officer

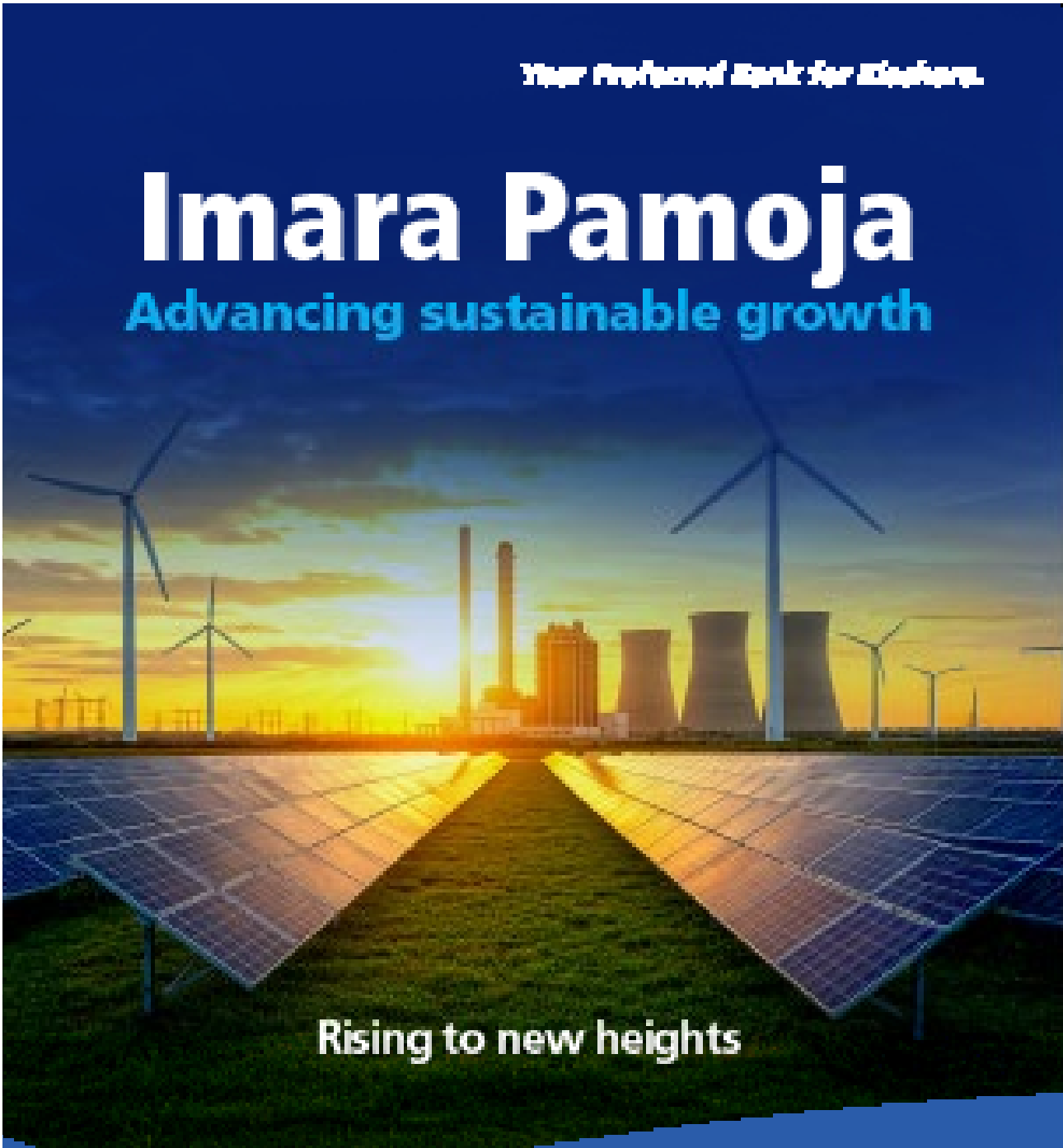


Mr. Bildard Fwamba
Chief Internal Auditor

Your Preferred Bank for Investors.

Imara Pamoja

Advancing sustainable growth



Rising to new heights



1. 020 700 0000 / 020 700 0000
 2. www.familybank.co.ke
 3. www.familybank.co.ke

4. 020 700 0000 / 020 700 0000
 5. www.familybank.co.ke
 6. www.familybank.co.ke

FamilyBank
 With you, for life

Our Strategy

The year 2025 marked the commencement of our new five-year (2025 - 2029) Strategy, “Your Preferred Bank for Biashara”. This strategy is advancing a wide range of programs aimed at refining current offerings and introducing new solutions, while also ensuring that personal banking clients benefit from a holistic and market-leading service experience.



The Transformation Office (TO)

Established under the new strategy in 2025, the Transformation Office will focus on accelerating digitization, enhancing data-driven operations, improving customer experience, and boosting efficiency. The initiative is part of a broader shift towards a user-friendly digital banking experience.

The office was developed with the support of McKinsey & Company after benchmarking against leading global institutions that have institutionalized transformation offices to bridge the gap between strategy formulation and execution.

To avoid losing momentum during implementation, the board approved the establishment of the Transformation Office as a dedicated governance and execution engine. The move was necessary due to diffused accountability, competing priorities, and insufficient execution oversight that are key hinderances which dimmer successful implementation of strategy.

The Transformation Office reports to the Board and is mandated to:



Translate strategy into clear, executable initiatives.



Drive disciplined implementation and performance tracking.



Strengthen accountability across workstreams.



Lead structured change management to align teams; and



Provide transparent, data-driven reporting on progress and impact.

The creation of the Office reflects the Bank's commitment to ensuring that strategy is not only articulated but delivered.

Implementation through communication

While every strategy formulation can be complex, we are focused on ensuring that we communicate about it isn't. Structured communication and change management are central to this effort. There have been structured forums and cascading engagements that have ensured leaders don't just understand strategy, but what it requires of them to oversee successful implementation.

Key drivers of this ambition include:

- Clarifying the overall ambition or the "big picture"
- Breaking it down into practical, measurable initiatives.
- Linking each initiative to specific roles and accountability; and
- Embedding it into individual and team performance scorecards.

Milestones achieved

Among the priorities of the 2025-2029 strategy is to be more customer-centric by speaking more to the customer's needs. A roadmap towards achieving this was marked by a major milestone achieved this year, which was the completion and adoption of a clear customer segmentation framework. This allows the Bank to serve customers more precisely and allocate resources more effectively.

With segmentation now in place, focus shifts to delivering compelling Customer Value Propositions (CVPs) tailored to each segment.

These CVPs are largely enabled through digital capabilities, meaning digitization is another critical "must-win" priority this year. Advancing digital platforms, improving customer journeys, and strengthening data-driven insights are central to achieving measurable impact in both customer experience and financial performance.

Collective commitments

When employees understand how their role links to strategic objectives, its success is seamless. Employees contribute to this by upholding data integrity and operational discipline as well as embracing continuous improvement.

The strategy is built around the realities and aspirations of the organization. Its success, therefore, depends on individual ownership, disciplined execution, and a shared accountability culture.

Ownership at every level is the true engine of sustainable transformation.





Tracking Progress

To help us track the progress of the implementation, the bank has institutionalized a structured governance and performance management framework to ensure disciplined execution.

This follows daily operational touchpoints within workstreams to ensure teams are aligned. In addition to this, there are weekly Transformation Office review sessions to ensure that the functions of the office are working. During the month, the steering committee holds engagements. The TO also has regular board reporting.

In addition, we have adopted WAVE, an initiative tracking platform that monitors each initiative's status, milestones, financial impact, and realized benefits. This system enhances transparency, strengthens accountability, and enables early intervention where required.

Progress is therefore tracked not only in terms of activity but in measurable impact, ensuring that the strategy translates into tangible outcomes.



Strategic Partnership & Customers Engagements

- **European Investment Bank (EIB):** EUR 50 million to finance women-led businesses, youth, and SMEs.
- **British International Investment (BII):** USD20 million expand lending to MSMEs, with a particular focus on women-led businesses and those in the trade and agriculture sectors.
- **BlueOrchard:** USD10 million Tier 2 Capital to support SMEs across all sectors.
- **Global Access Fund:** USD10 million. This partnership mobilised financing for water and sanitation improvements at both household and SME levels, focusing on projects with measurable social impact.
- **Eco.business Fund:** USD5 million. This partnership provides financing specifically for agribusinesses and smallholder farmers to encourage sustainable and climate-smart agricultural practices.





STRATEGIC PARTNERSHIP & CUSTOMERS ENGAGEMENTS

Customer Engagements & Town Halls

- SME Forum
- Women Empowerment Forums
- Agricultural Forum
- Continuous Engagements across all Business Segments

Impact Funding

- EIB-50M Euros.
- BII-20M USD
- BlueOrchard-10M USD

Strategic Partnership

- Transport Industry
- Financial Services
- Manufacturing Industry
- National Security Forces

Equity and Listing Journey

- Engagements Capital Market Ecosystem
- CMA
- NSE

Our Products

Family Bank offers an extensive array of financial solutions to a broad and varied client base spanning MSME, Retail and Commercial segments. This multi-segment model generates diverse income streams while mitigating concentration exposure.



Credit Solutions

The Bank extends a broad spectrum of lending facilities catering to both individual and business borrowers across various economic sectors. The credit portfolio encompasses overdraft arrangements, asset financing, trade finance instruments, personal and salary-backed loans, agricultural credit lines, MSME-focused lending products, and property mortgage facilities. All lending activities are governed by comprehensive credit risk evaluation models and ongoing portfolio surveillance mechanisms.

Family Bank provides a diverse selection of deposit and investment vehicles structured to accommodate different savings goals and risk preferences. These range from standard savings accounts and call deposit facilities to term deposit products offering attractive yields. Through the Bank's custodial arm, clients also gain entry to capital markets instruments, creating a seamless and integrated wealth-building proposition.



Savings and Investments



Digital Banking

The Bank's digital ecosystem affords clients round-the-clock access to a full suite of banking services. The flagship PesaPap mobile application allows users to purchase insurance remotely, settle bills, move funds between accounts, set up automated saving routines, and draw on instant credit facilities. This channel has emerged as a major contributor to the Bank's overall transaction activity.

Leveraging strategic alliances with prominent insurance underwriters, Family Bank makes available a broad suite of insurance solutions that cater to both business and personal protection requirements. The offering includes motor vehicle cover, health insurance, marine insurance, fire and property policies, as well as theft and burglary protection.



Bancassurance



Accounts and Collections

The Bank provides a variety of transactional account options designed for both business and personal use. The Lipa Na Family merchant acceptance solution allows businesses to receive instant payments into their Family Bank accounts from customers transacting via mobile money services. This capability has reinforced the Bank's appeal to MSME clients and supports efficient mobilization of low-cost deposits.

Family Bank provides internationally recognized debit, credit, and prepaid cards issued in partnership with Mastercard and Visa. Our internet banking capabilities empower corporate clients to execute bulk payroll disbursements, regulatory remittances, vendor settlements, and utility payments with ease. These services constitute a valuable source of non-interest revenue while strengthening client engagement.



Payment Solutions



Queen Banking

Queen Banking is a purpose-built proposition that blends financial products with capacity-building services tailored to the distinct needs of women. The program caters to female entrepreneurs, working professionals, investment group (chama) participants, and members of the Kenyan diaspora. By focusing on this expanding and historically underserved demographic, the Bank deepens client loyalty while unlocking meaningful growth opportunities.



Customer Segmentation

Our products are distributed using a segmented approach, which enables the bank to address the unique financial needs of our customers and provide solutions that promote their success and growth. They are divided into three segments, which are:



Retail, Micro, Small, and Medium Enterprises (MSMEs):

MSMEs caters for micro enterprises with annual turnover of less than 20million to medium enterprises with annual T/O of upto 200M. As at December 2025, the segment had over 116,000 customers who accounted for 13.4% and 29.2% of the bank's deposits and loan book respectively.

The retail segment comprises over 1.69 Million customers, who account for 38.76% deposits and 34.18% of loans as of December 31, 2025. This segment is divided into two main areas: Personal Banking and Diaspora Banking. The bank is also enhancing its underleveraged customer value propositions, such as youth and children's propositions, recognizing the need to engage digital-native generations from an early age. Our youth focus strategy includes tailored solutions for young investors and entrepreneurs.



Commercial:

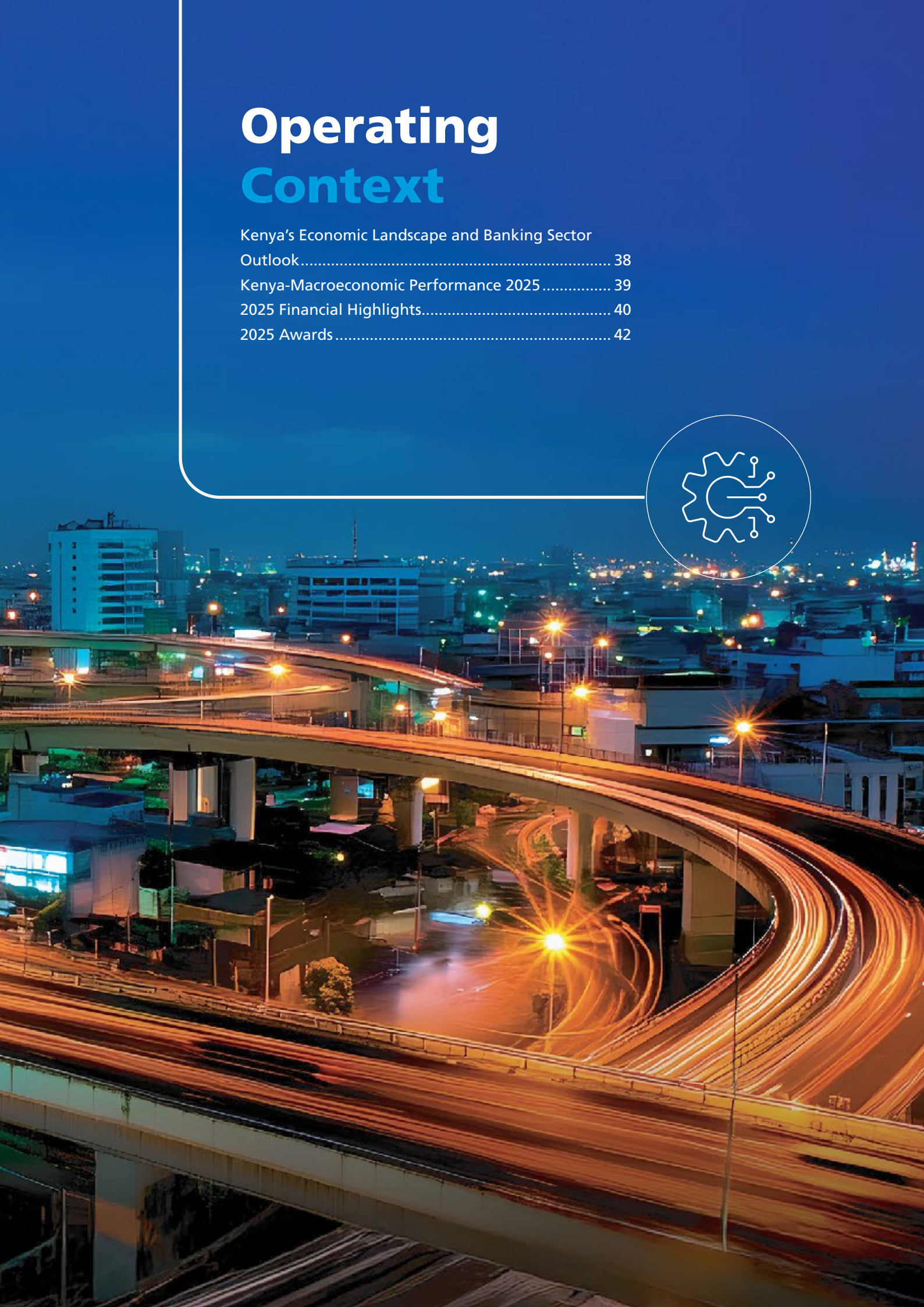
The segment is designed to serve local institutions across key sectors of the economy, including corporations, savings and credit cooperatives (SACCOs), non-governmental organizations (NGOs), tertiary institutions, churches, public sector entities, and micro, small, and medium enterprises (MSMEs) that have evolved into corporate clients. These customers have a turnover exceeding Kshs100 million. The commercial segment comprises over 6958 clients, who account for 47.11% of deposits and 39.5% of loans as of December 31, 2025.



Operating Context

Kenya's Economic Landscape and Banking Sector

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Kenya's Economic Landscape and Banking Sector Outlook 2025

Kenya's economic landscape in 2025 was characterized by notable resilience, with real GDP growth estimated at between 4.8% and 5.0% despite a fragile global environment. This performance was largely driven by a strong recovery in the agricultural sector, which expanded by 6.0% in the first quarter of the year due to favourable weather conditions and increased investment in irrigation.

The services sector also remained a key pillar of growth, with robust contributions from ICT, financial services, tourism, and transport. Accommodation and food services recorded particularly strong growth, reflecting a rebound in tourism, while industrial activity showed encouraging signs of recovery, especially in construction and mining. This broad-based economic expansion created a supportive operating environment for the banking sector by stimulating demand for credit, improving borrower repayment capacity, and enhancing deposit mobilization. As businesses expanded and household incomes improved, banks benefited from increased lending opportunities and a gradual improvement in asset quality, particularly in sectors linked to agriculture and services.

Inflation remained well contained throughout 2025, closing at 4.5% and staying within the Central Bank of Kenya's target range of 2.5% to 7.5%. Core inflation remained subdued, indicating limited underlying price pressures, while favourable weather conditions helped stabilize food prices. Energy prices were relatively moderate for most of the year, although some upward pressure emerged towards 2026 due to global geopolitical tensions. In response to the stable inflationary environment and improved exchange rate conditions, the Central Bank of Kenya adopted an accommodative monetary policy stance, reducing the Central Bank Rate from 13.0% in August 2024 to 8.75% by April 2026. This prolonged easing cycle led to a gradual decline in commercial lending rates, which fell to approximately 14.78% towards 2026. For the banking sector, these developments had a dual effect. On one hand, lower interest rates stimulated credit uptake by businesses and households, contributing to a rebound in private sector credit growth to 8.1% towards the new year 2026. On the other hand, declining lending rates exerted pressure on banks' net interest margins, prompting institutions to diversify into non-interest income streams such as fees and digital financial services while improving risk-based pricing models.

On the fiscal and external front, the Kenyan economy experienced relative stability. The Kenya Shilling remained steady, averaging KSh 129.24 per US dollar by mid-2025, supported by strong diaspora remittances exceeding USD 5.0 billion and a recovery in tourism inflows. Despite a fiscal deficit of 5.9% of GDP in the 2024/25 financial year, the government maintained its commitment to fiscal consolidation through enhanced revenue mobilization and prudent debt management, targeting a reduction of the deficit to 5.0%. These dynamics had important implications for the banking sector. Exchange rate stability reduced foreign currency risk exposure for banks and improved the performance of foreign-denominated loans, while strong remittance inflows enhanced liquidity within the financial system. However, continued

government borrowing to finance fiscal deficits sustained competition for domestic funds, potentially crowding out private sector credit during certain periods and maintaining banks' significant exposure to sovereign debt.

The banking sector itself demonstrated adaptability and resilience, with credit growth recovering after an initial contraction in early 2025. Private sector credit growth reached 6.3% by November 2025 and accelerated further to 8.1% towards 2026, driven by increased demand from key sectors such as manufacturing and trade. Lending to Micro, Small, and Medium Enterprises (MSMEs) remained a critical component of financial intermediation, reaching KSh 879.7 billion and highlighting the sector's role in supporting inclusive economic growth. At the same time, the industry continued to undergo consolidation, with the number of commercial banks declining from 43 in 2015 to 38 in 2025, reflecting mergers, acquisitions, and regulatory reforms aimed at strengthening the sector. For banks, this environment created opportunities for revenue growth through increased lending volumes and improved operational efficiency, although it also required enhanced risk management practices, particularly in MSME lending, which is inherently more vulnerable to economic shocks.

Asset quality remained a key concern during the year, with the non-performing loan ratio peaking at 17.6% in mid-2025 before gradually declining to 16.5% by November 2025. The highest levels of stress were observed in sectors such as trade, tourism, and real estate, while construction and manufacturing began to show early signs of recovery. Elevated NPL levels necessitated higher loan loss provisioning, which weighed on bank profitability and underscored the importance of robust credit risk management frameworks. In response, banks intensified loan recovery efforts, increased restructuring of distressed facilities, and enhanced credit appraisal and monitoring processes. The full implementation of the Risk-Based Credit Pricing Model further enabled banks to align lending rates more closely with borrower risk profiles, thereby improving risk-adjusted returns and supporting the gradual stabilization of asset quality.



Inflation remained well contained throughout 2025, closing at 4.5% and staying within the Central Bank of Kenya's target range of 2.5% to 7.5%.

The real GDP growth was projected
to be around

5.0%

due to a resilient agricultural sector and
easing inflation.

Inflation remained moderate and within the
Central Bank of Kenya (CBK's) target range,
Decreasing to around

4.5%

aided by easing food and global prices.

Despite these challenges, Kenya's banking system remained fundamentally sound, supported by strong capital and liquidity buffers. The sector maintained a capital adequacy ratio of 20.4%, well above the regulatory minimum of 14.5%, while liquidity ratios stood at 58.4%, providing a substantial cushion against potential shocks. These strong prudential indicators enhanced the sector's ability to support economic recovery through continued lending while maintaining financial stability. The introduction of higher minimum core capital requirements under the Business Laws (Amendment) Act 2024, which will raise the threshold to KSh 10.0 billion by 2029, is expected to further strengthen the sector's resilience, although it may accelerate consolidation among smaller banks and increase compliance costs.

Looking ahead, growth projections for 2026 vary from 4.5%(IMF) to 5.3%(Treasury), digital transformation remains a central theme shaping the future of Kenya's banking sector. With over 90% of transactions projected to be digital by 2028, banks are increasingly investing in advanced technologies such as artificial intelligence-driven credit scoring, mobile banking platforms, and data analytics to enhance efficiency and customer experience. While these innovations offer significant opportunities for cost reduction, revenue diversification, and financial inclusion, they also introduce new risks, particularly in the areas of cybersecurity and operational resilience. Regulatory authorities have responded by introducing draft frameworks for cryptocurrencies and virtual assets, signaling a proactive approach to managing emerging technological risks.

In 2026, the banking sector is expected to operate within a landscape shaped by both opportunities and risks. Downside risks include global geopolitical tensions, oil price volatility, and potential fiscal slippages, all of which could affect inflation, interest rates, and borrower performance. At the same time, upside potential exists through continued implementation of economic reforms, further monetary easing, and strengthening domestic demand. For banks, this environment underscores the need for strategic agility, robust risk management, and continued investment in innovation. Overall, Kenya's banking sector remains well-capitalized, liquid, and resilient, positioning it to play a critical role in supporting sustainable economic growth and transformation in the years ahead.

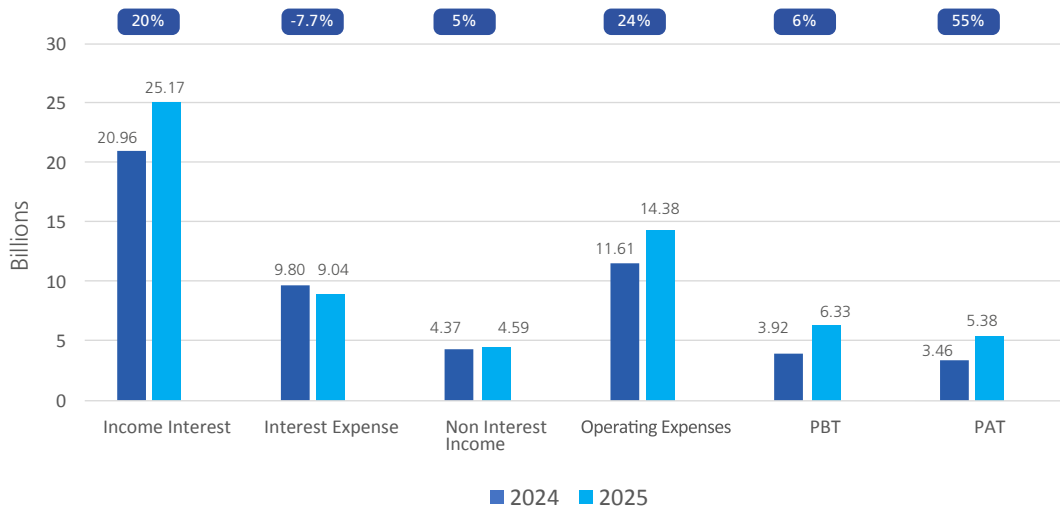


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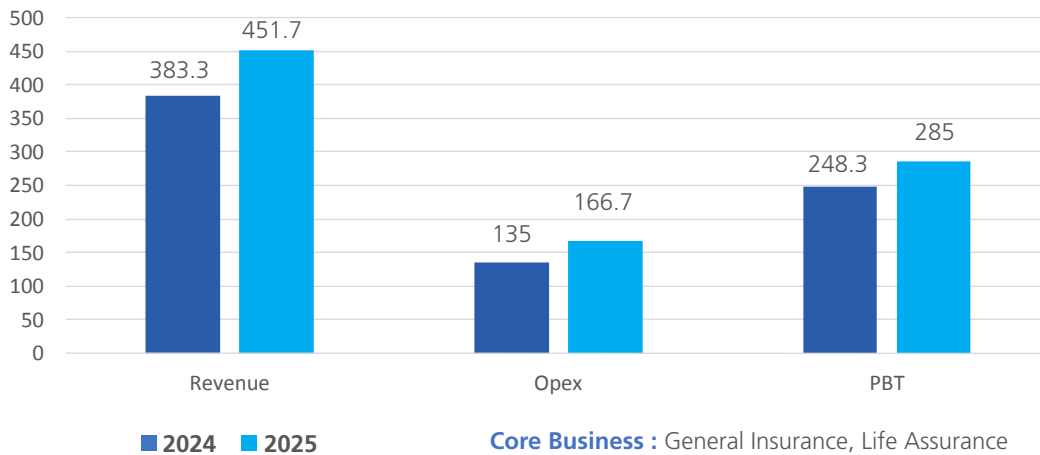
Central Bank of Kenya (CBK) Report

FINANCIAL HIGHLIGHTS

Group Profit & Loss Highlights Yr 2025



Our subsidiary performance – FBL Bancassurance Intermediary Ltd



Key Financial Ratios

	FY 2024	FY 2025	
Net Interest Margin	7.6%	8.6%	↑
Cost to Income Ratio	74.8%	69.4%	↓
Core Capital to Total Deposits	12.0%	16.0%	↑
Core Capital to Risk Weighted Assets	13.5%	16.9%	↑
Total Capital to Risk Weighted Assets	17.8%	19.6%	↑
Liquidity	43.90%	60.9%	↑

Key highlights Capital ratios are within regulatory threshold.

Key Financial Ratios (Cont)

	FY 2024	FY 2025	
Book Value	17.15	19.62	14.4 ↑
Earning Per Share	2.65	3.93	48.3 ↑
Dividend Yield	6.1%	6.7%	9.8% ↑
Return on Avg. Equity	15.5%	16.5%	6.4% ↑
Return on Asset	2.1%	2.6%	23.8% ↑

Key highlights High return on shareholders ROE within optimal range and going up

2025 Awards

Our commitment to excellence: awards & recognition



Best Tier 2 Bank in Cust. Experience
Awards by KBA



3 Years Consecutive victory at the
Battle of the Banks Africa 2025



1st Runners up in SME Banking. 2nd Runners up- Agriculture and Livestock think business award 2025
OCK Financing



1st Runners Up in Agency Banking
2nd Runners Up in Digital Banking by
Think Business Award 2025



Best Mentorship & Networking for Women in the
Banking on Women Awards



Best Foundation in Impactful Work in Positively Transforming Families
Utumishi Bora Award



2nd Runners-up in Best Impact Investing Initiative Category
The Prestigious DIAR Awards



Recognition for advancing Gender Inclusive Procurement by
IFC Sourcing Program



Your Preferred Bank for Biashara.

Imara Pamoja

Enabling seamless banking

Freedom to move money your way.



Rising to new heights

 **FamilyBank**
With you, for life

+254 (020) 3252 000/ +254 703 095 000 +254 (020) 3252 445/ +254 703 095 445
@ customerservice@familybank.co.ke www.familybank.co.ke
f www.facebook.com/familybankkenya www.twitter.com/familybankkenya

Family Bank is regulated by the Central Bank of Kenya



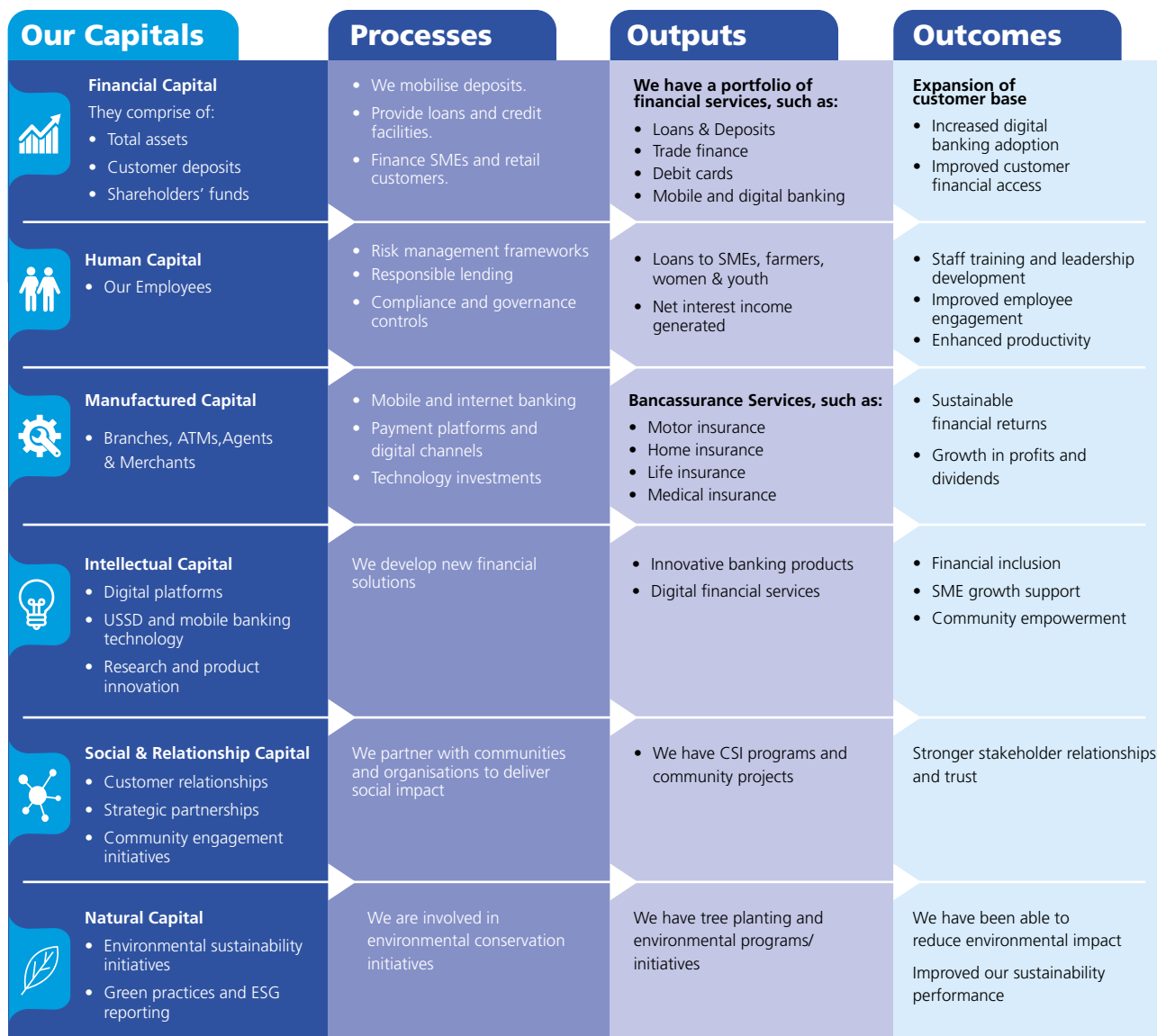
How We Create and Sustain Value

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How we Create and Sustain Value

Our Value Creation Model



Value Creation

We continue to be committed to creating and preserving value for our stakeholders sustainably. We are doing this by leveraging our capitals through business activities that strengthen our business model. The outputs and outcomes of these activities represent the value we deliver to our various stakeholders.

Stakeholder	Distribution	Value (Kshs) 000
Customers	Deposits	151.90 billion
	Loan	105.90 billion
Shareholders	Dividend Payout	2.22 billion
Government	Direct Taxes	2 billion
	Indirect Taxes	0.52 billion
Community Investments	Education	84.8 Million
	Youth Economic Empowerment	15.6 Million
	Climate Action	5.4 Million
	Thought Leadership and Policy Influence	2.9 Million

Stakeholder Engagement

Shareholders/Investors

Areas of Engagement

- Annual General Meeting (AGM)
- Annual Report
- Shareholders' seminar
- Investors' meeting
- Quarterly reports



Frequency

Continuous

Key Expectations

- Return on investment
- Compliance
- Governance & ethical practices

Family Bank Response

- Continuous engagement
- Robust risk management and internal control processes
- Continuous improvements in business performance

Outcome

Dividend per share declared: Kshs 1.20(2025), up from Kshs 0.85(2024)

Capital Impact

- Financial Capital
- Social & Relationship Capital

Employees

Areas of Engagement

- Annual performance appraisal
- Employee engagement initiatives
- Employee annual feedback survey



Frequency

Continuous/performance review

Key Expectations

- Fair remuneration
- Effective performance
- management and recognition
- Career development
- A safe & healthy work environment

Family Bank Response

- Employee engagement
- Health and wellness programmes
- Continuous training
- Embracing equity, diversity, and inclusiveness

Outcome

Training Spends: 216.9Million
Employee supported in 2025: 71
Workforce: Total: 1648
Male: 799 (48.5%), Female:849 (51.5%)

Capital Impact

- Human Capital
- Financial Capital

Customers

Areas of Engagement

- Customer visits and constant engagement.
- Family Bank website.
- Social media platforms.



Frequency

Continuous

Key Expectations

- Innovative financial solutions and services
- Convenient access to banking services through digital channels
- Excellence in client service
- Strong cyber risk management

Family Bank Response

- Awareness of data security & privacy.
- Improvement of products & services to cater to financial goals.
- Work on feedback obtained from the survey.

Outcome

- Customer base: 1.3Million
- Digital transactions increase to 92%
- Agents network 5,000

Capital Impact

- Human Capital
- Financial Capital

Suppliers

Areas of Engagement

- Regular meetings
- Digital procurement platforms
- Supply chain risk assessments
- Transparent and competitive tendering process



Frequency

Continuous

Key Expectations

- Fair bidding and timely payments
- Governance & ethical practices
- Feedback on delivery of goods & services.
- Timely settlement of invoices.

Family Bank Response

- Ensure timely payments for services.
- Continuous engagement through meetings.

Outcome

- Local supplier base.
- Timely payments and contract fulfilment maintained
- Enhanced ESG compliance in procurement policies

Capital Impact

- Social & Relationship Capital
- Financial Capital

Regulatory Authorities

Areas of Engagement

- Regular meetings
- Policy updates and directives
- Mandatory filings with key regulators



Frequency

Continuous

Key Expectations

Compliance

Family Bank Response

- Compliance – including formulation of relevant policy framework and enforcement thereof.

Outcome

- Liquidity ratio of 60.9%
- Core capital to Total deposits 16%
- Core capital to Risk Weighted assets 16.9%

Capital Impact

- Financial Capital
- Natural Capital
- Social & Relationship Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital

Community /Society

Areas of Engagement

- Regular meetings
- Education support (scholarships and financial literacy programs)
- Tree planting and conservation programs



Frequency

Continuous

Key Expectations

- Financial literacy
- Financial inclusion
- Digital transformation
- A safe & healthy work environment

Family Bank Response

- Providing support to our communities and access to financing to address societal needs.
- Partnering with the community to address common social & environmental issues to build a thriving society.

Outcome

- Kshs 115.7Million invested in CSI (2025)
- Reached 2,094 women and youth
- Promoted tree planting, clean, and digital inclusion• Expanded access to financial literacy and MSME support.

Capital Impact

- Social & Relationship Capital
- Natural Capital

Materiality Assessment

The Group's material matters are those issues that could significantly impact its ability to achieve, create, and sustain value for all stakeholders over the short, medium, and long term. The Bank proactively manages these matters to safeguard and enhance long-term value creation.

Identifying and assessing material matters is a continuous process, informed by ongoing engagement with both internal and external stakeholders, as well as a thorough understanding of the Bank's strategy and operating environment. We prioritise these issues based on their potential impact on value creation, embed them into our strategic planning and day-to-day operations, and ensure they are continuously monitored and reviewed.

The following were identified as material matters, along with their impact on the business and the Bank's strategic response to them.

Material Issue	Why it matters to the Bank	Strategic Response/Action Plan
Non-Performing Loan Management and Asset Quality	Rising default rates pose a threat to profitability and capital adequacy.	<ul style="list-style-type: none"> Strengthen credit appraisal. Increase provisioning. Restructure distressed loans. Leverage AI models for assessing micro-loans.
Capital Adequacy & Liquidity	Essential for regulatory compliance, investor confidence, and absorbing macro shocks.	<ul style="list-style-type: none"> Maintain buffers above CBK requirements. Optimise funding mix. Raise Tier 2 capital if needed.
Operational Efficiency & Cost Control	Cost-to-income ratio pressures profitability.	<ul style="list-style-type: none"> Digitize back office. Automate key workflows.
Cybersecurity & IT Resilience	Increased digitization raises cyber risks, reputational damage, and downtime costs.	<ul style="list-style-type: none"> Invest in SOC. Regularly test for vulnerabilities. Conduct employee cyber drills.
Talent Capability & Digital Skills	Future competitiveness depends on retaining and upskilling critical talent.	<ul style="list-style-type: none"> Offer digital training. Offer leadership programs.
Reputation & Brand Trust	Trust is crucial for retaining customers and attracting deposits.	<ul style="list-style-type: none"> Prioritize transparent communication. ESG reporting. Service reliability.
Cybersecurity & Information Security	Heightened cyber threats risk financial loss, data breaches, and reputational harm.	<ul style="list-style-type: none"> Deploy multi-layered defenses. Invest in cybersecurity talent. Conduct regular threat assessments.
ESG and Climate	Increased ESG and Climate alignment demands from the regulator, partners and customers	<ul style="list-style-type: none"> Align Governance, Strategy, risk management with ESG requirements

Our fundamental strengths

1. Robust governance and risk management, strong capital and funding base.
2. Established and integrated network.
3. Diverse pool of talent and expertise.



Case Study

Accelerating Financial Inclusion Through Partnership

Driven by a strong need to impact lives positively, FinCorp Credit Limited was founded with a vision to make credit accessible, transparent, and empowering for everyday Kenyans. Gibson Wachaga, the founder and CEO, says the institution has grown by putting customers first and championing responsible, disciplined lending.

“Our journey started with a very clear mindset. We wanted to make credit accessible, transparent and empowering,” says Wachaga. “We believe in disciplined lending and a customer-first approach.”

As demand for FinCorp’s products, which include logbook loans, trade finance, and MSME financing, continued to rise, the business reached a critical point of reflection. Growth brought opportunity, but also the need for a strong financial and strategic partner.

“As our product uptake increased, we realised we could not walk the journey alone,” Wachaga reflects. “We needed a partner who would understand our business and believe in our vision for financial inclusion.”

That partner was Family Bank. From the onset, Family Bank distinguished itself through a deep, deliberate understanding of FinCorp’s business model and market.

“They were very quick to understand our business and our market segment,” Wachaga notes. “And they aligned their solutions to our needs.”

Rather than offering generic products, Family Bank structured tailored financial solutions based on FinCorp’s risk appetite, customer behaviour, and cash flow cycles.

The partnership extended far beyond financing.

“They have gone beyond just being a lender,” Wachaga says. “Through market insights, training, and networking opportunities, they have supported us to put in place

governance and operational structures that have enabled us to grow in a structured and sustainable way.”

This support proved critical during key moments of growth. When demand for loans surged, Family Bank stepped in with timely liquidity, ensuring FinCorp could meet customer needs without disruption.

“There were times when demand exceeded supply, and we needed additional liquidity,” he recalls. “Family Bank came through at those critical moments. Those were defining moments for our business.”

With a strong partner by its side, FinCorp has not only stabilised its operations but also accelerated its growth trajectory.

“When you have a strong partner standing with you, it brings stability,” Wachaga explains. “We’ve been able to grow faster, seize opportunities, and execute transactions we wouldn’t have managed on our own.”

Today, FinCorp continues to expand its reach, empowering more MSMEs and individuals with access to responsible credit. The partnership with Family Bank has enabled the institution to scale with confidence strengthening systems, enhancing resilience, and deepening impact.



They have gone beyond just being a lender,” Wachaga says. “Through market insights, training, and networking opportunities, they have supported us to put in place governance and operational structures that have enabled us to grow in a structured and sustainable way.



Value to Staff

Investing in Our People

At Family Bank, our people are central to delivering sustainable value and executing the Bank's strategic ambitions. We continue to invest in initiatives that strengthen employee capability, foster a culture of wellbeing, and develop leadership capacity across the organization.

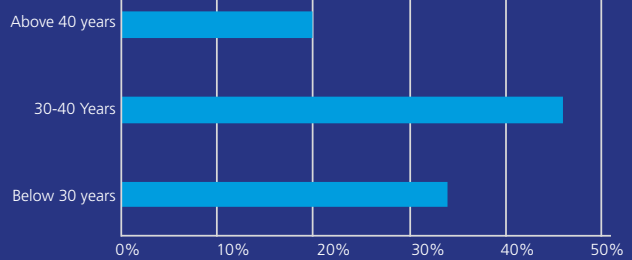
Our human capital encompasses the skills, competencies, collective knowledge, experience, and innovative capabilities of our employees. We recognise that our people are central to creating and sustaining value for our stakeholders and driving long-term organisational success.



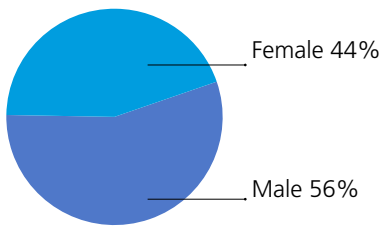
1648

Permanent Employees

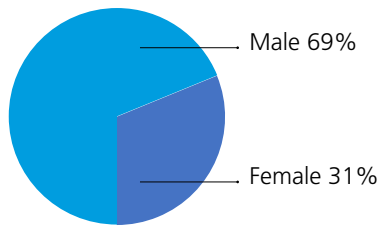
Age Distribution



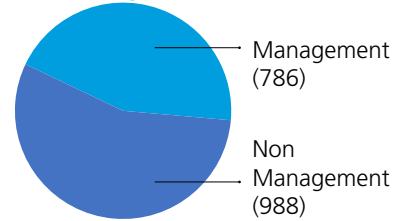
Gender Parity in Board



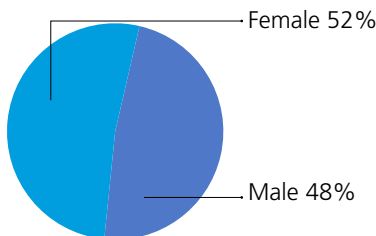
Gender Parity in senior management and above



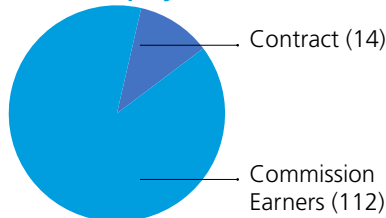
Management, Non Management



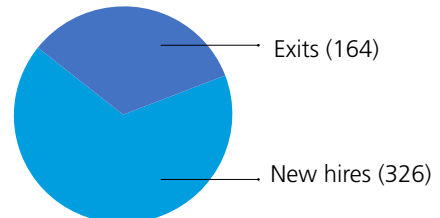
Gender Parity



Contract & Commission Earners Employees



New Hires VS Exits



During the 2025 financial year, the Bank implemented a range of initiatives focused on employee wellbeing, leadership development, and continuous learning, supporting the creation of a resilient and high-performing workforce capable of navigating an evolving financial services landscape.

Our approach to human capital development is guided by the principles of capability building, employee engagement, and leadership excellence, ensuring the Bank remains competitive while nurturing a culture of innovation, accountability, and collaboration.

Learning and Development

Internally Facilitated Virtual Trainings

- CRM roll out training
- Diaspora Banking
- Fraud Risk Management
- Cyber Security Training
- AML Training
- Debit Card training
- Performance feedback sessions
- Data Protection
- QMS System
- Check Off Fraud training
- Prepaid & Mastercard Training
- Informal Disciplinary Actions
- Refresher session on the Optical Character Recognition (OCR)
- Cyber Security
- Terrorism Financing
- ESG Assessment for borrowing clients Training
- Women Banking CVP
- Customer Experience - New and Improved FBL Intranet
- Securities Perfection Tracking System Walkthrough
- CBK Guidelines - The Banking (Penalties) Regulations, 2025 & Beneficial Ownership (BO)
- Customer Due Diligence (CDD) Training
- Data breach response training



Externally Facilitated Virtual Trainings

- Performance Contracting
- Personal Branding
- Family and Finances
- Safe Work Culture – Best Practices & Our Responsibilities
- Basic OSH Awareness Training
- Fire Drill Training
- Green Finance – 88 *External Partner

Internal Physical Trainings

Induction (Operation Officers, Contact Centre, Branch Managers, Head office, DSR)	308
First Aid & Fire Marshalls	152
OSH Committee	51
Branch Operations Managers training	61
Leadership Development	198
MSME & Credit Training	172
Total Trained 942; 55% of total staff count	942



Employee Wellness and Wellbeing

The Bank recognizes that employee wellbeing is fundamental to productivity, engagement, and organizational sustainability. During the year, several wellness programs were implemented to support employees' physical health, mental resilience, and financial wellbeing.

Key wellness initiatives included:

- Nutrition and Healthy Living sessions designed to promote healthy lifestyle choices and preventive healthcare.
- Mental Health Awareness Programs focused on building healthy relationships at work and supporting psychological wellbeing.
- Personal Debt Management Training, providing employees with practical financial literacy tools to improve financial stability.
- Money and the Mind: Harnessing Financial Wellbeing for Mental Wellness, exploring the relationship between financial wellbeing and mental health.

Additional employee wellness initiatives included:

- Ergonomics awareness programs to support healthy workspaces.
- Work-life integration sessions focusing on balancing professional and personal responsibilities.
- Health awareness campaigns including breast cancer awareness.

These initiatives form part of the Bank's broader commitment to fostering a supportive work environment that enables employees to thrive both professionally and personally.



Leadership Development and Coaching Capability

Developing strong leadership capability remains a key strategic priority for the Bank. During the year, the Bank successfully delivered a comprehensive Leadership Development Program aimed at strengthening leadership effectiveness across the organization.

The program achieved the following milestones:

- Eight cohorts of leaders successfully trained.
- Leadership capabilities strengthened in:
 - Strategic leadership
 - High-performance team management
 - Coaching and mentoring skills

By equipping leaders with coaching capabilities, the Bank continues to cultivate a leadership culture that empowers employees, promotes collaboration, and drives performance excellence.



Learning and Development

Continuous learning remains critical as the Bank adapts to evolving regulatory requirements, digital transformation, and changing customer expectations. The Bank continues to invest in diverse learning platforms that enable employees to acquire critical skills and enhance professional growth.

Internal Virtual Training Programs

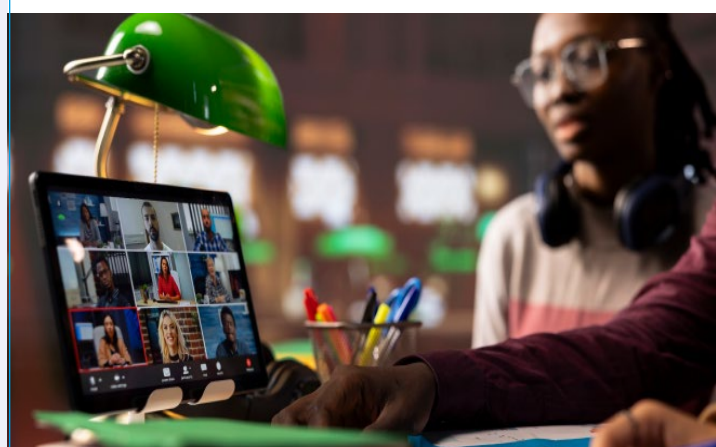
Internally facilitated virtual training programs were delivered across a wide range of operational and compliance areas including:

- Customer Relationship Management (CRM)
- Diaspora banking
- Fraud risk management
- Cybersecurity awareness
- Anti-Money Laundering (AML) compliance,
- Debit and prepaid card operations
- Customer Due Diligence (CDD),
- ESG risk assessment for lending
- Terrorism financing prevention, among others

These programs ensure employees remain equipped with the knowledge required to maintain strong governance, operational efficiency, and regulatory compliance.



942 employees were trained through physical programs. This represented approximately 55% of the Bank's workforce, strengthening a culture of continuous learning.



Internal E-Learning Platform

The Bank continued to leverage its internal digital learning platform to support scalable employee development across the organization.

Training completion rates included:

Training Area	Completion
Data Protection	76%
Credit Training	81%
Bank Products	82%
Occupational Safety and Health	52%
ESG Climate Risks and Opportunities	50%

Key learning indicators:

Average employees trained:	1,169
Average course completion rate:	68%

The platform enables employees to access structured learning modules and supports the Bank's commitment to becoming a learning-driven organization.



External Learning Programs

To complement internal learning initiatives, employees participated in externally facilitated programs designed to strengthen professional capability in emerging areas such as:

- Performance contracting
- Personal branding and professional development
- Workplace safety and responsible workplace practices
- Basic Occupational Safety and Health certification
- Fire safety and emergency response preparedness
- Green finance and sustainable banking practices

These programs enhance employee capability while aligning the Bank's workforce with global banking standards and sustainability practices.



During the year:

942 employees were trained through physical programs. This represented **approximately 55%** of the Bank's workforce, strengthening a culture of continuous learning.

Through a blended learning approach that combines virtual training, digital learning platforms, external programs, and in-person workshops, the Bank continues to build a workforce equipped with the technical, leadership, and behavioural competencies required to support long-term growth.

This approach reinforces the Bank's commitment to building a future-ready workforce capable of supporting innovation and delivering exceptional customer value.

Job Evaluation and Total Reward Review

A comprehensive job evaluation exercise is currently underway to review the Bank's organizational role structure and ensure internal equity. This initiative will also support benchmarking of salary structures and total rewards against industry standards, enabling the Bank to remain competitive in attracting and retaining high-performing talent.



Internal Physical Training Programs

The Bank also delivered in-person training programs to support practical learning and operational effectiveness.

Programs included:

- Staff induction programs for new employees
- First Aid and Fire Marshal certification
- Occupational Safety and Health training
- Branch Operations leadership training
- Leadership development programs
- MSME and credit training

Establishment of the FBL Academy

The Bank is in the process of establishing the FBL Academy, which will serve as a structured learning platform designed to unlock employee potential and accelerate capability development.

The Academy will support:

- Leadership development pathways.
- Technical banking certification programs.
- Skills development aligned to digital banking transformation.



Enhancing the Performance Management System

The Bank is enhancing its performance management framework to strengthen alignment between individual performance and strategic objectives. The enhanced system will emphasize:

- Clear goal alignment
- Continuous performance conversations
- Stronger linkage between performance outcomes, development, and reward
- Talent Management and Succession Planning

The Bank will further strengthen its Talent Management and Succession Planning framework to ensure leadership continuity and sustainable organizational capability.

This initiative will focus on:

- Identifying high-potential employees
- Developing structured leadership pipelines
- Ensuring readiness for critical leadership roles



Looking Ahead

As part of our commitment to strengthening organizational capability and employee experience, we remain committed to investing in our people as a key driver of sustainable growth and long-term value creation.

To enhance leadership effectiveness, the Bank plans to introduce a feedback framework, enabling leaders to receive comprehensive feedback from supervisors, peers, and team members. This initiative will strengthen leadership accountability and promote a culture of continuous improvement.

Through targeted investment in employee wellbeing, leadership capabilities, and continuous learning, the Bank will continue to build a resilient, engaged, and future-ready workforce.





Value to Community

The Family Group Foundation - Highlights

The Family Group Foundation: Driving Catalytic Impact in 2025

In 2025, The Family Group Foundation strengthened its role as a key driver of inclusive and sustainable development, advancing its mission to uplift the community through transformative interventions in education, youth empowerment, and environmental stewardship. The year marked a critical transition from strategy design to execution, laying the groundwork for the Foundation's 2025–2029 catalytic impact agenda.

Guided by a shift from traditional philanthropy to a shared value and catalytic investment approach, the Foundation continued to align its social impact initiatives with broader economic and community transformation goals.

The Foundation's work in 2025 was anchored on three interdependent pillars:



Shared Value and ESG Integration



Transformational Programming



Financial Sustainability for Long-Term Impact

This framework reflects a deliberate move toward building scalable, evidence-based models that deliver both social and economic value. Central to this approach is the integration of community impact with business growth, supported by structured monitoring, evaluation, research, and learning (MER&L) systems and Social Return on Investment (SROI) reporting.

1

Education and Scholarship Programme

Education remained the Foundation's flagship intervention, with the high school scholarship programme continuing to transform lives across the country. Over the past decade, the programme has supported more than 1,875 students, with 976 actively in school in 2025.

The Foundation set aside KES 71.8 Million to benefit 897 Beneficiaries from 37 counties for their secondary education. To date, over 2,000 Beneficiaries have been offered scholarships by the Foundation for their high school and tertiary education, and also offered mentorship and Psychosocial support services through workshops for the holistic growth of the scholarship beneficiaries

During the year, the Foundation deepened its investment in holistic learner development through:

Academic support initiatives, including a KCSE boot camp attended by over 200 candidates to enhance exam preparedness.

Mentorship programmes, reaching approximately 850 beneficiaries and focusing on life skills, peer engagement, and personal development.

University transition support, where 92 students secured placement in 35 public universities through collaboration with the Universities Fund, enabling seamless progression to tertiary education.



In addition, the Foundation expanded its focus on mental health and psychosocial support, facilitating structured therapy sessions and counseling interventions delivered by professional psychologists. These efforts reinforced the Foundation's commitment to nurturing well-rounded, resilient learners.

The Foundation hosted an Awards Ceremony honoring its 226 KCSE 2024 Alumni. This event, officiated by the Higher Education & Research, Principal Secretary Dr. Beatrice Inyangala and Military Wives Association of Kenya Chairperson Grace Kahariri celebrated the achievements of these Alumni KCSE 2024 Alumni Awards Mentorship Module 5

KCSE 2024 Universities Placement Support

A total of **100 out of 118** students scored University Entry level **Grade(C+)**

92 Alumni applied through Kenya Universities & Colleges Central Placement Services (KUCCPS)

92 placed in 35 Public Universities countrywide. The Foundation & GOK Universities Fund partnership facilitated **92 Alumni received full Scholarships** for seamless transition to tertiary education.

71 students successfully applied and were allocated funds by the Universities Fund.

2025 Annual students' Mentorship A total of 850 beneficiaries attended the sessions where discussions were facilitated by World Youth Alliance and TFGF Alumni.

Mental Health & Psychosocial Support

A total of 64 scholarship beneficiaries attended a 2-day therapy Sessions that were facilitated by six psychologists from Mathare National Teaching and Referral Hospital.

Methodology

- Topical discussions to raise PSS awareness
- Facilitated Group Therapy Sessions
- One on one counselling sessions .

Outcomes

- Scholars got clarity on what was ailing them
- Majority voluntarily went for individual counselling
- Basic Diagnosis was done by the therapists

KCSE 2025 ACADEMIC BOOTCAMP

The 2025 student cohort bootcamp brought together a total of 200 out of 224 candidates. The key objective was to sharpen their KCSE readiness & examination question handling techniques. The academic boot camp was facilitated by KNEC Chief Examiners, who are also Moi Forces Academy Heads of Departments. The main subjects handled included were Mathematics, English, Kiswahili, Biology, Physics and Chemistry.



KCSE 2025 Alumni Transformations

How Family Group Foundation Scholarship built Stacey's Journey of Resilience

At just 17 years old, Stacey Cherop's story is one of resilience and determination. Born and raised in Olenguruone, Nakuru County, Stacey grew up in a single-parent household after her parents separated when she was still an infant. Life at home was marked by financial strain, with her mother single-handedly raising three children under increasingly difficult circumstances. At one point, the burden became so overwhelming that Stacey's older brothers had to move away and live with relatives to ease the burden on their mother.

Despite the challenges, Stacey showed early promise. Encouraged by a mentor in primary school, she made a bold decision to leave the familiarity of home and join a boarding school in pursuit of a better future. Her mother, despite limited means, invested everything she had saved into making this possible. However, just as Stacey began to find her footing, the COVID-19 pandemic struck. Her mother lost her job, and once again, Stacey's education was at risk. At one point, she stayed out of school due to fee arrears. It was only through the intervention of the school principal, who allowed her to continue with her education, that Stacey was able to complete primary school. She scored an impressive 396 marks in her KCPE exams.

Transitioning to secondary school presented yet another challenge. Although Stacey had earned placement in a national school, the cost of education remained out of reach.

She applied for several scholarship opportunities.

"I attended a few interviews, but none felt right. I was unsuccessful in most and I started considering the day secondary school near our home." she says.

She, however, came across an advertisement for the Family Group Foundation scholarship while seated in a cybercafé and decided to apply.

Shortly after, she received the call confirming her selection.

Through the scholarship, Stacey joined Metkei Girls High School in Elgeyo Marakwet, where she spent four transformative years.

"I realized that having this scholarship was a privilege. I had to work extra hard."

Beyond covering school fees, the Foundation's program provided mentorship, leadership development, and exposure to new ideas and possibilities. Stacey took on leadership roles, participated in co-curricular activities, and steadily built her confidence.

"The program made me believe in myself. I used to have big dreams, but I was afraid of pursuing them. Now I know I can achieve them."

Having completed her secondary education, Stacey now looks ahead with renewed ambition. She aspires to study medicine and surgery, with the goal of becoming a neurosurgeon. She scored an impressive A (83 points) in her final examinations.



Opening Doors to Possibility One Scholarship at a time

18 - year- old Joshua Patrick Mkala was born in Likoni, Mombasa.

Born into a family of five, Joshua has two elder brothers. They all showed strong academic potential even though they faced financial challenges. Due to these financial constraints, Joshua moved to a public school in the neighbouring Kwale County.

“My parents told me education was the only thing they could give us,” he recalls. **“That became my motivation.”**

Against the odds, Joshua scored 403 marks in his KCPE earning admission to the prestigious Maranda High School, one of the country's top national schools. However, once again, financial constraints threatened to derail his progress.

Determined to continue, Joshua applied for multiple scholarships. Despite facing rejection elsewhere, he secured a life-changing opportunity through the Family Group Foundation scholarship program.

“I remember the day I got the call, I knew doors were starting to open,” he says.

Beyond covering his school fees, the Foundation stepped in to support his basic needs, including shopping and school requirements.

Joshua's journey through secondary school was not without challenges. The academic pressure was intense, and the fear of losing the scholarship weighed heavily on him. However, through mentorship and continuous support, he persevered.

More importantly, the program transformed him in ways beyond academics.

“I used to be an introvert. I couldn't speak in front of people,” he shares. **“But through group discussions and mentorship sessions, I gained the confidence to express myself.”**

These experiences helped him develop leadership, communication, and self-belief.

Today, Joshua is still pursuing his dream of studying medicine and surgery, with aspirations of joining the University of Nairobi. He scored an A(84 points) in KCSE. Reflecting on his journey, Joshua is deeply grateful for the opportunity that changed his life.

“This scholarship transformed my life. I would urge the Foundation to continue supporting students because with the right support, they can rise.”



I used to be an introvert. I couldn't speak in front of people,” he shares. **“But through group discussions and mentorship sessions, I gained the confidence to express myself.”**



“This scholarship transformed my life. I would urge the Foundation to continue supporting students because with the right support, they can rise.”

How Meru boy rose Against the Odds to emerge top performing Student

Ezra Mutembei lost his father in 2021 while still in primary school. The second born in a family of five grew up in Tigania, in Meru County where education was not held in high regard.

His mother, a casual labourer working on tea farms, was left to care for the family under extremely difficult circumstances. At times, Ezra had to balance school with responsibilities at home, including caring for his younger siblings when his mother fell ill.

Despite these challenges, he remained focused. With support from his teachers who allowed him to stay in school even when he could not pay fees Ezra persevered and scored 400 marks in his primary school exams.

"I was just hoping to get enough marks to secure a scholarship and change my life," he recalls.

However, even after earning admission to Meru High School, financial barriers once again stood in his way. With fees far beyond what his family could afford, Ezra nearly lost hope until he came across an opportunity from the Family Group Foundation.

Through the Foundation's scholarship program, Ezra secured a place in secondary school, marking a turning point in his journey.

"From that moment, my life changed," he says.

The scholarship not only covered his school fees but also supported his transport and basic needs ensuring he could fully participate in school despite the long and costly journey from home. Beyond academics, the program provided structured mentorship, equipping him with life skills, confidence, and a broader perspective on his future.

After the four years in high school, Ezra emerged as a top-performing student and scored an outstanding A plain (83 points) in his 2025 national exams.

Armed with knowledge and confidence, he has become an advocate for education within his community, encouraging peers to see beyond immediate challenges and pursue opportunities.

"I try to change how people think about education," he says. "Even where I come from, it is possible to succeed."

Today, Ezra aspires to pursue a Bachelor of Medicine and Surgery, with the goal of specializing in neurosurgery.



I try to change how people think about education," he says. "Even where I come from, it is possible to succeed."

2

Youth Empowerment and Skills Development

In line with its human capacity development agenda, the Foundation scaled its Technical and Vocational Education and Training (TVET) initiatives in 2025.

Through partnerships with organizations such as World Vision (with USAID support), the Foundation trained over 700 young women from informal settlements in construction-related skills, linking them to employment opportunities and economic participation.



3

Partnering with Kenya Defence Forces (KDF) and the Military Wives Association

A key highlight was the continued collaboration with the Kenya Defence Forces (KDF) and the Military Wives Association of Kenya (KDF-MWAK) under the Tufuzu programme. In 2025:

- 100 beneficiaries were onboarded in Cohort 3.
- All graduates achieved National Construction Authority (NCA) accreditation.
- Each participant received trade-specific toolkits to support immediate entry into the workforce.

The graduation ceremony was honored by the presence and support of the Chief of Defence, General Kahariri underscoring the strong partnership and commitment to this initiative.

These initiatives underscore the Foundation's commitment to bridging skills gaps, promoting dignity through work, and enabling sustainable livelihoods, particularly among underserved populations.



4



Environmental Sustainability and Community Engagement Ngong Hills Forest ecosystem restoration

Environmental stewardship remained a growing priority in 2025. Family Group Foundation conducted a community public participation forum with the Olteyani Conservation Community Forest Association (CFA) at the Ngong Hills Kona Baridi site with the aim of advancing ecosystem restoration initiatives. Thereafter, the group proceeded to fence the Tree Nursery site, borehole and solar panels.

Key interventions included:

- Community engagement through public participation forums with local conservation groups.
- Investment in enabling infrastructure such as tree nurseries, boreholes, and solar-powered systems to support long-term sustainability.

These efforts align with the Foundation's broader strategy to implement integrated environmental programmes across key water tower ecosystems in Kenya, contributing to climate resilience and community well-being.

5

Partnerships, Recognition, and Shared Value Creation

Partnerships continued to play a central role in scaling impact and enhancing programme effectiveness. Collaboration with government entities, development partners, and community organizations enabled the Foundation to extend its reach and deliver meaningful outcomes.

In recognition of its impact, the Foundation received several prestigious awards in 2025, including:

- Recognition at the DIAR Awards for impact investing and corporate foundation excellence.
- A Gold Award in Corporate Sustainability and Responsibility at the Warriors for Good Awards.

The Utumishi Bora Award for contributions to family and community transformation.

6

Strengthening Systems & Impact Measurement

To enhance accountability and effectiveness, the Foundation continued to embed robust monitoring and evaluation frameworks into its operations. The integration of MER&L tools across the project lifecycle has enabled:

- Data-driven decision-making
- Improved programme design and implementation
- Enhanced tracking of impact, efficiency, and sustainability

Additionally, the Foundation leveraged its integration with the broader Family Bank ecosystem, utilizing branch networks as community transformation hubs and strengthening the linkage between social impact and business outcomes.

7 Website Revamp & Relaunch

In 2025, the Foundation undertook a comprehensive website redesign and relaunch project aimed at enhancing its digital presence and stakeholder engagement.

Following a competitive vendor evaluation process, Bean Interactive was contracted to implement the project. The initiative progressed through key phases including project preparation, discovery and stakeholder engagement, content development, UI/UX design, system development, testing and quality assurance, culminating in the platform launch and ongoing post-launch support.

The revamped website provides improved user experience, streamlined access to information, and a stronger platform for storytelling, visibility, and engagement with partners and beneficiaries.

8 2025–2029 Strategic Plan Development

The Foundation commenced the development of its 2025–2029 Strategic Plan, aimed at defining its long-term vision, priorities, and impact trajectory.

This process, undertaken in collaboration with FOVET, involved extensive stakeholder consultations, including engagements with the Founder, Family Bank leadership, Executive Committee, and Board Chairman. Key partners such as MWAK, the Ministry of Education, Kenya Forest Service (KFS), and GBFA were also consulted.

Additionally, insights were gathered from programme beneficiaries including alumni of the scholarship programme and the Youth Enterprise Development Programme, as well as donors such as Daykio Plantations.

The strategic plan focuses on refining the Foundation's vision, mission, strategic pillars, and implementation roadmap, while strengthening its Monitoring, Evaluation, Research and Learning (MERL) systems to ensure measurable and sustainable impact.

9



Financial Sustainability and Value Creation

In 2025, the Foundation also contributed to business value creation through tax efficiencies, partnerships, and brand visibility, reinforcing the case for shared value as a driver of both social and economic returns.

10



Outlook

Looking ahead, the Foundation is focused on transitioning from strong programme delivery to scale-ready, catalytic impact models.

Key priorities include:

- Expanding proof-of-concept programmes across major ecological and socio-economic zones
- Strengthening leadership development and innovation through initiatives such as the Catalytic Impact Challenge Fund
- Advancing financial sustainability through the development of a KES 1.5 billion endowment

With a clear strategic direction and a strong execution foundation, the Family Group Foundation is well-positioned to deepen its impact, scale its interventions, and play a leading role in advancing inclusive and sustainable development.

Sponsorship Initiatives



Education

Access to quality High School education through scholarships for bright and needy beneficiaries.

In 2025, the Foundation set aside Kshs 71.8 million to benefit 897 beneficiaries from 37 counties for their secondary education. To date, over 2,000 beneficiaries have been offered scholarships by the Foundation for their high school and tertiary education, and offered mentorship and psychosocial support services through workshops for the holistic growth of the scholarship beneficiaries



Decent Work and Economic Growth Construction in adherence to green building technologies.

Among the sustainable investment themes accelerated by the pandemic is green building technologies. The Family Group Foundation has conducted technical and vocational skills development in construction trades, e.g., plumbing, masonry, electrical, welding, and carpentry, for youth as well as the acquisition of construction starter toolkits for the trained beneficiaries for self-employment, income generation, and wealth creation in the construction sector.



Environmental conservation for climate change adaptation.

The Foundation, in partnership with like-minded organisations such as Green Blue Foundation, continues to support environmental conservation for climate change adaptation. This is in line with the Government's initiative to increase Kenya's forest cover. To date, we have planted over 10,000 seedlings within Kajiado County.



Partnerships for the Goals

The Family Group Foundation, in its efforts to increase societal impacts, creates partnerships and collaborative relations with the government and Non-Government Organisations (NGOs). Key among them includes the National Government, County Governments, like-minded Foundations, etc., to maximise utility and productivity. Strategic Partnerships for skills development and economic empowerment

Sponsorship Initiatives



Empowering Strength & Wellness

Family Bank proudly sponsored a transformative Fireside Chat at the Karen Country Club, featuring our Head of Queen Banking, Rose Kamene. The session, titled “Strength and Balance – Navigating Menopause through Sport, Fitness, and Wellness,” aimed to dispel myths and provide practical strategies for women navigating menopause. It emphasized that this phase is not an end, but rather a transition enriched by strength, knowledge, and community support.



Driving Impact in Healthcare (Sponsorship)

As a key sponsor at the 52nd Kenya Medical Association Annual Scientific Conference held at Karmel Park, Kisii County, Family Bank engaged with healthcare professionals, experts, and policy-makers to address critical issues in Kenya’s healthcare sector. The conference, themed “Healthcare Governance for UHC: Bridging the Policy and Practice Gap,” enhanced our brand visibility and opened valuable networking opportunities within the healthcare community. Our commitment to supporting healthcare workers remains steadfast as we drive improved healthcare services across Kenya.



Bringing Financial Solutions Closer to the Community

In collaboration with the Presbyterian Church of East Africa (PCEA), Family Bank signed a memorandum of association to provide financing solutions for church projects and manage congregation accounts. This partnership allowed church members to access loans and open accounts for personal transactions. During a gathering of around 800 congregants, we showcased our products, engaging over 700 members and solidifying our relationship with the PCEA community.



Celebrating Agribusiness Growth with Joy Millers

Family Bank, represented by the Kerugoya Branch, celebrated the growth milestone of Joy Millers Limited. This event highlighted our commitment to supporting Micro, Small, and Medium Enterprises (MSMEs) across the agricultural value chain through inclusive financial solutions and strategic partnerships. We believe that agriculture is fundamental to Kenya’s economic growth and food security, and our tailored financial products aim to create a lasting impact.

Sponsorship Initiatives



Celebrating Skills and Empowering Communities

In partnership with the Kenya Defence Forces and the Military Wives Association of Kenya (KDF-MWAK), Family Bank supported the 3rd Cohort Construction Skills Graduation and Toolkits Handover Ceremony, which recognised 100 beneficiaries at the Kenya Navy Headquarters in Mtongwe, Mombasa. Officiated by General Charles M. Kahariri, this ceremony celebrated the transformative impact of the Tufuzu Construction Skills Program. The program not only taught trade but also instilled hope, unlocked opportunities, and empowered communities.



Championing Hospitality & Tourism Growth in Makueni County (Sponsorship)

Family Bank sponsored the Makueni Hospitality Association Stakeholder Conference at Kelvian Hotel. This gathering brought together key players in the hospitality and tourism sector, facilitating discussions aimed at enhancing service delivery and boosting local tourism. Our participation amplified our brand presence and enabled us to engage directly with loyal and prospective customers, reinforcing our commitment to the region's growth.



Promoting Innovation in Partnership with Stima Sacco

At the 4th Annual Innovation Seminar hosted by Stima Sacco, Family Bank reaffirmed its commitment to empowerment and innovation. Themed "Innovating for Impact: Empowering People, Driving Change," our sponsorship showcased our dedication to providing seamless banking solutions designed to empower members and drive change.



Nurturing Young Talent at Merishaw Annual Sports Day

Family Bank Kenyatta Avenue Branch proudly sponsored the Annual Sports Day at Merishaw School, promoting sportsmanship and enhancing physical and mental well-being among students. The event featured diverse activities, including soccer and athletics, emphasising our investment in nurturing young talent.

Sponsorship Initiatives



Empowering SMEs with Rembo Classic Sacco Partnership

Family Bank partnered with Rembo Classic Sacco to finance the acquisition of five new PSVs, enhancing transportation services in Nairobi, and empowering SMEs. This partnership reinforces our commitment to tailored financing solutions that stimulate growth and transform communities.



Supporting Agribusiness at AEAK AGM

Family Bank played a key role as a sponsor at the Avocado Exporters Association of Kenya (AEAK) Annual General Meeting, held at Thika Greens Golf Resort. This event fostered insightful discussions among industry stakeholders, reaffirming our commitment to empowering the avocado value chain and supporting Kenya's agribusiness sector.



Celebrating Maa Heritage at the Cultural and Tourism Festival 2025 (Sponsorship)

Family Bank proudly sponsored the Maa Cultural and Tourism Festival, celebrating the rich cultural heritage of the Maa communities. This event provided a platform for cultural expression, networking, and partnerships, promoting cultural tourism, and improved livelihoods.



Welcoming ICPAK Members to Family Bank

At the 42nd Annual Seminar of the Institute of Certified Public Accountants of Kenya (ICPAK), Family Bank welcomed members into our community, offering exclusive financial solutions tailored to support their professional and personal needs.

Sponsorship Initiatives



Empowering Women Entrepreneurs through Biashara Empowerment Program

Family Bank celebrated the graduation of women entrepreneurs from our 8-week empowerment program, conducted in partnership with Aceli Africa. This initiative equipped women in agriculture and business with essential skills and knowledge to overcome barriers and thrive in their ventures.



Supporting Sustainable Development with the Lukenya University 10 Million Tree Marathon (sustainability)

Family Bank proudly sponsored the Lukenya University 10 Million Trees Marathon, reflecting our commitment to sustainable development. This initiative promotes healthy living while championing environmental responsibility within our communities.



Enhancing Brand Visibility with MasterCard Engagements

In partnership with MasterCard, Family Bank hosted a UEFA Champions League Mall Activation, encouraging card usage through direct consumer engagement. This initiative provided valuable insights into customer preferences, enhancing our efforts in onboarding potential clients.



Celebrating Professionalism at the ACEK President's Dinner (Sponsorship)

Family Bank sponsored the prestigious President's Dinner hosted by the Association of Consulting Engineers of Kenya (ACEK), reinforcing our commitment to professionalism and collaboration in the consulting engineering sector.

Sponsorship Initiatives



Driving Investment at the Murang'a Investment Conference

Family Bank participated in the Murang'a Investment Conference, which gathered leaders and entrepreneurs to unlock opportunities for regional economic growth. Our engagement aimed to stimulate enterprise development and empower communities throughout the region.



Strengthening Community Impact with the County Government of Meru

Family Bank reaffirmed its partnership with the County Government of Meru, focusing on education, student sponsorships, and community initiatives, all aimed at creating meaningful impacts for the residents of Meru.



Supporting Smallholder Tea Farmers at KTDA Event

We proudly supported the Kenya Tea Development Agency (KTDA) at the Farmers First Mantra event, engaging with smallholder tea farmers and showcasing our financial solutions tailored to their unique needs.



Celebrating Women's Strength at the Nairobi Women's Run 2025

Family Bank participated in the inaugural Nairobi Women's Run, honoring the strength and resilience of women from diverse backgrounds while reinforcing our commitment to community empowerment.

Awards/Accolades



The Family Group Foundation Honored at the 2025 DIAR Awards

The Family Group Foundation was proudly recognized at the 7th Edition of the National Diversity and Inclusion Awards & Recognition (DIAR) Gala Night, held at the Sarit Expo Centre, Nairobi.

The Foundation emerged as 2nd Runners-Up in the Best Impact Investing Initiative category and a Finalist for Best Corporate Foundation—a reflection of our strong commitment to environmental stewardship and the pursuit of a greener, more sustainable future. Under the theme “Awarding Investors in People, Planet Guardians, and Champions of Prosperity for Posterity,” the event celebrated organizations and individuals championing Diversity, Equity, Inclusion, and Belonging (DEIB) across workplaces and society. We are honored to stand among the trailblazers shaping a better tomorrow.



Private Sector Procurement Awards

Family Bank was honored at the inaugural Private Sector Procurement Awards 2025, held at the Argyle Grand Hotel. The awards celebrate companies that use their purchasing power to create positive change, recognizing leaders who champion sustainability, foster shared value, and implement strong principles within their supply chains.

Family Bank received recognition for its commitment to excellence in procurement, building supplier-friendly relationships, ensuring timely payments, clear contractual terms, and supporting supplier success. This award reflects the Bank's dedication to setting new benchmarks in stakeholder engagement and responsible business practices.



Utumishi Bora Awards 2025

The Family Group Foundation was honored at the 2025 Utumishi Bora Awards 11th Anniversary, held at the Best Western Westlands. The Foundation received a prestigious nomination and award in the Family First Private Sector Corporates category, recognizing its impactful work in positively transforming families.

This accolade highlights The Family Group Foundation's commitment to fostering strong family values and community development through its innovative and compassionate initiatives, affirming its leadership role in societal transformation.



Awards/Accolades



Recognition for Advancing Gender-Inclusive Procurement

Family Bank Head of Women in Banking Rose Gichuki proudly received an award for the dedication to advancing Gender inclusive procurement during the International Finance Corporation Sourcing2Equal Kenya Program, which has supported women-owned businesses in the country to secure opportunities in the supply chains of the some of the country's biggest corporates.

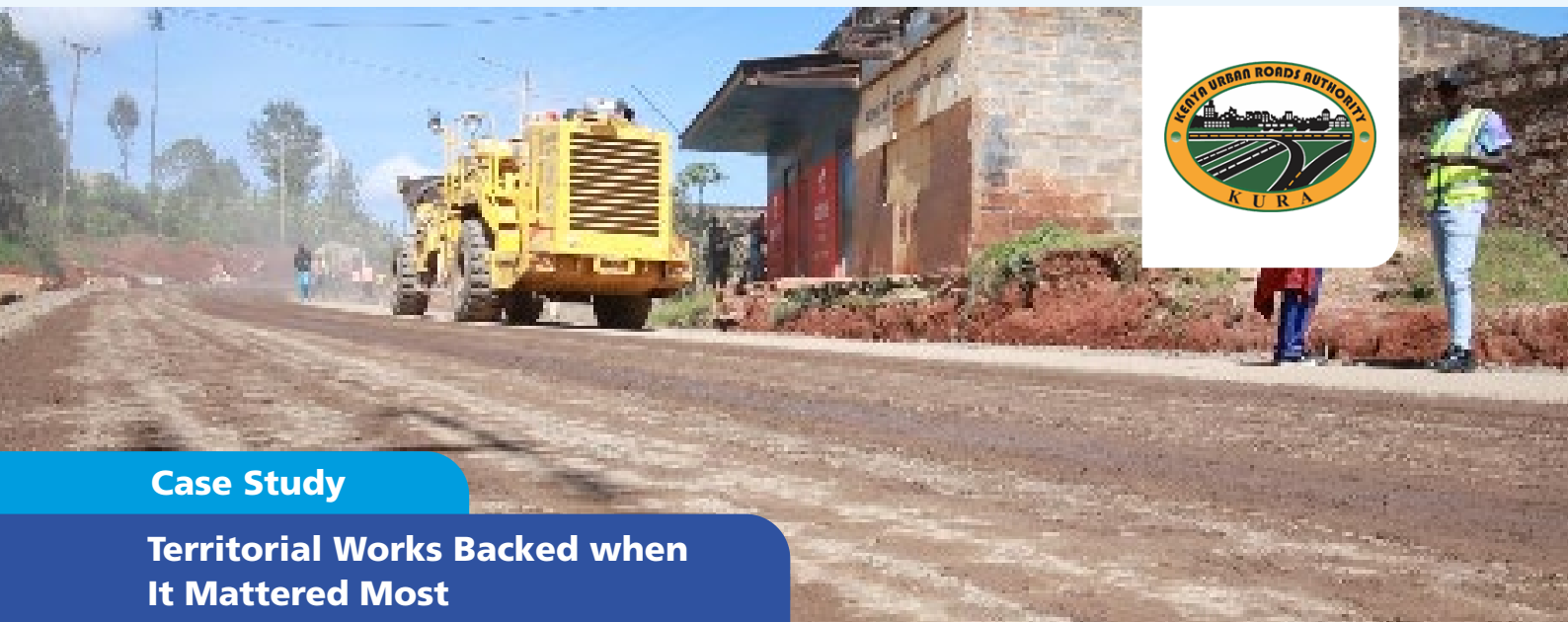


Battle of the Banks 2025

Family Bank represented by the Money Wits team was crowned as the overall winner in the Battle of the Banks Africa champions in Johannesburg. This remarkable victory marks a significant milestone for the Bank, securing Africa's premier gamified learning competition title for the third consecutive year.

The achievement underscores Family Bank's commitment to excellence, innovation, and continuous professional development, reflecting a strong culture of teamwork, strategic thinking, and high performance.





Case Study

Territorial Works Backed when It Mattered Most

In 2016, Benjamin Muchungi had just secured a promising contract with the Kenya Urban Roads Authority (KURA) to work on link roads and bypasses in Kisii Town. That opportunity almost slipped through his fingers when his bank at the time declined to issue him a performance guarantee. That decision almost stalled the project before it even began.

Faced with the possibility of losing out on a career-making contract, Benjamin, an engineer and the Managing Director of Territorial Works, made the choice to walk away from his previous bank and look for a new banking partner. This move led him to Family Bank, a relationship that has since been mutually beneficial and made his projects seamless.

“The reason we found ourselves partnering with Family Bank is that we were attracted by their customer-friendly approach, and they have been very supportive in our operations. They are friendly, reliable and dependable,” says Benjamin.

Since then, Family Bank has played an integral role in the growth of Territorial Works, a construction company specialising in civil engineering and building works, including roads, water works, and recently, airport construction and maintenance.

The Bank provides the company with structured facilities to support its operations from tendering to project execution. It supports them with the required performance guarantees, credit facilities and insurance.

“With Family Bank by our side, we are able to run our projects seamlessly. We get facilities for projects that would otherwise require a lot of input and call for significant pressure. Benjamin is now able to focus on the company’s growth and plan for the future with confidence.

In 2021, Benjamin landed a major project with a Chinese firm that required significant resources. Once again, Family Bank came through for Territorial Works, providing the financial support needed to complete the job.

Today, the company is handling a major infrastructure project, and Territorial Works is the only African company working on one of its phases. Benjamin believes the company would not have been able to handle such a large project were it not for Family Bank’s backing. With continued partnerships, he is confident that the company will take on bigger projects, even multiple projects.



With Family Bank by our side, we are able to run our projects seamlessly. We get facilities for projects that would otherwise require a lot of input and call for significant pressure.

Sustainability Highlights

Family Bank has embedded sustainability across operations, lending, governance, and strategy to strengthen resilience, manage risk, and unlock green growth opportunities. Operationally, during the year under review, the bank started transitioning to renewable energy to reduce reliance on grid electricity and diesel generators.

Solar installations are underway across branches, with the Utawala Branch already generating an average of 97.92 kWh per day, directly offsetting grid consumption and lowering emissions. Additional branches are scheduled for completion by the end of 2026. Complementary measures in 2025 included LED lighting upgrades, sensor-controlled lighting for new fitouts, inverter-based air conditioning systems, energy-efficient UPS and AVR units, and generator optimization.

The bank also entered a renewable power supply agreement with Magiro Hydro Electricity Limited to power the Kiria-ini Branch, with plans to replicate this model in other locations. In addition, fleet optimization through the acquisition of fuel-efficient vehicles further reduced transport-related emissions.

Within business practices, sustainability is being embedded into the credit process through a bank-wide Environmental and Social Management System (ESMS). All loans above Kshs 50 million undergo mandatory environmental and social due diligence at origination.

This process enables identification, prioritization, and monitoring of ESG and climate risks, while also supporting the growth of the bank's green portfolio by identifying opportunities in low-carbon and climate-resilient sectors. Staff capacity building through ESG and climate risk training has strengthened internal implementation.

Family Bank also recognizes that its largest source of emissions arises from financed activities (Scope 3), followed by electricity consumption (Scope 2) and direct fuel use from vehicles and generators (Scope 1). Through the Greening Financial Systems Technical Assistance Programme (GFS-TAP) training by the European Investment Bank (EIB), the bank conducted a greenhouse gas assessment aligned to the Greenhouse Gas (GHG) Protocol and Partnership for Carbon Accounting

Financials PCAF), completed climate scenario analysis, and undertook climate stress testing of its portfolio. This work established a baseline for operational and financed emissions and informed target setting.

In addition, governance oversight of climate-related risks and opportunities is provided by the Sustainability Steering Committee, which reports through the Board Risk and Compliance Committee. The Committee meets quarterly and is guided by defined terms of reference aligned with the Central Bank of Kenya (CBK) climate guidance, IFRS standards (IFRS S1 and S2), and national environmental and occupational safety laws. Responsibilities are cascaded to senior management and integrated into enterprise risk management, lending policies, and departmental strategies. Additionally, climate risks affecting the bank include physical risks such as floods, droughts, and extreme weather impacting borrowers and branch operations, and transition risks from regulatory change, market shifts, and technological disruption in carbon-intensive sectors.

In response, Family Bank is progressively rebalancing its portfolio toward sustainable agriculture, climate-resilient infrastructure, and green financing solutions, while engaging clients on transition pathways.

Moreover, the bank has set long-term emissions reduction targets from 2023 financial year baseline, aiming to reduce Scope 1 and 2 emissions by 29% by 2030 and Scope 3 emissions by 17.5% over the same period, with deeper reductions planned toward 2050.

Progress tracking is underway, supported by improved data systems and annual materiality assessments. Through these initiatives, Family Bank is strengthening operational efficiency, enhancing portfolio resilience, and positioning itself as a leader in sustainable finance in Kenya.

Environmental, Social & Governance (Esg) Initiatives



Environment

Incorporating environmental risk screening in lending.

Reducing the banks' operational footprint through efficient resource use and adoption of renewable energy.

20,000+
Trees planted

59 Loans
Above KES 50M, worth 21Bn, assessed for ESG.

20k+
Trees planted.

4 branches under Solar installation pilot to reduce reliance on grid electricity.

Energy-efficient LED lighting system upgrade in select branches.

Invested in modern, energy-efficient electrical and backup power infrastructure.

Sensor-controlled lighting in common areas for new branch fit-outs.



Social

1,557
Scholarships awarded.

KES 540M
Amount awarded in scholarships.

896
Youth Trained.

Promoting positive social impact.

Fostering financial inclusion.

Upholding strong community engagement.



Governance



Upholding strong governance through robust risk management, ethical leadership, regulatory compliance, and transparent decision-making frameworks

Integrated ESG into Board Charter and governance structures.

Creation of the Sustainability Steering Committee (SSC).

ESG and risk management training for the Board and senior management.

SDG Implementation Progress

Family Banks business strategy is aligned with the United Nations Sustainable Development Goals (SDGs). This provides a clear framework through which we contribute to Kenya's development priorities while delivering on our purpose, to enable people to create and sustain wealth. Below is a summary of our contribution to the SDGs that we have adopted

SDG

Implementation Process

1 NO POVERTY



- Offered affordable financial products to individuals and MSMEs to support income generation.
- Conducted financial literacy training to promote responsible financial behavior.
- Delivered climate risk management training to enhance community resilience against climate related disruptions.
- Enhanced access to financial services through digital channels, thereby lowering transaction costs and expanding reach to underserved populations.

2 ZERO HUNGER



- Financed agribusiness initiatives, including water tanks and solar-powered pumps for irrigation.
- Supported clean water access through Water, Sanitation and Hygiene (WASH) solutions to improve sustainable food production.
- Collaborated with partners to deliver farmer training, advisory services, and market access forums.
- Deploying capital towards agri-tech and climate-smart agriculture to improve productivity and resilience within agricultural value chains.
- Supporting cooperatives and smallholder farmers through tailored financial solutions and capacity support.

3 GOOD HEALTH
AND WELL-BEING

- Financing healthcare infrastructure development, contributing to improved access to quality medical services.
- Investing in employee wellness programs to enhance workforce productivity and resilience.
- The Foundation, in its efforts to ensure the psychosocial well-being of all the scholarship beneficiaries identified with over 150 cases who were struggling with Mental health related issues. In addition to the regular mentorship sessions that were facilitated to all the beneficiaries, TFGF made extra efforts to reach out to the over 150 cases that were identified. TFGF collaborated with the Mathari National Training and Referral Hospital (MNTRH) to obtain Phycologists who facilitated the sessions

4 QUALITY
EDUCATION

- Access to quality High School Education through Scholarships for bright and needy Beneficiaries.
- Delivering capacity-building programs for SMEs and clients to strengthen financial literacy, business resilience, and growth.

5 GENDER
EQUALITY

- We continued to provide the Queen Banking proposition, offering tailored financial products for women.
- Delivered financial literacy programs specifically targeting women entrepreneurs and professionals.
- Hosted wellness talks and networking events to empower and connect women clients
- Promoting diversity, equity, and inclusion through equitable workplace policies and equal remuneration practices

6 CLEAN WATER
AND SANITATION

- Financed water and sanitation infrastructure, including treatment and distribution systems.
- Supported investments in water-efficient technologies across sectors.

8 DECENT WORK AND
ECONOMIC GROWTH

- Constructions in adherence to green building technologies.
- Among the sustainable investment themes accelerated by the pandemic is green building technologies. The Family Group Foundation has conducted technical and vocational skills development in construction trades, e.g., plumbing, masonry, electrical, welding, and carpentry, for youth as well as the acquisition of construction starter toolkits for the trained beneficiaries for self-employment, income generation, and wealth creation in the construction sector
- Facilitated trade and liquidity through trade finance and working capital solutions.
- Drove job creation through sector-specific financing.
- Embedded responsible lending practices within credit processes.

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE

- Invested in digital banking capabilities to enhance operational efficiency, innovation, and customer experience.

10 REDUCED
INEQUALITIES

- Ensured fair and non-discriminatory lending practices across all customer segments.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



- Integrated ESG considerations into lending and investment decisions to manage risks and drive sustainable outcomes.
- Embedded sustainable procurement practices across operations.
- Drove operational efficiency through waste minimization
- Engaged clients on sustainability practices to influence responsible production and consumption patterns.

13 CLIMATE ACTION



- Integrated climate risk considerations into the Environmental and Social Management System (ESMS). Embedded climate risk assessment in credit decision-making processes.
- Developed a Climate Risk Transition Plan aligned with IFRS S2 standards.
- Trained Board and senior management on climate risks and opportunities.
- Measured Scope 1, 2, and 3 greenhouse gas emissions to inform reduction strategies.
- Implemented energy-saving initiatives, including: Solar energy installation in select branches, Upgraded lighting systems in select branches from conventional fittings to energy-efficient LED technology, sensor-controlled lighting in common areas for new branches, invested in modern, energy-efficient electrical and backup power infrastructure, acquired fuel-efficient vehicles and phased out older, less efficient fleet vehicles with high fuel consumption and maintenance costs
- The Foundation, in partnership with like-minded organisations such as Green Blue Foundation, continues to support environmental conservation for climate change adaptation in line with the Government's initiative to increase Kenya's forest cover.

15 LIFE ON LAND



- Conducted environmental and social due diligence to minimise negative biodiversity impacts.
- Enforced an exclusion list prohibiting financing of harmful land-use activities.
- The Foundation, continues to support environmental conservation for climate change.

17 PARTNERSHIPS FOR THE GOALS



- Collaborated with key partners, including;
- European Investment Bank (EIB): EUR 50 million to finance women-led businesses, youth, and SMEs.
- British International Investment (BII): USD20 million expand lending to MSMEs, with a particular focus on women-led businesses and those in the trade and agriculture sectors.
- BlueOchard: USD10 million Tier 2 Capital to support SMEs across all sectors.
- Global Access Fund: USD10 million. This partnership mobilised financing for water and sanitation improvements at both household and SME levels, focusing on projects with measurable social impact.
- Eco business Fund: USD5 million. This partnership provides financing specifically for agribusinesses and smallholder farmers to encourage sustainable and climate-smart agricultural practices.
- Mainstreamed ESG awareness across all departments through staff training and updated policies.
- The Family Group Foundation, in its efforts to increase Societal impacts, creates partnerships and collaborative relations with the government and Non-Government Organization. Key among them includes the National Government, County Governments, like-minded Foundations, etc., to maximize utility and productivity



Case Study

How strategic financing enabled a smooth CBE transition for Thika Road Christian School

For a well-established private school with a legacy spanning nearly five decades, Thika Road Christians' growth has always been guided by a commitment to quality education, sustainability, and continuous improvement. Founded in 1978, the Baptist Church School boasts of hands-on environmental practices, creating a holistic learning environment for its students.

"We actually have a waste management policy and involve our students," the school Board of Management Secretary Mrs. Kathleen Kiagiri explains. "We recycle materials like newspapers and plastics and even use organic waste to support our on-site animals. It's about teaching sustainability in practice." But as the school prepared to expand in response to Kenya's evolving education system, a critical need emerged. This was access to timely and flexible financing.

In 2022, as plans to establish a dedicated junior school took shape, the institution sought a financial partner who could support its vision. That partner was Family Bank.

"It was Family Bank that gave us a development loan so that we could bridge the cash flow," the representative recalls. "It helped us to put up the building within one year."

The impact was immediate and transformative. The new junior school facilities not only enhanced the learning experience but also created space for growth.

"Our student population has increased by about 200 students," they note. "It has also increased the number of teachers and given a facelift to the school."

Beyond infrastructure, the partnership has enabled the school to manage its finances more strategically by freeing up resources to invest in multiple priorities simultaneously.

"Family Bank has relieved us of some annual expenses so that we can concentrate on other projects," they explain. "Instead

of diverting all funds into one project, we can repay the loan while still upgrading and investing in digital and other school needs."

This flexibility has been instrumental in supporting the school's broader five-year strategic plan, which includes new facilities such as swimming pools and a transition to solar energy.

"We're now in the process of moving the whole school to solar power," Kiagiri shares. "That's one of our major projects going forward." At the heart of this partnership is more than just financing; it is a relationship built on responsiveness and trust.

"The service at Family Bank is at a different level," the representative adds. "There's a level of engagement and support that stands out."

Today, the school continues to evolve by expanding its academic offering, including the recent introduction of senior school grades, while investing in sustainable infrastructure for the future.

With Family Bank as a trusted partner, the institution is not only growing its capacity but also shaping a more resilient, future-ready learning environment for the next generation.

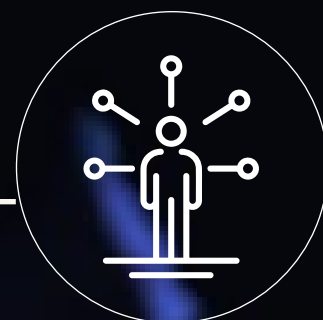


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Operations

Driving operational excellence in 2025

In 2025, operational efficiency improved, reflected in faster turnaround times for service delivery and enhanced overall customer satisfaction. This progress was driven by standardized workflows, strengthened vendor oversight, and the implementation of performance dashboards.

The bank enhanced operational efficiency through structured reconciliation clean-up initiatives, automation of key processes, and streamlined reversal processes.

Enhancing operational efficiency

In line with our digital transformation agenda, automation initiatives delivered approximately 1,400 hours annually in turnaround time savings. Additionally, these efforts reduced paper usage by eliminating at least 5,000 photocopies per year. Overall, operational efficiency in the year was significantly enhanced through structured process redesign and targeted automation.

Processes

Automation and digital tools

As outlined in our pillars of the 2025 – 2029 strategy of delivering digital transformation and innovation. In 2025, we streamlined internal processes significantly to reduce paperwork and enhance service speed and accuracy. Workflow automation reduced manual paperwork by minimizing processing errors, reflecting improved speed and accuracy in service delivery. This was particularly seen in the procurement, logistics and facilities through the implementation of a Facilities Management Information System, fleet management system for bank pool cars and Stock Management and Ordering System for stock items used at the branches.

In operations, automation of reversal for failed transactions through the 360-degree reversal increased customer satisfaction and reduced manual work. Automation and monitoring of excess cash held at branches created efficiencies and visibility. Account opening was significantly reduced from the usual manual six-page fill-out form to two pages after the introduction of the E-mandate for account opening, making it seamless and easy for customers as well as customer service officers.



E-mandate

Family Bank implemented the E-mandate Account Opening Platform to enhance efficiency, reduce operational costs, and strengthen regulatory compliance within the customer onboarding process. The platform digitizes account opening by eliminating manual, paper-based forms, leading to faster turnaround times (TAT) and reduced processing errors.

Key aspects of E-mandate:



The solution integrates automated Know Your Customer (KYC) verification through IPRS and KRA systems, enabling real-time validation of customer information and strengthening Customer Due Diligence (CDD) processes.



The platform also incorporates automated Anti-Money Laundering (AML) risk scoring, supporting compliance with Central Bank of Kenya (CBK) prudential guidelines and enhancing risk management at onboarding.

Harnessing Data, AI, and Process Automation

During the year under review, the focus was primarily on establishing a structured process foundation and digitized workflow. The bank expanded the use of data analytics to improve decision-making, monitor service level performance, and identify operational bottlenecks.

Automation tools help reduce operating costs and enhance control of environments. The use of data analytics in operations helped in API integration, which aids enhanced reports and monitoring system downtimes, which affect customer centrality.

These automation tools also established digital workflows in security, compliance, and approvals.

Other Key Initiatives;

- Sentiment & Voice of the Customer (VoC) Analytics:** Through our advanced Feedback Management System, we now aggregate and analyze customer sentiments across all touchpoints. This allows for the calculation of real-time metrics such as Net Promoter Score (NPS) and Customer Effort Score (CES), transforming raw feedback into actionable data-driven decision-making and continuous service improvement.
- Operational Intelligence via QMS:** Queue Management System (QMS) across the branch network provides granular data on footfall trends and service durations. These insights inform service redesign and strategic decisions on branch expansion and location planning.
- Intelligent Self-Service (IVR):** We enhanced our Interactive Voice Response (IVR) capabilities to handle high-volume, repetitive queries (e.g., balance inquiries and card blocking). This automation mitigates the risk of fraud during compromised access scenarios while freeing human agents for complex problem-solving.

Business Process Re-engineering

During the year, the Bank strengthened its operational efficiency through a structured Business Process Re-engineering (BPR) programme focused on workflow digitization, process optimization, and the progressive transition from manual to standardized, scalable operations.

This effort resulted in the delivery of 22 initiatives in 2025, targeting the elimination of paper-based, fragmented, and email-driven processes across Operations and Support Functions, while enhancing process visibility, control, and execution consistency.

Key focus areas included:

- Digitization of compliance reporting across branches, improving submission efficiency and central oversight;
- Digitization of stationary requisition requests, improving tracking and reducing manual work and reporting;
- Automation of internal authorization workflows, reducing manual handling and approval cycle times;
- Digitization of consumables and cards requisition processes, enabling better coordination and tracking;
- Deployment of centralized operational platforms to improve cross-functional visibility and alignment (e.g. OPCO and CBS sites);
- Introduction of structured workflow tools to support monitoring, coordination, and execution discipline;
- Improvement of existing business applications.

Collectively, these initiatives resulted in an estimated ~2,000 hours of manual effort eliminated annually, while also contributing to improved turnaround times, enhanced process standardization, and reduced operational dependency on manual interventions. In addition, targeted process improvement initiatives were undertaken across critical operational areas.

Process reviews and gap analyses were conducted across reconciliation, merchant acquiring, and digital workflows to identify inefficiencies, reinforce controls, and prepare processes for future-state optimization.

These efforts contributed to laying the foundation for a more structured and coordinated approach to operational transformation, aligned with the Bank's broader strategic focus on productivity, efficiency, and digital enablement. In particular, they support the transition towards a more disciplined, data-driven execution model as the Bank advances its transformation agenda.



Value to Customers

Introduction: Delivering Value Through Customer-Centricity

At Family Bank, customer value remains central to our operations. Guided by our commitment to innovation, reliability, and customer satisfaction, we continue to embed customer-centricity across all service touchpoints.

In 2025, we strengthened this commitment by aligning our operations to our strategic ambition of becoming a truly customer-centric institution. This has been achieved through the expansion of service channels, enhancement of Centres of Excellence, and continuous improvement of service delivery to meet evolving customer expectations.

Customer Value: Enhancing Accessibility, Responsiveness, and Trust

We continue to deliver value through a robust and integrated service model designed to provide convenience, responsiveness, and consistency:



Multiple Touchpoints

Customers are supported through phone, email, social media, and in-branch interactions, ensuring accessibility across all preferences.



24/7 Contact Centre

Our Contact Centre operates around the clock, ensuring uninterrupted support and timely resolution of customer needs.



Digital & In-App Support

Customers can seamlessly access services and raise requests via digital platforms, including PesaPap, internet banking, and the Bank's website.



Real-Time Feedback Collection:

Automated feedback systems integrated within core banking platforms enable continuous capture of customer insights.



Structured Issue Resolution:

Defined escalation frameworks through the Service Council and Executive Committee (EXCO) ensure timely and effective resolution of complex issues.



Service Level Agreements (SLAs)

Continuous monitoring of SLAs supports operational efficiency and accountability in service delivery.



Proactive Communication

updates on service changes, system enhancements, and transaction alerts promote transparency and build customer trust.

These initiatives collectively ensure a seamless and reliable customer experience across all interaction points.

Customer Experience (CX) Performance Metrics

Family Bank has demonstrated consistency across key customer experience indicators:

Parameters	2022	2023	2024	2025
Net Promoter Score (NPS)	26.6	37	47	57
Customer Satisfaction Score (CSAT)	83%	90%	92%	90%
Customer Effort Score (CES)	Not Rated	97%	102%	96%

Customer Centric by Design

Our customer experience strategy is anchored on five key pillars:



Products

Customer insights inform product design and enhancements, supported by structured customer journey mapping.



Technology Enablement

Deployment of Customer Relationship Management (CRM) systems and feedback platforms enables personalized and data-driven engagement.



People

A strong customer-centric culture is fostered through continuous staff training and the presence of CX champions across branches.



Processes

Simplified and efficient processes enhance service delivery, reduce turnaround times, and ensure adaptability to customer needs.



Feedback Loops

Continuous collection and actioning of customer feedback, supported by service recovery programs, ensures that customer concerns are addressed and improvements are implemented.

Recognition and Industry Positioning

We have sustained a strong industry standing, maintaining a Tier 2 ranking in Customer Experience for five consecutive years.

Key recognitions include:



2025:
Best Tier-2 Bank
Customer Experience Awards (KBA)



2024:
Overall Best Bank in Kenya
Customer Experience Awards (KBA)



2023:
Overall Best Bank in Kenya
Customer Experience Awards (KBA)



2022:
Overall Best Bank in Kenya
Customer Responsiveness and
Digital Experience Awards (KBA)

This consistent recognition reflects the Bank's ongoing commitment to delivering exceptional customer experiences.

Looking Forward:

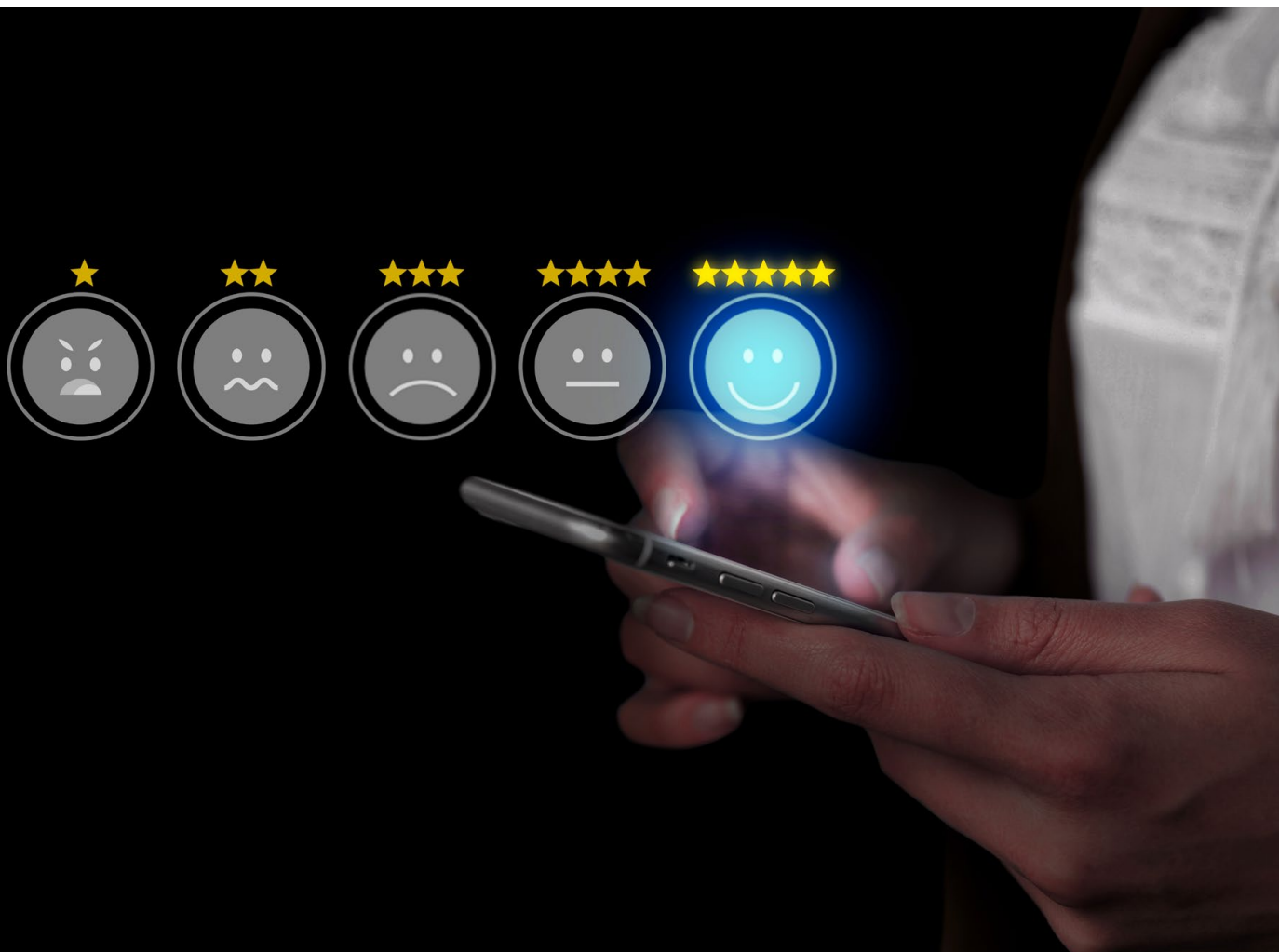
Sustaining Momentum in Customer Experience Excellence

We remain committed to strengthening customer experience as a key strategic differentiator. The sustained improvement in performance metrics, supported by strong operational frameworks and customer-centric initiatives, positions the Bank for continued growth.

Going forward, we will deepen customer insights, enhance personalization through technology, and ensure consistent service delivery across all channels, while advancing the following key initiatives:

- **CRM (Fit-for-Purpose Rollout & Adoption):** Deliver a unified 360° customer view to drive personalization, strengthen cross-functional workflows, and elevate service quality.
- **Chatbot & Social Media Management Tool:** Leverage intelligent automation to handle routine inquiries, streamline digital engagement, and accelerate response times.
- **Digitizing Customer Journeys:** Transform onboarding, lending, card services, and service requests into seamless, end-to-end digital experiences aligned to modern biashara needs.
- **Loyalty Program:** Launch a tiered, behavior driven ecosystem to reward engagement and build long term relationships across retail and biashara segments.

Through these focused initiatives, we are well-positioned to consistently exceed customer expectations and reinforce our position as a leading customer-centric bank.



Operational resilience and cybersecurity

People, process and technology remain the Banks three core pillars to which the cybersecurity strategy is anchored. It is a robust framework that the bank has explored to strengthen compliance and curb fraud. To this end, the bank undertook several initiatives to improve risk management across these pillars in all branches and digital channels. These include;

- Training staff on fraud awareness.
- Regular fraud awareness messaging customers on text and social media platforms.
- Review and improvement of Mobile Banking fraud controls.
- Compliance Reporting App (automated reporting workflows).
- Security Case App (case tracking and investigation audit trail).

These initiatives helped improve traceability, governance, and control visibility. Operational resilience was reinforced through the installation of solar power in critical branches and through upgrading backup power solutions such as AVR's across all branches.

These measures ensured uninterrupted service delivery despite external disruptions. Operations were also improved through embracing the business continuity plan (BCP) for all key operations units.



Procurement, Logistics & Facilities (PL&F)

In 2025, the Procurement, Logistics and Facilities (PL&F) department continued to play a strategic role in enabling the Bank's growth, operational efficiency, and resilience across its network of 96 branches. Aligned with regulatory expectations from the Central Bank of Kenya and global best practices, the department focused on infrastructure expansion, cost optimization, sustainability, and process transformation. This directly supported the Bank's strategy on cost efficiency, customer experience, and digital transformation.

During the year, the Bank expanded its footprint through the opening of one new branch, while also completing multiple strategic relocations and 14 renovations across the network. These initiatives enhanced customer experience, optimized space utilization, and improved overall service delivery. Improved branch environments enhanced customer experience and staff efficiency.

The PL&F department delivered strong financial and operational value, achieving cost savings of KES 176.8 million through strategic sourcing, commercial negotiations, cost avoidance measures, and asset optimization initiatives. Procurement cycle time improved by 27%, while digitization levels reached 60%, with a clear roadmap to 72% by Q1 2026. These advancements significantly improved process efficiency, transparency, and service delivery across the procurement lifecycle.

Digitization and process improvement remained central to the department's transformation agenda, including the rollout of a Facilities Information Management System (FIMS) and enhancements to the Inventory Management System (IMS), improving asset visibility and operational control. The planned implementation of a Procure-to-Pay (P2P) system is expected to further strengthen governance, automation, and data-driven decision-making.

Risk management remained a key priority. Enhanced supplier due diligence and monitoring strengthened operational resilience and mitigated third-party risk. This ensured continuity of critical services and reinforced compliance within a highly regulated environment.

The department also advanced the Bank's sustainability and inclusion agenda, with a strong focus on local sourcing and increased participation of women-owned and small and medium enterprises (WSMEs) within the supplier base. These efforts contributed to broader economic empowerment while strengthening the Bank's supply chain ecosystem.

Operational efficiency was further enhanced through logistics optimization initiatives, improving service delivery and cost management. The team also successfully supported key corporate engagements, including shareholder meetings and investor briefings, while maintaining high service standards across branches and head office through timely request processing, expenditure facilitation, and responsive handling of operational requirements.

All major projects were delivered within approved timelines, demonstrating strong execution discipline, while the department maintained prudent financial management by operating fully within the approved 2025 budget without the need for supplementary funding.

Outlook:

Looking ahead, the PL&F department will continue to build on its transformation journey through the expansion of its current branch network, full rollout of the Procure-to-Pay (P2P) system, further digitization of procurement and facilities processes, scaling of sustainability initiatives, and continued delivery of a robust cost optimization pipeline to support the Bank's strategic objectives.

The Preferred Bank for Biashara.

Legal

Throughout 2025, the Legal and Company Secretariat function remained integral to the Bank's strategic resilience, regulatory compliance and governance excellence. By providing proactive legal guidance and reinforcing a culture of accountability, we helped position the Bank as a trusted, responsible and forward-looking institution in a complex and ever-evolving regulatory environment.

Legal and regulatory developments

In 2025, Kenya's financial sector underwent significant regulatory recalibration, driven largely by the Central Bank of Kenya (CBK). A key milestone was the lifting of the long-standing moratorium on licensing new commercial banks, signaling renewed market confidence and opening the sector to increased competition, consolidation and foreign participation.

ESG Considerations

Environmental, Social and Governance (ESG) considerations gained prominence through the operationalization of the Green Finance Taxonomy and the gradual adoption of global climate disclosure frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) and International Sustainability Standards Board (ISSB).

Anti-Money Laundering and Counter Financing of Terrorism

Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) enforcement was strengthened through legislative updates, including amendments to the Proceeds of Crime and Anti-Money Laundering Act and the Business Laws (Amendment) Act, which introduced stricter penalties and heightened governance expectations.

Consumer Protection & Digital Finance

Consumer protection and digital finance regulation continued to evolve, particularly in enhancing transparency and accountability in digital lending.

The Bank responded proactively by strengthening its compliance architecture to align with these developments. ESG and climate risk considerations were embedded into its credit appraisal processes, governance structures, and disclosures, ensuring alignment with both regulatory expectations and emerging global best practices.

Strengthening Compliance and Legal Oversight

The Bank adopted a structured and forward-looking approach to regulatory compliance, particularly in relation to CBK prudential guidelines, data protection requirements, and sustainability policies.

Compliance with the Data Protection Act was reinforced through enhanced data governance frameworks, including data minimization, lawful processing protocols, and strengthened customer consent mechanisms. In parallel, AML/CFT controls were aligned with Financial Action Task Force (FATF) standards through enhanced Know Your Customer (KYC) procedures, improved transaction monitoring systems, and robust reporting frameworks.

The Legal Department played a central role in operationalizing these requirements by translating regulatory obligations into internal policies and procedures, reviewing and negotiating contracts and ensuring that all documentation reflects applicable standards on disclosure, liability, and data protection. The function also provided ongoing advisory support to business units, enabling compliant structuring of transactions and partnerships.



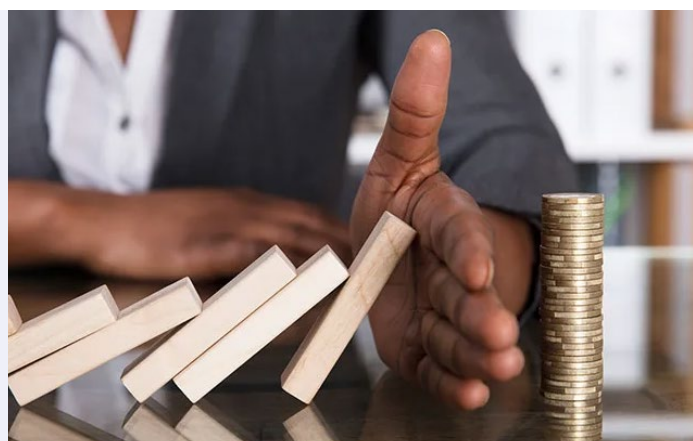
Risks and Mitigation

Key Legal Risk	Description	Mitigation Measures Implemented
Contractual Disputes (SME & Retail Lending)	Risk of disputes arising from unclear terms, defaults, or enforcement challenges in lending agreements.	Strengthened contract drafting and review processes; standardization of legal documentation; inclusion of clear enforcement and recovery clauses; early dispute resolution mechanisms to minimize litigation.
Regulatory Enforcement Risk	Increased scrutiny from regulators due to evolving CBK guidelines and legislative amendments.	Continuous monitoring of regulatory changes; regular policy reviews; internal audits; alignment of operations with CBK prudential guidelines and legal requirements.
AML/CFT Compliance Risk	Exposure to financial crime risks and penalties due to non-compliance with AML/CFT regulations.	Enhanced KYC procedures; improved transaction monitoring systems; alignment with FATF standards; strengthened reporting and governance frameworks.
Data Protection & Privacy Risk	Risk of non-compliance with the Data Protection Act, including misuse or breach of customer data.	<ul style="list-style-type: none"> Implementation of robust data governance frameworks Data minimization and lawful processing protocols Strengthened customer consent mechanisms Review of data-related contracts.
Cybersecurity & Digital Banking Risk	Legal and regulatory exposure arising from increased reliance on digital platforms and fintech partnerships.	<ul style="list-style-type: none"> Review and strengthening of technology and vendor contracts implementation of data protection and cybersecurity clauses alignment with CBK IT risk and digital lending guidelines.
Third-Party & Outsourcing Risk	Risks arising from fintech partnerships and external service providers, including liability and compliance gaps.	<ul style="list-style-type: none"> Negotiation of service level agreements (SLAs) and data processing agreements Clear allocation of liability Due diligence on third-party providers ongoing contract monitoring.
Reputational Risk	Potential damage to the Bank's reputation arising from compliance failures, disputes, or governance lapses	<ul style="list-style-type: none"> Strengthened compliance culture Proactive legal advisory Early risk identification and mitigation Enhanced transparency and stakeholder communication.
ESG & Sustainability Compliance Risk	Risk of non-compliance with emerging ESG regulations and exposure to greenwashing claims.	<ul style="list-style-type: none"> Integration of ESG considerations into lending and governance; Inclusion of ESG covenants in contracts; support for climate-related disclosures; alignment with global standards (TCFD, ISSB).
Consumer Protection Risk	Risk of non-compliance with consumer protection laws, particularly in digital lending and product transparency.	<ul style="list-style-type: none"> Clear and transparent product documentation. Disclosure of pricing and terms. Review of customer agreements. Alignment with evolving consumer protection regulations
Product Compliance Risk	Risk that new financial products may not fully comply with legal and regulatory requirements.	<ul style="list-style-type: none"> Legal review of all new products Regulatory assessments. Drafting of compliant terms and conditions. Ongoing advisory support to product development teams.

Risk Management and Regulatory Readiness

In an environment of heightened regulatory scrutiny, the Legal function adopted a proactive and forward-looking approach to risk management. This included continuous monitoring of regulatory developments from the CBK, Capital Markets Authority (CMA), and industry bodies such as the Kenya Bankers Association.

Regulatory readiness was further strengthened through internal audits, policy reviews, and participation in industry consultations. Standard form contracts and legal templates were regularly updated to reflect emerging risks and regulatory changes, particularly in areas such as digital banking and ESG-linked financing.



Enabling Sustainable Finance and ESG Integration

As ESG considerations became increasingly central to financial sector regulation, the Legal Department played a critical role in ensuring that the Bank's sustainability initiatives remained compliant, credible, and enforceable.

This included embedding environmental and social risk considerations into lending practices, supporting climate-related disclosures, and mitigating legal risks such as greenwashing. Legal oversight extended to the incorporation of ESG clauses and sustainability-linked covenants in financing agreements and partnership contracts, ensuring that commitments are measurable and enforceable.



Supporting Financial Inclusion Responsibly

The Legal function continued to support the Bank's financial inclusion agenda by ensuring that products targeting SMEs, youth and women-led enterprises are underpinned by clear, enforceable and compliant legal frameworks.

This involved ensuring transparency in pricing and contractual terms, structuring robust security and recovery frameworks and balancing accessibility to credit with prudent risk management. These measures enabled the Bank to expand access to financial services while safeguarding its legal and commercial interests.

Enabling Innovation and Product Development

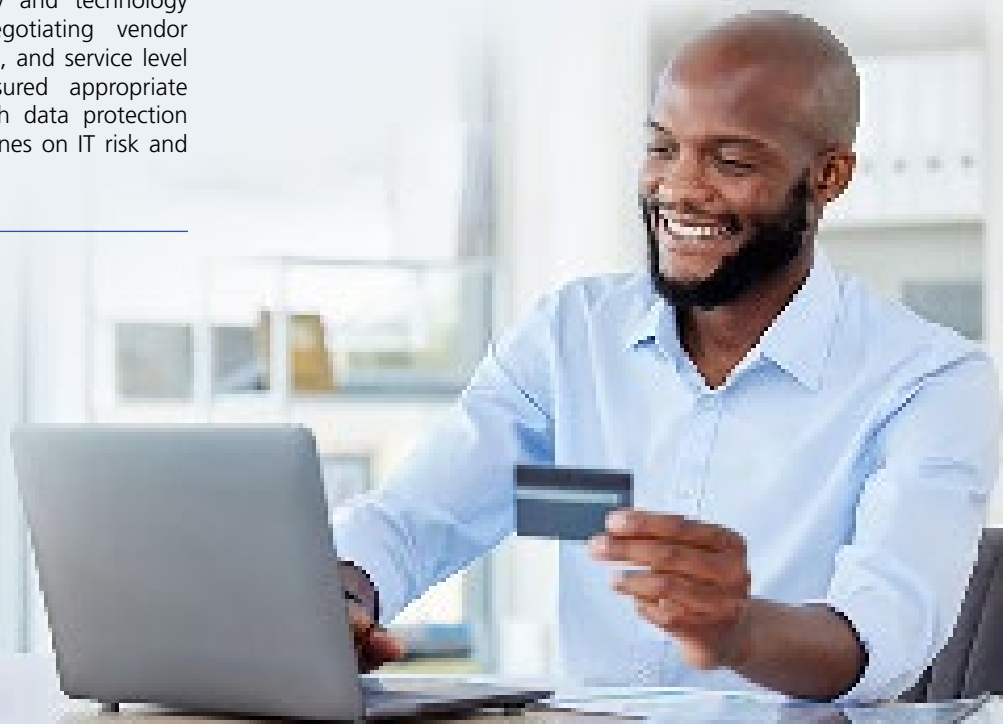
The Legal function played a key enabling role in the development and rollout of new financial products in 2025. Through regulatory assessments and comprehensive review of product documentation, the department ensured compliance with relevant laws and consumer protection frameworks.

This included drafting and reviewing terms and conditions, disclosures and contracts, as well as supporting the structuring of new financial solutions and partnership models. As a result, product innovation was delivered in a manner that is both legally sound and commercially viable.

Managing Legal Risks in Digital Transformation

The rapid expansion of digital banking introduced new legal and regulatory complexities, particularly in cybersecurity, digital lending, and fintech collaborations.

To address these challenges, the Legal Department strengthened oversight of third-party and technology partnerships by reviewing and negotiating vendor contracts, data processing agreements, and service level agreements. These frameworks ensured appropriate allocation of liability, compliance with data protection laws, and alignment with CBK guidelines on IT risk and digital credit.



Promoting Corporate Governance and Ethical Conduct Within the Bank

The Legal and Company Secretariat function has remained central to upholding strong governance and ethical practices across the Bank. The function ensured compliance with CBK corporate governance guidelines, supported board and committee effectiveness, and strengthened transparency in disclosures and stakeholder engagement.

In 2025, our key initiatives included:

1.Regulatory Liaison and Compliance Disclosure

We maintained statutory registers and ensured timely regulatory filings by continuing to act as a key liaison with regulators, ensuring prompt, accurate and transparent disclosures in line with statutory and prudential requirements. This contributed to maintaining stakeholder trust and regulatory confidence.

2.Board and Senior Management Support

In a bid to ensure accurate documentation and implementation of board decisions, we facilitated well-structured Board and Committee meetings, timely circulation of high-quality board papers and maintained accurate minutes and resolutions. By doing this, we enhanced transparency and accountability at the highest levels of decision-making.

3.Strengthening Governance Structures

We supported the Board and its Committees to effectively execute its oversight responsibilities by having timely reviews of Board Charters, Committee terms of reference and governance policies to reflect emerging regulatory and market expansion. This ensured that the Bank's governance frameworks remained aligned with best practices.

4.Director Training and Board Evaluation

In partnership with external governance experts, we coordinated annual Board evaluations and facilitated ongoing director training sessions focused on governance trends, regulatory updates, and ESG oversight, ensuring that our Board remains informed, engaged, and effective.

Through these actions, the Legal and Company Secretarial function has upheld its mandate to embed good governance practices across the Bank, fostering a culture of ethical leadership, institutional accountability, and compliance excellence.

This includes ensuring compliance with Central Bank of Kenya corporate governance guidelines, supporting board and committee effectiveness through advisory and documentation, and upholding transparency in disclosures and stakeholder communication.



In partnership with external governance experts, we coordinated annual Board evaluations and facilitated ongoing director training sessions focused on governance trends, regulatory updates, and ESG oversight,



Outlook

Our focus for 2026 will be on strengthening compliance frameworks, supporting innovation, and embedding ESG considerations into operations. The Bank is well-positioned to navigate emerging risks while sustaining growth and stakeholder trust.

In line with this commitment, our key priorities include;

1. Enhancing Legal Risk Management

We will strengthen legal risk identification and mitigation by embedding legal advisory support earlier in strategic and operational processes. Focus will be placed on product innovation, digital transformation, and ESG-linked initiatives to ensure risks are proactively managed and opportunities are pursued within a robust legal framework.

2. Upholding Governance and Board Effectiveness

The Legal and Company Secretariat function will continue to support the Board in upholding strong governance practices. This includes enhancing board evaluations, facilitating targeted training, supporting succession planning, and continuously refining governance frameworks in line with global best practices.

3. Strengthening ESG Governance and Disclosure

As ESG considerations become increasingly central to financial services, the Legal function will play a more active role in aligning governance structures, reporting frameworks, and contractual practices with emerging standards. This will support credible, transparent, and sustainable growth while mitigating associated legal and reputational risks.

4. Championing Regulatory Compliance and Ethical Culture

We will deepen collaboration with Compliance and Risk functions to stay ahead of regulatory developments, reinforce a strong culture of ethics and integrity, and ensure that policies and procedures remain current, practical, and well understood across the organization.

5. Advancing Digital and Data Governance

In response to the continued growth of digital banking, we will prioritize strengthening legal frameworks governing cybersecurity, data privacy, and third-party risk. This will be achieved through close collaboration with ICT, the Data Protection Office, and operations teams to ensure resilience, compliance, and trust in digital channels.

Through these strategic priorities, the Legal and Company Secretariat function will continue to play a critical role in safeguarding stakeholder trust, strengthening institutional resilience, and enabling long-term value creation. The function remains committed to working closely with internal teams and external stakeholders including regulators, legal experts, and industry bodies to deliver practical, knowledge-driven solutions to the evolving legal and governance landscape.



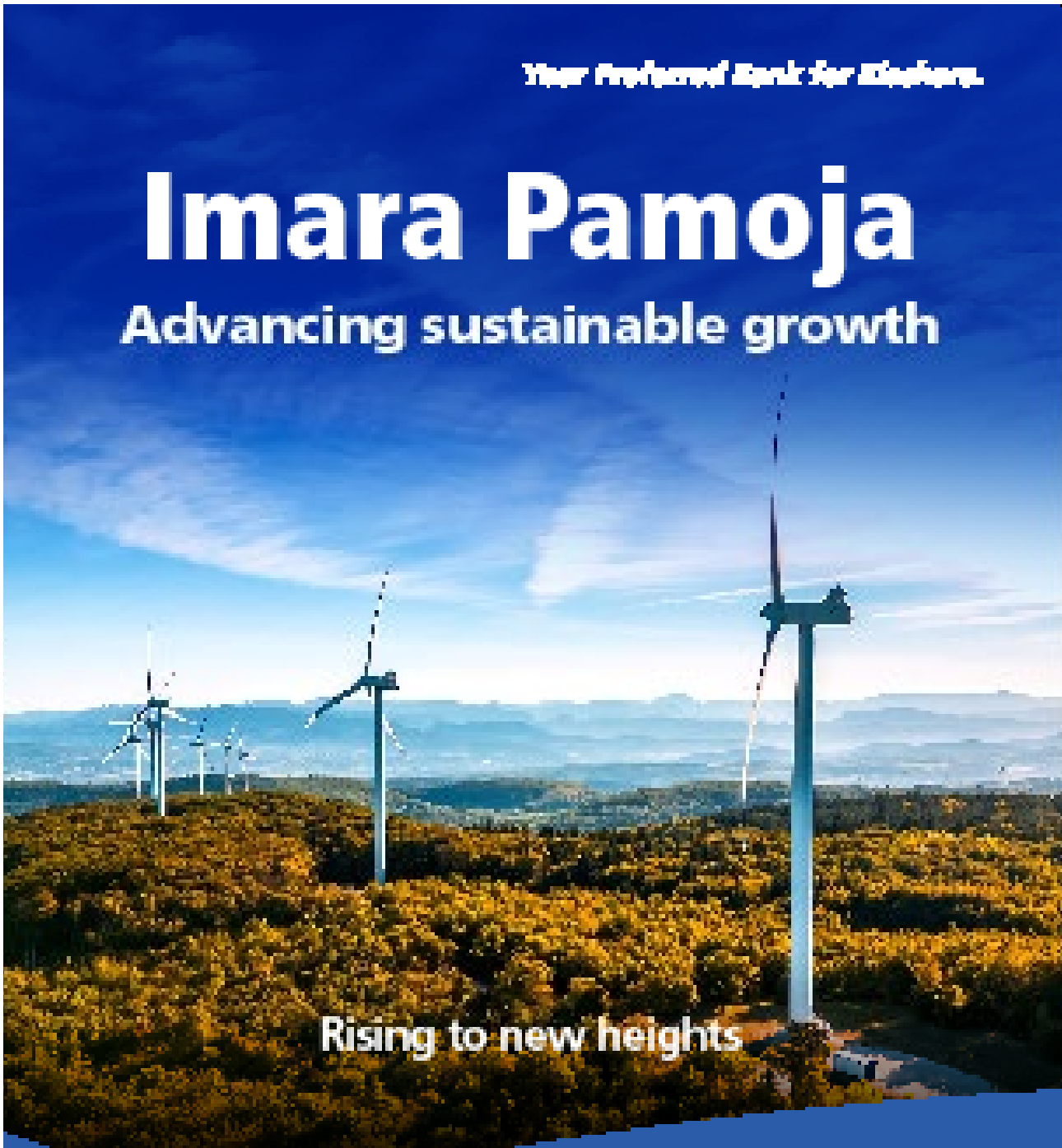
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Your Preferred Bank for Investors.

Imara Pamoja

Advancing sustainable growth



Rising to new heights



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Information Technology

In 2025, Family Bank deepened its commitment to innovation as a key driver of financial inclusion, operational excellence, and customer-centric service delivery. Technology remained the backbone of our growth agenda, enabling us to provide seamless, secure, and accessible financial services to millions of customers.

We elevated technology from a support function to a strategic enabler, helping us create more personalised experiences and build long-term resilience. In a rapidly evolving digital landscape, we also strengthened our cybersecurity posture to protect our systems, safeguard customer data, and reinforce the trust our customers place in us every day.

Advancing Our Digital Transformation Agenda

During the year, we continued with our digital transformation journey, as the bank accelerated its investment in technology to drive inclusive growth, operational resilience, and risk-managed innovation. Our strategic focus remained centered on aligning IT initiatives with business priorities, enabling efficiency, deepening customer engagement, and building scalable capabilities that support long-term shareholder value.

Digital Channel Growth & Inclusion: We enhanced mobile platform and expanded agency banking networks, with a focus on underserved regions. Streamlined digital onboarding and self-service tools have accelerated customer acquisition and boosted convenience. These initiatives resulted in higher transaction volumes, increased market penetration, and improved customer satisfaction.

Operational Efficiency & Resilience: Through process automation and infrastructure modernisation, we reduced operational costs and improved service reliability. Integration of back-end systems enhanced data flow and streamlined operations, enabling uninterrupted 24/7 banking services and positioning the Bank for scalable growth.

Risk & Compliance Technology: We reinforced cybersecurity controls, implemented revenue assurance and fraud detection tools, and ensured full compliance with evolving regulatory requirements. These efforts enhanced digital trust, minimised financial risk, and maintained strong governance – supporting long-term investor confidence and institutional integrity.



Countering Cyber Threats

With increasing cybersecurity threats targeting the financial sector, Family Bank has prioritised enhancing its cyber risk posture and protecting customer data and digital assets. Key milestones include:

- **Zero-trust architecture:** After the completion of scope design, we went live with the identity-centric segmentation of the demilitarised zone (DMZ) and privileged-access vaulting. This ensures users only access what they need, nothing more, nothing less.
- **Always-on monitoring:** Our Security Operations Centre (SOC) now ingests 100% of network and server logs into a Security Information and Event Management (SIEM) system. This has significantly reduced our Mean Time to Detect (MTTD) cyber incidents.

Leveraging New Technologies

The Group continues to leverage emerging technologies, such as Artificial Intelligence (AI), Machine Learning (ML), and cloud computing, to drive smarter banking operations and personalised customer journeys.

System Uptime and Resilience

Ensuring system stability and high availability remains a priority amid growing demand for 24/7 digital banking. Core systems recorded 98% uptime in 2025, an improvement from the previous year, supported by active active data centre mirroring and advanced synthetic monitoring tools. In addition, we successfully reduced online channel outages and introduced a Recovery Time Objective (RTO) for critical services. Introduction of Recovery Time Objectives (RTOs) for critical services minimises service disruptions.

Technology as an Enabler of Financial Inclusion

We continue to leverage technology to enable financial inclusion and support underserved customers, particularly those in rural areas or without access to traditional banking infrastructure. In 2025, we scaled up our massmarket digital accounts, which feature fee-free M-Pesa transfers and USSD access, helping onboard underserved customers in rural areas.

Additionally, 483 new agent outlets were certified, expanding our last-mile reach and providing convenient cash-in and cash-out services.

Compliance with Data Protection Regulations

As regulations on data protection, digital identity, and operational resilience continues to evolve, the IT function has a greater role in ensuring compliance while still enabling innovations.

Our recent highlights include the implementation of a refreshed IT Governance Framework. The Company conducts automated policy checks and quarterly enterprise architecture reviews. All new products undergo Mandatory Data Protection Impact Assessments (DPIAs), and the bank utilises privacy by-design templates to minimise the time to market while ensuring compliance.

Data-Driven Decision-Making

We continue to leverage on data and analytics to support informed decision-making and enhance customer engagement.

These efforts included:

Deployment of Business Intelligence (BI) dashboards.

Data inventory and quality improvement exercises.

Enrichment of critical KYC data elements.

Cross-Functional Collaboration for Transformation

The CIO's office works closely with all departments to align tech projects with business priorities and co-own Key Performance Indicators (KPIs). A collaborative approach with business teams ensures technology is not an isolated function, but a shared enabler of strategic outcomes.

Looking Ahead

In alignment with Family Bank's strategic plan and in response to evolving market demands, regulatory expectations, and emerging opportunities, the bank has identified the following as its top technology priorities for 2026. These initiatives are designed to enhance operational agility, customer experience, cybersecurity, and digital scalability.



Bancassurance Business

In 2025 and over the years, our bancassurance business has continued to register strong growth across key areas, including customer base, gross written premiums, and overall profitability.

This progress has largely been driven by a deliberate shift from being product-driven to more customer-need driven. We are seeing higher uptake when insurance is embedded into everyday banking, like loans, rather than offered as a standalone product.

There is also an increase in customer awareness around health and asset protection, especially in light of recent economic pressures, which informs an increase in insurance uptake.

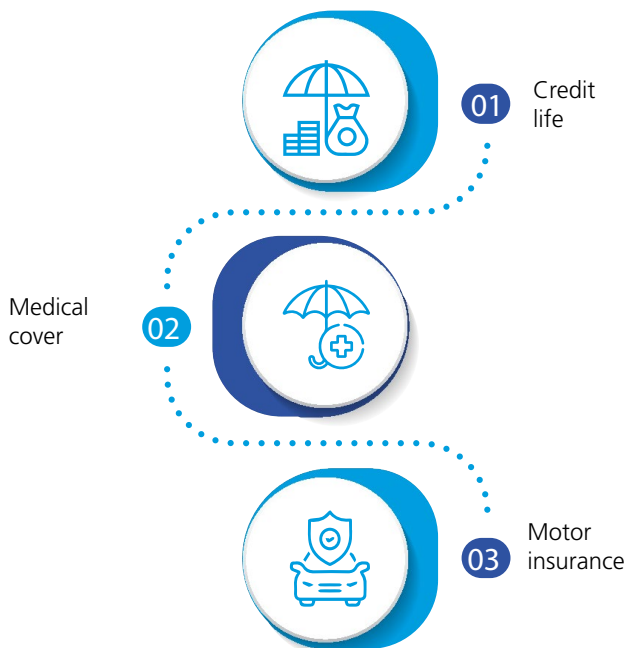
A big part of our strategy was to simplify insurance by making it simple, fast, and seamless. We used our branch network, relationship managers and portfolio owners, and our direct sales agents, as well as digital channels, to educate customers and reach more potential clients. Moreover, we bundled insurance with loans, helping customers experience its value without feeling like it's an extra burden, and most importantly, made it affordable to them.



Key trends driving uptake

During the period under review, we saw a substantial rise in insurance uptake among our customers, especially MSMEs, rural communities, and young people, and it's no coincidence. Real-life challenges are making insurance feel more like a must-have than a nice-to-have.

Most popular insurance solutions



For **MSMEs**, it was more about protecting business continuity, so asset and stock cover were key to them.



The **youth** preferred simple, affordable covers, often digital first, and this is one area, as a bank, we are keen on exploring more.



For **rural customers**, we focused on practical products within the micro insurance offering, including personal accident, micro health and hospital cash, designed for easy understanding, affordability and access.

Driving uptake through digital innovation

In 2025, we took a significant step forward by integrating our insurance services into Pesapap, our mobile banking platform. Now, customers can get a quote, sign up for a policy, make payments, and even submit claims from their phones. It's convenient, fast, and meets people right where they are.

We have also embraced social media as a powerful tool to connect with our customers. By running engaging and relatable campaigns on Facebook, LinkedIn, and WhatsApp, we have not only raised awareness but turned those interactions into real policy sign-ups.

Our continued investment in automation and data analytics has significantly enhanced operational efficiency. We have reduced turnaround times, improved accuracy across key processes, and achieved end-to-end visibility into our insurance operations. With greater access to actionable data, we are making more informed decisions in areas such as underwriting, product development, and cross-selling—ultimately delivering greater value to our clients.

By placing digital tools at the core of our strategy, we are enhancing operational efficiency while creating a more responsive, accessible, and client-centric insurance experience.



We have also embraced social media as a powerful tool to connect with our customers.



Our collaboration with insurance partners

Our success in 2025 has been significantly bolstered by strong partnerships with leading insurance providers across Kenya. Together, we have co-designed fit-for-purpose products that are both affordable and impactful.

A key focus of these collaborations has been simplifying the claims process to ensure transparency and ease, particularly for clients in rural areas who may not be familiar with traditional insurance procedures. Additionally, we have prioritised education and engagement, training bank staff and running joint awareness campaigns to ensure knowledge transfer from insurers to banking teams and, ultimately, to customers. Through clear communication and aligned objectives, we are shaping a more inclusive and customer-centric insurance ecosystem.



Political risk and terrorism cover for our clients

With the rise in political demonstrations and climate-related disasters, insurance is evolving beyond traditional coverage. We have collaborated with established insurers with deep expertise in political risk and terrorism insurance, enabling us to integrate this coverage into our offerings more seamlessly.

For SMEs and corporates, political risk cover is now bundled into standard business insurance policies. For individuals, we provide the option to add riders to personal insurance plans, such as home, vehicle, or travel insurance, extending protection against loss or damage resulting from political violence, sabotage, or riots.

Alongside this, we offer risk advisory services through personalised consultations and simplified brochures, helping clients assess their vulnerabilities and choose appropriate insurance strategies. This advisory-driven approach positions insurance not just as a safeguard, but as a strategic investment in long-term resilience and continuity.



Looking Ahead

Our focus is on scaling through digital channels, our branch enhanced customer interactions and deepening customer insights using data and embedding insurance more seamlessly into banking products.

In addition, we want to increase insurance penetration through the bank by ensuring our insurance offerings are simple, fast and seamless, while continuing to improve customer experience, particularly around claims.

Finally, we are committed to maintaining high standards in disclosure and ethics to build a strong foundation of trust and sustain long-term relationships.



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Imara Pamoja

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with PesaPap Digital**

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Commercial

2025 Commercial Segment Review:

The Commercial Segment serves institutions and corporates across key sectors of the economy, including key among them Financial Institutions, Public Sector and Government entities, Faith-Based Organizations, Non-Governmental Organizations (NGOs), and Education sector. The segment focuses on clients with an annual turnover exceeding KES 200 million, providing tailored financial solutions that support growth, operational efficiency, and long-term sustainability.

In 2025, the segment recorded strong performance, achieving a balance sheet of KES 59.6 billion, driven by robust deposit growth of KES 12.6 billion and loan disbursements of KES 10.5 billion during the year. This growth reflects the Bank's deliberate sector-focused strategy and continued commitment to deepening relationships within its core client base.

During the year, the segment enhanced client engagement through targeted initiatives, including investor forums such as a Fund Managers' cocktail event, as well as training programs and workshops for SACCOs and Faith Based Organizations aimed at strengthening financial management and governance. The Bank also deepened its presence across key sectors through strategic engagements with umbrella bodies such as the Kenya Teachers SACCOs Association (KETSA), the Kenya Conference of Catholic Bishops (KCCB), and the Kenya Private Schools Association (KEPSA), among others. Key achievements during the year included the refinement of sector-based Customer Value Propositions, enabling the Bank to better address the evolving needs of its clients. The segment also enhanced its credit origination processes, improving turnaround times and overall client experience. In addition, the successful rollout of 32 client integrations significantly strengthened collections and payment capabilities, driving operational efficiency for clients while supporting the growth of transaction banking.

Looking ahead to 2026, the Commercial Division will focus on delivering sustainable portfolio growth, deepening client relationships, and maintaining strong risk management practices. Priority areas will include expanding corporate and institutional lending through sector-driven strategies, strengthening transaction banking and non-funded income streams, and accelerating digital transformation to enhance client experience and operational efficiency. At the same time, the Division will maintain disciplined credit underwriting standards and integrate ESG-driven financing principles to support sustainable growth, positioning the Bank as a trusted financial partner to corporate and institutional clients.





Retail and MSME Banking

The year 2025 was characterized by dynamic economic shifts, particularly around fluctuating deposit and interest rates. Navigating this landscape demanded strategic agility and careful balancing.

The rising cost of deposits necessitated corresponding adjustments in lending rates. Nonetheless, the bank remained steadfast in its commitment to providing fair and competitive terms, enabling us not only to retain clients but also to reduce rates for selected existing loans.

Despite the challenging environment, we focused on enhancing relationship management and delivering a superior customer experience, which proved instrumental. We also recognized and celebrated our partners' contributions, reinforcing our collaborative approach to growth and resilience.

Key Drivers of Growth

A key driver of our growth in 2025 was the strategic enhancement of our relationship management model, which became even more critical in a year marked by heightened competition and evolving customer expectations. By intensifying client engagement through targeted activations, personalized interactions, and a strong referral network, we not only deepened existing relationships but also attracted new customers, leading to measurable growth in customer acquisition and credit uptake.

Our focus on service efficiency reinforced this relational approach. At the same time, our improved turnaround times (TAT) on client enquiries proved instrumental in an environment where speed and responsiveness largely influence financial decisions. Faster responses translated into quicker access to credit and greater customer satisfaction, further strengthening trust and loyalty across our retail segment.

On the deposit side, we adopted a sector-focused approach, prioritizing high-volume, stable segments such as education, healthcare, and institutional collection accounts. This strategy, alongside our tailored offering for high-net-worth individuals (HNWIs) and the ongoing onboarding of clients onto digital platforms, played a vital role in driving growth in CASA (Current and Savings Account) deposits.

Market Adaptability

During the period under review, our customers faced a high cost of living and increased tax pressures that eroded disposable incomes. In response, we implemented responsive strategies to support our clients. These included revising interest rates and restructuring personal banking loans for employed clients.

We extended repayment tenures, ranging from two additional months to as much as 20 months, depending on individual needs. In some cases, loan durations were extended from 84 to 94 months, demonstrating our commitment to financial flexibility.

Banking the Unbanked and Underserved

With a network of over 95 branches and an extensive agency presence, Family Bank ensures nationwide access to banking services, even in areas where we lack a physical footprint.

Every new customer is onboarded onto our digital platforms, granting them access to mobile and internet banking aligned to their product suite. This digital-first approach minimizes the need for branch visits and enhances convenience.

In 2022, we launched a dedicated women's proposition that addresses both financial and non-financial needs. This offering has become even more relevant in today's environment, where women are increasingly pivotal in driving economic growth, whether as entrepreneurs, professionals, or contributors to household resilience.

Our proposition goes beyond traditional banking by providing holistic support, including networking opportunities, capacity-building training, and webinars focused on life skills and well-being. It is anchored on four key pillars: fostering connections through networking, offering insurance for financial protection, providing access to tailored financial solutions, and empowering women through continuous learning and development.

By addressing women's unique challenges, we have positioned ourselves as a trusted partner in their financial journeys, supporting their ambitions while advancing inclusive growth.

In 2025, our primary proposition included women in agriculture, business, professional services, the diaspora, and contracting. Through strong partnerships and adaptable financial solutions, we are actively driving financial inclusion for women.

Digitization for Growth

Retail banking thrives on delivering consistent, high-quality customer service, and in today's fast-evolving environment, this is more critical than ever. With rising customer expectations, increasing digital adoption, and a diverse client base, a one-size-fits-all approach is no longer viable. Given the breadth of our customer segments, assigning a dedicated relationship manager to every client is also impractical.

To meet this challenge while maintaining service excellence, we have implemented a robust segmentation strategy. Our customers are served based on distinct profiles, including high-net-worth individuals (HNWIs), middle-income clients, and the mass market. Similarly, our MSME clients are categorized into micro, small, and medium enterprises. This allows us to tailor solutions and service models that match each segment's needs and financial behaviors.

High-value clients benefit from personalized relationship management, ensuring bespoke financial solutions and close engagement. For the broader base, we leverage our digital platforms to deliver efficient, accessible, and consistent service at scale. Every client is onboarded onto a digital channel at the point of account opening, enabling seamless transactions, self-service options, and real-time access to our services.

To bridge digital access with personal touchpoints, each staff member is assigned a specific client portfolio based on our segmentation model. This hybrid approach ensures that while we scale through digital platforms, we continue to offer personalized attention where it matters most, strengthening relationships, deepening trust, and driving long-term loyalty.



High-value clients benefit from personalized relationship management

Key Innovations Across Our Channels

In 2025, we launched several innovative products and channel enhancements designed to attract and retain customers. One standout initiative was our micro-lending launch, which introduced a current account with no ledger fees, an evolution from the traditional ledger-based model. This “pay-as-you-go” account structure offers flexible monthly charges based on actual usage, including a cheque book and multiple free transactions.

We also enhanced our women’s banking proposition and introduced longer tenures and more favorable terms for personal banking loans.

In personal banking, we also expanded into asset finance, improving our scope in terms of coverage, offering flexible rates, and providing flexible durations. This particularly includes specialized equipment financing. Ultimately, customer experience is a top priority for us.

Customer experience remains a top strategic priority and is embedded in our performance frameworks, including every employee’s Balanced Scorecard (BSC).

Furthermore, we measure the transaction time for mobile banking users through our pneumatic system. This allows us to assess the efficiency of our tellers and service partners in delivering services at the branches. We have CX (Customer Experience) targets and measurements at the individual staff, branch, and head of unit levels. This ensures accountability and focus on improving customer experience.

Promoting Financial Literacy and responsible borrowing

Financial literacy is central to our retail strategy. We conduct regular webinars, training sessions, and in-branch financial education activities, tailored to the customer segment. For example, trade clients are invited to investment-focused sessions by industry experts. This approach ensures content relevance and deeper engagement.

Our staff receive daily training to serve customers better and capture insights from interactions. Group financial education sessions are also organized at the branch level, with participant compensation where applicable, for instance, when engaging women in agriculture through local cooperatives or farmers’ groups.

Looking Ahead to 2026

Our 2026 priorities are anchored in driving digital growth, deepening customer loyalty, and strengthening Customer Value Propositions (CVPs). The 2025–2029 Strategic plan positions Family Bank as the financial partner of choice for ‘biashara’ (business).

We are enhancing underleveraged CVPs such as our youth and children’s propositions, recognizing the need to engage digital-native generations from an early age. Our youth-focused strategy includes tailored solutions for young investors and entrepreneurs.

We also have an expansion strategy to increase our footprint across the country, recognizing the need for broader accessibility and customized product offerings to support inclusive growth across Kenya’s retail economy.





Case Study

How Synergetic Development Group Scaled with the Right Financial Partner

Seventeen years ago, Synergetic Development Group began as a father-and-son idea that has gradually grown from a two-person operation into a regional player.

Today, the company employs more than 200 people across Kenya and several markets in Sub-Saharan Africa. According to Group CEO Steven Kiarie, the business began as a family-led venture built on both technical expertise and a shared dream.

“We started off as an engineering consultancy and project management firm, and over time, we’ve evolved into a fully-fledged development organization,” he says. What makes the journey particularly notable is that despite its scale today, the business has retained its family roots. In fact, the company’s first three employees — Kiarie, his father, and their receptionist are all still part of the organization today.

Over the years, Synergetic has grown from a consultancy into an end-to-end project delivery firm, managing everything from feasibility studies and financing to construction, operations, and decommissioning. In simple terms, the company removes the complexity clients often face.

“When you decide to build, you don’t have to coordinate 10 different people; you just call Synergetic, and we’ll handle the entire process for you,” Kiarie says.

In its early years, the company grew mainly through personal effort and word-of-mouth, without any formal marketing. However, as projects got bigger and more complex, relying on organic growth alone wasn’t enough. Around 2016 - 2017, Synergetic started getting offers for bigger, end-to-end projects, marking a significant shift in its trajectory. This transition also exposed a critical need for structured financial support.

“We realized we needed stronger financing to be able to deliver on these projects,” Kiarie notes.

During this phase, Synergetic partnered with Family Bank Kenya for a residential development project, as traditional financing couldn’t fully meet the company’s needs. Kiarie recalls what set Family Bank apart, as it was willing to engage deeply with the business.

“They were able to come visit us, understand what our needs were and tailor-make a solution that allowed us to deliver that project successfully,” he says.

As Synergetic grew and took on more complex projects, it

needed tailored financial solutions, which, Kiarie says, the bank delivered by going beyond standard offerings. “It’s not just what’s on the brochure; they go beyond that to actually find a solution that works for us,” he says.

The bank’s support from trade and asset financing to performance bonds and letters of credit has allowed Synergetic to take on bigger and more complex projects. The importance of this support became clearer during challenging market conditions. The COVID-19 pandemic and the economic slowdown slowed new projects, leaving Synergetic in a long period of uncertainty. Kiarie explains that maintaining stability during such times is essential for sustaining client trust and business continuity.

“Without stability, it’s very difficult to onboard clients. No one wants to put their projects in the hands of a business they deem unstable,” he says.

He adds that access to working capital and structured financing helped the company keep operating and explore new opportunities even during slow market periods. This stability has supported Synergetic’s regional expansion, with projects now executed in over 15 countries.

Beyond financing, Kiarie highlights the importance of having a banking partner that understands the business and remains accessible, particularly during critical moments. He says regular discussions with the bank to plan ahead and identify support opportunities are a key strength of the partnership.

Reflecting on the journey so far, Kiarie expresses confidence in the future of the collaboration. “I truly believe the better days between us and Family Bank are still ahead,” he says.

From a two-man family operation to a regional player, Synergetic Development Group’s journey shows what is possible when vision, resilience and the right partnership come together.



MSME

Education Sector Impact

Family Bank continues to play a transformative role in advancing access to quality education by providing tailored financial solutions, supporting institutional growth, and partnering with key stakeholders across the education ecosystem.

In 2025, the Bank strengthened its engagement with education institutions by offering customized financing solutions designed to address the unique needs of schools, colleges, and related service providers under our Inua Shule loan Facility. Through these interventions, Family Bank enabled institutions to invest in critical infrastructure, including classrooms, student accommodation, transport, and digital learning facilities—directly enhancing the quality of education delivery.

The Bank also deepened its support for education stakeholders through strategic partnerships with Kenya Private schools owners Association and education sector engagement initiatives. By working closely with school owners, education managers, and affiliated service providers, Family Bank facilitated access to affordable credit, empowering institutions to expand operations, improve learning environments, and increase student capacity.

In addition, the Bank's education-focused financing solutions have contributed to improved access and affordability for learners. By supporting schools with working capital and asset financing, institutions have been better positioned to maintain operational stability, manage cash flow cycles, and deliver uninterrupted learning. This has had a direct positive impact on students and communities, particularly in underserved areas.

Through these targeted interventions, Family Bank continues to drive meaningful impact within the education sector—promoting inclusive growth, enhancing institutional resilience, and supporting the development of future generations.

Water and Sanitation Sector Impact - WASH

Family Bank remains committed to supporting the growth and sustainability of the water and sanitation sector, recognizing its critical role in public health, environmental protection, and socio-economic development. In 2025, the Bank actively participated in and supported key sector initiatives, reinforcing its position as a strategic financial partner and strengthening sector partnerships within the ecosystem.

During the period under review, the Bank sponsored and participated in the Kenya Water & Sanitation International Conference & Exhibition 2025, held from 16th to 20th June 2025 in Mombasa. This premier industry event brought together stakeholders from across the region, including water service providers, regulators, development partners, and private sector players.

This engagement provided a high-impact platform to influence sector dialogue, position the Bank as a financing partner of choice, and expand our pipeline of water sector clients. Through strategic engagements at the conference, the Bank deepened relationships with water service providers and sector stakeholders, unlocking opportunities for sustainable infrastructure financing and service delivery improvements.

In addition, the Bank sponsored the 2025 Water Companies Sports Organization (WASCO) Games held in Kisii County and hosted by Kisii Water and Sanitation Company Ltd. This initiative provided an opportunity to strengthen relationships with water sector stakeholders in an informal setting, promote teamwork and wellness, and enhance the Bank's visibility within the sector. Our involvement underscored our commitment to not only financial support but also community and stakeholder engagement.

In line with our commitment to delivering measurable impact, Family Bank collaborated with water sector partners to implement practical solutions that address real community needs. A key milestone was the signing of a partnership with Jumbo Quality Products Ltd, the manufacturer of POA TANKS to finance purchase of water tanks under our Maji Plus Loan. This initiative has enabled customers to access affordable water storage solutions, improving water availability at the household and enterprise level. As a result, communities are experiencing enhanced water security, reduced vulnerability to supply disruptions, and improved sanitation outcomes.

Through the Maji Plus Loan facility and strategic partnerships with water and sanitation sector players, Family Bank continues to create meaningful impact by:

- Enhancing access to clean and safe water
- Supporting sanitation infrastructure development
- Empowering entrepreneurs and service providers within the sector
- Contributing to improved public health outcomes in the communities we serve

Through these initiatives, the Bank has not only expanded its footprint within the water and sanitation sector but also contributed to tangible social and economic impact. By bridging financing gaps and supporting innovative solutions, Family Bank continues to empower communities, strengthen resilience, and drive sustainable development in the regions we operate.



Case Study

Family Bank Powers Gemsoo Limited into a Thriving Business

When Lydia Muthoni Wanjiku entered the recycling business, she had the vision but lacked the money to bring it to life.

She was determined to build something for herself in the scrap metal industry, but, like many SMEs, she lacked the capital to kick-start her business. Steadfast in her dream, Lydiah went to Family Bank and shared her ambitions with them.

“When I started this business, I didn’t have any money. I approached Family Bank, and they gave me a loan of Kshs 100,000, which pushed me through,” she recalls.

That loan began what is now a 21-year relationship between Lydiah and Family Bank. She is the CEO of Gemsoo Limited which collects, recycles, and sells scrap metal.

Over the years, her company has grown, and so have her ambitions, which Family Bank supports with loan facilities. The bank helped her to buy her first lorry to cover her transportation needs. She bought two more with loans from the bank which she is currently repaying.

One of the biggest challenges she often faces is frequent late payments from clients, which often leads to cash flow shortages and means she can’t pay her workers on time. However, during this time, Family Bank continues to stand by Lydiah, providing loans to pay her workers and cover operating costs.

“My relationship with Family Bank has been great; they have been supportive, from the managers to the tellers who have been friendly over the years,” says Lydiah.

As she now embarks on her next mission of becoming a miller, Lydiah is confident that Family Bank will continue to support her for many more decades to come.



“When I started this business, I didn’t have any money. I approached Family Bank, and they gave me a loan of Kshs 100,000, which pushed me through,” she recalls.



DFS Digitization Highlights 2025 & 2026 Strategic Outlook – An Investors Perspective.

Executive Summary

In 2025, our Digital Financial Services (DFS) division demonstrated robust performance, achieving 98.5% of its revenue targets and solidifying its position as a leader in digital innovation. We delivered substantial revenue growth, primarily driven by our dominant mobile channel, while strategically diversifying digital revenue streams through advancements in cards, internet banking, and agency networks. Our strategy has shifted from 'digital options' to 'digital everything,' embedding customer-centric innovation and smart automation across all operations to lay a strong foundation for accelerated, scalable growth in 2026 and beyond.

1. Resilient Performance and Strategic Revenue Diversification

The DFS division recorded KES 1.77 billion in total revenue during 2025. The mobile channel remained the cornerstone of our strategy, delivering 102.6% of its target and contributing KES 1.30 billion, which equates to approximately 73% of total DFS revenue. This performance underscores the effectiveness of our mobile-first approach in a dynamic market. Significant strides were also made in diversifying revenue streams, with Cards (Debit, Credit & Virtual) contributing KES 124.5 million (7%), Internet Banking & Online Channels generating KES 94.8 million (5.5%), and Agency Banking accounting for KES 86.5 million (5%).

2. Transformative Digitization and Platform Enhancements

Strategic investments in technology and infrastructure have yielded significant operational and customer experience improvements. We have deployed advanced data-driven systems to enhance our understanding of customer behaviour, enabling more personalized service delivery. Furthermore, the implementation of robotic process automation (RPA) has streamlined routine tasks, allowing our human capital to focus on high-value interactions and strategic initiatives.

Innovation remains at the heart of our platform enhancements. The launch of Digital Customer Onboarding, featuring OCR and Liveness Checks, has significantly improved security and regulatory compliance. We have also expanded our non-interest income streams by integrating insurance products into the mobile platform and increasing our remote cheque scanners to accelerate collections and cash management.

3. Strategic Partnerships and Ecosystem Development

Our commitment to fostering strategic alliances is central to our long-term growth strategy. We have established a key acquiring partnership with Victoria Commercial Bank (VCB) to expand our merchant services footprint and achieved seamless digital integration with Kenya Power (KPLC) for bill payments. Additionally, our partnership with Tracom Limited has facilitated the deployment of advanced Android devices, modernizing our payment acceptance infrastructure.

We are actively engaging with the broader fintech ecosystem, having assessed over 25 startups under our DFS incubation framework. This proactive engagement strengthens our innovation pipeline across Agency Banking, Payments, and Digital Lending value chains, ensuring we remain at the forefront of industry developments.

4. 2026 Strategic Focus: Accelerating Growth & Scalability

For 2026, our strategic focus transitions toward aggressively scaling channels performance through targeted technological and product initiatives. We are prioritizing the modernization of our core platforms and the expansion of our digital ecosystem to ensure long-term competitiveness and sustained market leadership.

Core Platform & Service Revamp

A primary objective is the Pesapap Revamp, which involves a comprehensive transition to a Microservices architecture. This initiative is designed to significantly enhance scalability, resilience, and overall performance of Our mobile channel. Concurrently, we will be launching a new Internet Banking Omni-Channel Platform, which will bring an enhanced internet and mobile banking experience. This strategic rollout aims to address customer feedback for an enhanced and smooth internet banking experience with a modern functionalities, look and feel and provides a seamless, unified customer journey across all digital touch points. Furthermore, to bolster our cross-border payment capabilities and capture a larger share of the remittance market, we are implementing new Remittance Technology.

Ecosystem Expansion & New Product Verticals

We are aggressively modernizing our physical infrastructure through a comprehensive Android Terminal Rollout, systematically phasing out legacy devices for both agents and merchants. This upgrade will significantly enhance the efficiency and security of our payment acceptance infrastructure. To capture new, high-growth market segments, we are implementing a Youth Digital Wallet, designed to cater to the unique financial needs of the younger demographic. Additionally, we are launching Retailer Financing and Invoice Discounting as part of our broader SME-focused solutions. These initiatives, combined with our ongoing work on E-commerce applications and the innovative “Tills As a Service” for Saccos, are strategically positioned to capitalize on the rapidly expanding digital commerce market and deepen our penetration into key economic sectors.

By transforming our digital infrastructure into a scalable ecosystem, we are not just keeping pace with the market - we are defining its future.

Our commitment to “digital everything” ensures that every innovation today builds the foundation for unparalleled shareholder value and market leadership tomorrow.



Risk Management

Our approach to risk management

Family Bank recognises that an effective risk management framework is crucial to achieving sustainable growth, operational resilience, and regulatory compliance. The bank's risk management approach is integrated into strategic decision-making, ensuring that risks are proactively identified, assessed, mitigated, and monitored to safeguard the interests of customers, shareholders, employees, and regulators.

Operating in a complex and dynamic environment characterised by macroeconomic volatility, evolving regulatory requirements, digital transformation, climate change risks, and emerging cybersecurity threats, the Bank has established a robust Enterprise Risk Management (ERM) Framework. This framework is anchored on global best practices and regulatory requirements set by the Central Bank of Kenya to navigate these challenges effectively.

In 2025, the Bank conducted a comprehensive training program for its Board and Senior Management, covering key areas including cybersecurity, data protection, Strengthening ESG Governance, Strategy and oversight, artificial intelligence, and anti-money laundering (AML).

The bank fosters a strong risk culture, ensuring that risk management is embedded across all levels of the organization. This culture promotes accountability, transparency, and ethical conduct, making risk management not just a compliance function but a strategic enabler of value creation and financial stability.

Risk Governance

The Board of Directors has the overall responsibility for risk oversight and ensures that risk management aligns with the bank's strategic objectives, regulatory requirements, and market dynamics. The Board, through the Board Risk Management Compliance Committee (BRMC), provides guidance on the bank's risk appetite, key risk exposures, and strategic risk response plans.

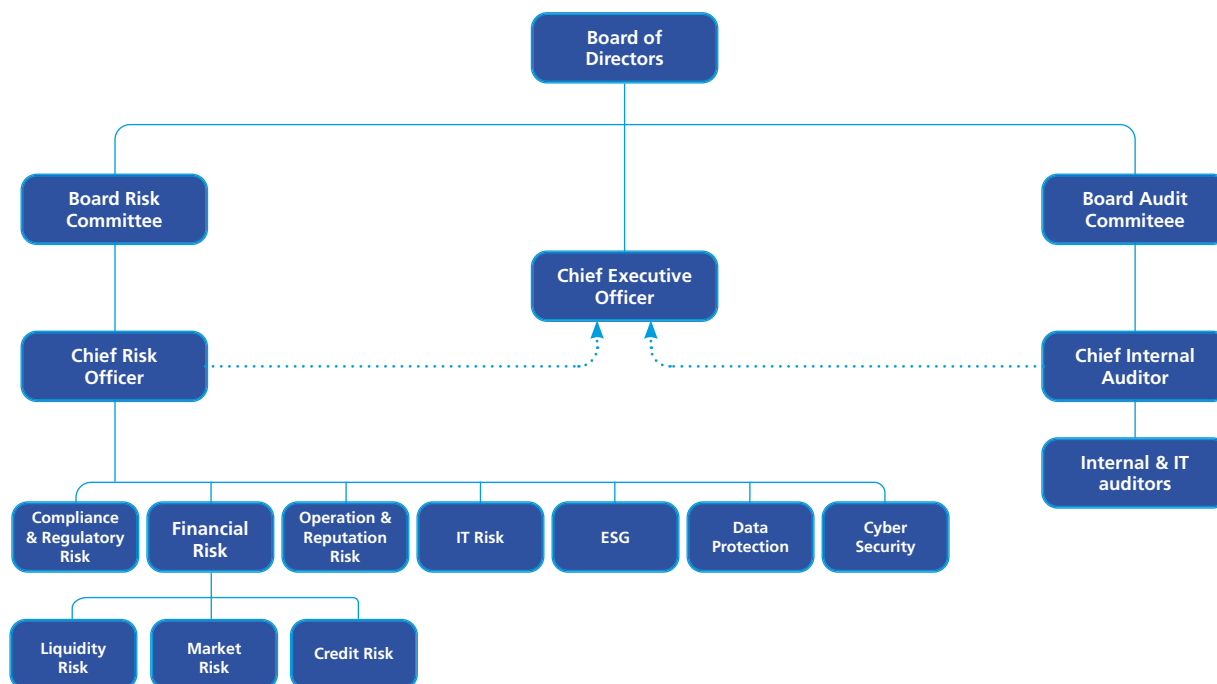
Key Responsibilities of the Board Risk Management and Compliance Committee:

- The overall objective of the Committee is to ensure quality, integrity and reliability of the Bank's Enterprise Risk Management Framework.
- Assist the Board of Directors in the discharge of its duties relating to the corporate accountability, management of risks, assurance and reporting.
- Review and assess the integrity of the risk control systems and ensure that the risk policies and strategies are effectively managed.
- Set out the nature, responsibility and authority of the risk management function as well as outline the scope of the risk management in the Bank.
- Monitor external developments relating to the practice of corporate accountability and the reporting of associated risks, including emerging and prospective impact.
- Provide independent oversight and review of the information presented by Management on Bank's accountability and specifically associated risks.
- Take into account risk concerns raised through Board Audit Committee, Assets and Liability Committee meetings on financial, business and strategic risks.



The Chief Risk Officer (CRO) is responsible for coordinating implementation of the Risk Management framework that enables the Bank to proactively identify, analyse, respond to, monitor and mitigate the key risks to the realisation of business strategic objectives as well as ensuring total compliance to regulatory and operational requirements at all times.

The diagram below shows the Bank's Risk management structure.



The Three Lines of Defence

Accountability and transparency are paramount for sustainable risk governance. The bank's risk and control structure is built upon the three lines of defense model, which clearly defines management responsibilities for risk management and the control environment. This model promotes collaboration and efficient coordination of risk and control activities, enabling proactive identification, assessment, and response to both known and emerging risks. Crucially, a strong and pervasive risk culture, where all employees understand and actively participate in risk management, is essential for effective risk mitigation. The Bank is committed to cultivating a risk culture that fosters transparency and accountability in all daily operations.

2ND LINE

Business Units

Largely includes business units that are directly in contact with customers and those that process customer transactions. Its role is to:

- Identify and manage risks within daily operations.
- Ensure adherence to approved risk appetite and policies.
- Implement key controls to mitigate operational and credit risks.

1ST LINE

Risk & Compliance

- Monitor and oversee risk exposures across the bank. Develop risk frameworks, policies, and guidelines to ensure effective risk management. Provide independent risk assessments and advice.
- Include units such as risk and compliance, as well as back-office operations that monitor transactions and perform reconciliation. Financial controls and other units monitor transactions daily to ensure that risks do not crystallise.

Internal Audit

- Conduct independent evaluations and assurance reviews.
- Assess the effectiveness of risk management and governance controls.
- Report findings to the Board and Executive Management.
- Include internal audits, external audits, and regulatory oversight bodies, such as the CBK.

3RD LINE

Risk Appetite Framework

The bank has established a comprehensive Risk Appetite Framework that defines its tolerance thresholds for both financial and non-financial risks. This framework is articulated in both quantitative and qualitative terms and is applied consistently across all business operations.

To ensure its relevance and effectiveness, the Risk Appetite Framework undergoes regular review and approval by the Board, aligning it with the bank's strategic objectives, customer needs, evolving operating environment, capital adequacy, and regulatory requirements.

The framework is embedded in the formulation and execution of business strategies, ensuring that all current and future initiatives remain within the approved risk tolerance levels. Performance against risk appetite is continuously monitored and reported to both Management and the Board, with Key Risk Indicators (KRIs) providing insights into potential breaches. This enables timely intervention, proactive risk mitigation, and informed decision-making to safeguard the bank's financial stability and long-term sustainability.

Top and emerging risks

Market Risk

Market risk arises from changes in financial market variables, including interest rates, foreign exchange (FX) rates, credit spreads, and asset price volatilities. These fluctuations can significantly impact the bank's trading and non-trading portfolios, interest income, and overall financial performance.

In 2025, the introduction of the Finance Bill 2024, which proposed various tax reforms, led to widespread public protests, and last year, there was protest to commemorate the previous year's demonstrations. These demonstrations highlighted societal concerns over increased taxation and its potential impact on the cost of living. Last year, the Central Bank of Kenya implemented monetary tightening measures. These actions aimed at stabilising prices but also resulted in elevated interest rates, affecting borrowing costs and the valuation of fixed-income securities. As the year ended, inflation moderated within the government target range and opened the door for quantitative easing measures.

The bank employs a structured approach to managing market risks, ensuring that its financial position remains stable despite fluctuations in interest rates, foreign exchange (FX) rates, and financial market conditions. The bank utilizes Value-at-Risk (VaR) models and sensitivity analysis to estimate potential losses under both normal and extreme market conditions, allowing for proactive risk mitigation.

Interest rate risk exposure is closely monitored across assets and liabilities, ensuring alignment with monetary policy changes and market dynamics to protect net interest margins. To manage foreign exchange (FX) risk, the bank applies currency hedging strategies, trading position limits, and stress testing to minimize the impact of exchange rate fluctuations. Additionally, regular market stress tests and scenario analyses are conducted to assess the bank's resilience against economic downturns, inflationary pressures, and currency depreciation risks.

The Asset-Liability Management Committee (ALCO) plays a central role in overseeing market risk, setting risk limits, reviewing exposures, and ensuring compliance with regulatory requirements. Through these strategies, the bank maintains a well-balanced risk profile, safeguarding its financial health and sustaining long-term profitability.

Liquidity Risk

Liquidity risk refers to the risk of the bank being unable to meet its financial obligations when they fall due, without incurring excessive costs. It encompasses both funding liquidity risk (inability to raise funds) and market liquidity risk (difficulty in liquidating assets at fair market value).

The bank's primary source of funding comes from customer current and savings deposits, which are payable on demand. To supplement this funding, the bank has issued a local currency bond and borrows from development financial institutions on a long-term basis.

Family Bank employs a comprehensive liquidity risk management framework to ensure that it can meet its financial obligations under both normal and stressed conditions. The bank maintains diversified funding sources, including retail and corporate deposits, and long-term borrowings, reducing reliance on a single liquidity provider.

To assess its resilience against potential liquidity shocks, the bank conducts regular liquidity stress tests, simulating extreme funding outflows and evaluating the adequacy of its liquidity buffers. Additionally, strict compliance with Basel III liquidity standards, such as the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), ensures that the bank maintains sufficient high-quality liquid assets. In preparation for unexpected liquidity shortfalls, a Contingency Funding Plan (CFP) is in place, providing access to emergency liquidity facilities, including the CBK lender-of-last-resort mechanisms.

Oversight of liquidity risk is led by the Asset and Liability Management Committee (ALCO), which regularly reviews funding strategies, monitors cash flow projections, and ensures alignment with market conditions. Through these proactive measures, the bank maintains a robust liquidity position, financial stability, and the ability to support customer transactions and business operations seamlessly.

Strategic Risk

Strategic risk is the risk of loss or negative impact on the bank's objectives, reputation, or financial condition arising from unsuccessful or inappropriate business decisions, improper implementation of those decisions, or from inadequate or failed internal controls and corporate governance.

Strategic risk drivers arise from numerous sources. Case in point, regulatory changes, including new banking regulations,

tax policies, and capital requirements, can impact profitability, while market disruptions driven by competition from fintech firms, digital banks, and non-traditional financial service providers pose additional challenges. Furthermore, the failure to adopt emerging technologies may reduce competitiveness, and macroeconomic shocks such as economic downturns, inflation, and fiscal constraints can significantly affect customer spending and lending activity.

The Board Strategy Committee conducts quarterly reviews of business performance, market trends, and strategic initiatives to ensure alignment with the bank's long-term objectives. To proactively manage uncertainties, the bank employs scenario planning and stress testing to assess the impact of regulatory, economic, and technological changes on its strategic goals. Recognizing the importance of digital innovation, the bank continues to invest in digital transformation, analytics capabilities, and fintech collaborations to enhance its competitive edge. Additionally, a customer-centric business model remains a priority, with a strong focus on improving customer experience, driving product innovation, optimizing operational efficiency and ultimately becoming the Preferred Bank for Biashara.

Country Risk and Transfer risk

This refers to the economic, social, and political conditions and events in a foreign country that may adversely affect a financial institution's operations. In the financial year 2025, the Bank did not have any foreign operations or syndications and therefore had no exposure to country and transfer risk.

Credit Risk Management

Credit risk is the current or prospective risk to earnings and capital arising from an obligor's failure to meet the terms of any contract with the bank or if an obligor otherwise fails to perform as agreed

The bank utilises a comprehensive approach to identify, measure, monitor, and control credit risk exposures as a part of credit risk management. The comprehensive techniques employed by the bank for managing credit risk are aligned with best practices in credit risk management.

The Credit Risk Management function is the second line of defence responsible for independent challenge, monitoring and oversight of the Credit Risk management practices of the first line of defence and ensuring compliance with credit policies and standards.

a. Board Oversight: Board oversight through regular Board Audit and Board Risk Committee meetings ensures that the Board is informed about credit risk exposures and can provide strategic guidance on risk management practices. The Board approves the credit policies, which are examined and updated regularly, according to changes in the financial markets and in the economy.

b. Credit Risk Appetite and Key Indicators: The bank manages its credit exposures following the principle of diversification across products, business segments and industry sectors. The bank has established a clear credit risk appetite and monitoring key credit risk indicators helps the Bank assess its risk tolerance and proactively manage credit risk exposures.

c. Lending Limits: Setting lending limits for different levels of management helps ensure that credit exposures are managed within approved thresholds and in line with the Bank's risk appetite.

d. Credit Policy and Procedures: A well-defined lending policy and documented procedures provides guidelines for assessing creditworthiness, setting credit terms, lending limits and managing credit risk consistently and systematically.

e. Credit Concentration Risk Policy: A documented policy on credit concentration to help the bank manage exposure to specific borrowers, industries, or geographic regions, reducing the risk of significant losses from concentrated exposures.

f. Regular Training: Providing ongoing training to staff on credit risk management practices and procedures to enhance their understanding of credit risk and ensures compliance with established policies and standards

g. Credit Risk Reporting: Regular reporting on credit risk exposures, metrics, and trends enables senior management and the board to make informed decisions and monitor the effectiveness of credit risk management practices

h. Collateralisation and Credit Insurance: Collateralising loans and using credit insurance are risk mitigation techniques that help reduce the impact of credit risk on the bank's financial performance by providing additional security against potential defaults.

i. Stress Testing and Scenario Analysis: Conducting stress tests and scenario analysis to help the bank assess the potential impact of adverse economic conditions on the credit portfolio and develop contingency plans to manage credit risk effectively.

j. Problematic debts management and provisioning framework: The policy outlines the procedures that the bank follows in managing problem debts as well as classifications and provisioning guidelines. The customers identified as problematic are included in the bank's watch list, and the customers that require re-classification and allowance for credit losses are identified for close monitoring and are discussed on a weekly basis in the Early Arrears Committee and in certain cases the customers are transferred to the debt management unit for specialised monitoring and collections.

The combination of these techniques demonstrates a robust credit risk management framework that enables the bank to identify, measure, monitor, and control credit risk exposures effectively, ultimately safeguarding the bank's financial stability and ensuring sound risk management practices.

Managing Non-Performing Loans (NPLs)

Family Bank has prioritized lending to sectors with a positive outlook and products that are short-term and low-risk, and a value proposition where cash flows are ring-fenced. Specific retail schemes that in the past have proved stable were considered in contrast to blanket consideration of all schemes.

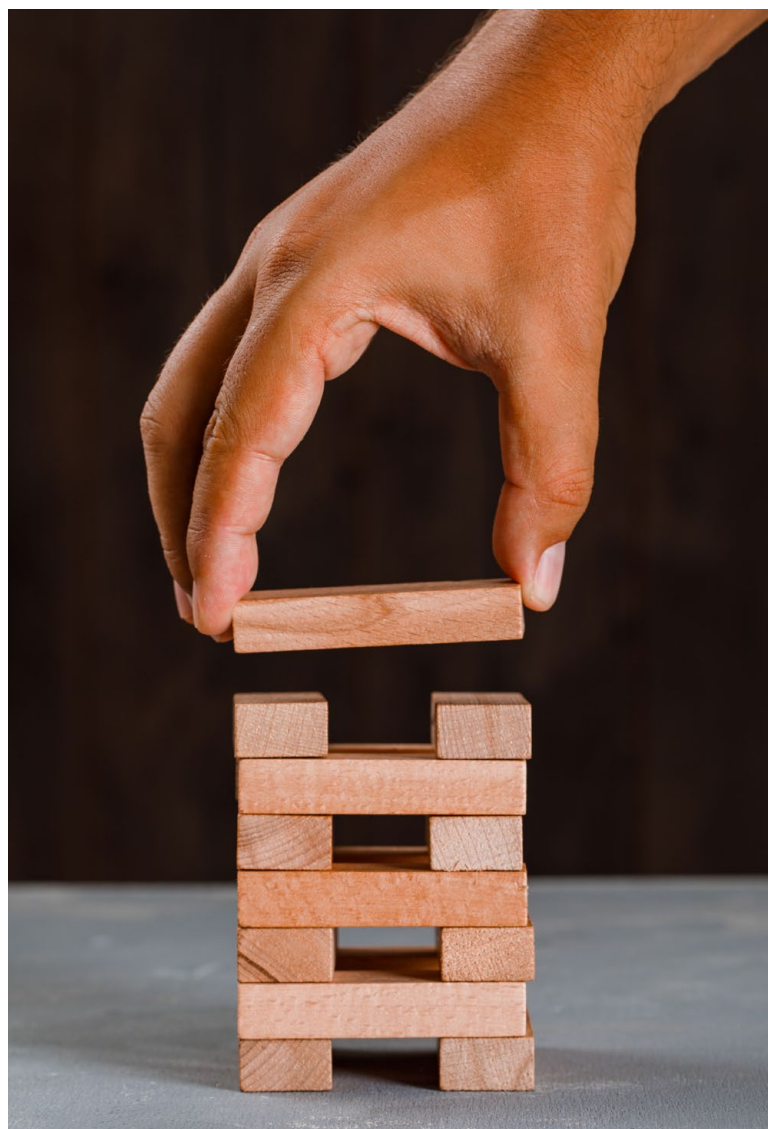
For clients within these sectors, the bank applies a combined approach of quantitative and qualitative scoring to assess their creditworthiness. If a client's score exceeds the bank's predefined risk appetite, the bank adjusts the credit risk premium accordingly to account for the higher risk level.

Clients that significantly surpass the acceptable risk threshold are reviewed individually, with decisions made based on their specific business motivations and the bank's strategic growth objectives.

Risk Mitigation Strategies

The bank has employed several risk mitigation strategies to strengthen its portfolio quality and enhance early warning systems for distressed assets, including:

- Tightening underwriting standards.
- Maintaining a dedicated and well-staffed early arrears team to manage clients exhibiting initial signs of distress.
- Activation of the asset finance recovery process early enough.
- Conducting weekly distressed portfolio reviews to identify emerging risks and refine rehabilitation strategies accordingly.
- Providing comprehensive training to all credit officers on effective debt collection techniques.
- Developing monitoring reports that serve as triggers for timely action by business and credit officers.
- Engaging proactively with customers through consistent communication to identify potential issues early.
- Implementing restructuring and support initiatives to assist at-risk clients and prevent defaults.



Operational Risk

Operational Risk refers to adverse consequences arising from gaps in internal processes, people, and systems, as well as external events or legal factors, excluding strategic and reputational risks. Operational risk within the bank arises from insufficient control over various activities, including transaction documentation, settlement, accounting, and exposure to external threats. Upon materialization, these risks are likely to result in losses including frauds, professional liability, contractual and legal obligations, business disruptions, and intentional attacks.

The primary objectives of Operational risk management at Family Bank Limited are as follows:

- Ensure efficient oversight and management of operational risks across all bank units, including new products and initiatives, while emphasising risk ownership and decision-making.
- Identify and communicate operational risks within significant business operations to establish an operational risk appetite consistent with approved strategic objectives for each bank unit.
- Establish an internal control structure that fosters values of awareness, transparency, and efficiency regarding operational risks within the bank.
- Proactive identification of control gaps within the bank's processes and ensuring adequate controls are put in place.
- Ensure measures are put in place to ensure overall business continuity and resilience in case of disruption.

To achieve this, the Bank:

- Has established and effective control activities which include presence of operational risk procedures aligned with industry standards, provision of toolkits for proactive identification, assessment, control, managing, and reporting key operational risks.
- Ensuring Segregation of roles and responsibilities across all governance levels.
- Ensures all staff in business units and support functions are aware of their responsibilities for operational risk management.
- Utilization of structured Control Self-Assessment process to evaluate the effectiveness of the control environment.
- Evaluates potential operational risk implications of bank activities and products from the outset.
- Has implemented a structured process for reporting control failures to designated individuals and escalating significant issues to the Bank's Executive Committee (EXCO) and Board Risk Committee.
- Provides staff with operational risk training tailored to their roles.
- Has developed effective business continuity plans, including disaster recovery and crisis management procedures.
- Continuous monitoring reporting of emerging risk trends for effective control alignment and risk mitigation.

Operational Risk Management activity is supervised and directed by four management committees.

- The Board Risk Management Committee.
- The Executive Committee
- Management Risk Committee (MaRCo)
- Business Continuity Steering Committee (BCSC)

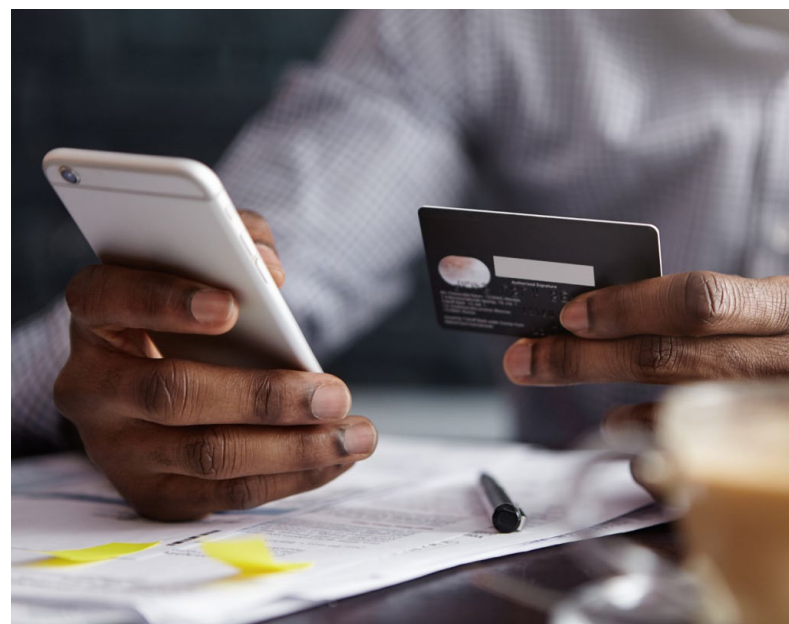
Fraud risk

Fraud refers to any wrongful or criminal activities intended to achieve financial or personal gain at the expense of an individual or business, resulting in the depletion of value from the affected institution, irrespective of whether the perpetrator benefits personally. At Family Bank, our fraud management structures are designed to address both internal and external fraud events. These structures are in line with our core values of humility, transparency, and self-belief.

The bank has a Zero-Tolerance stance towards fraud and corruption, both within the organisation and externally, and always strives to uphold high ethical standards across all levels.

Family Bank's commitment to combating fraud involves continually enhancing its capabilities for effective fraud management, which includes bolstering its systems and controls. These measures aim to facilitate proactive fraud detection and mitigation efforts. Through its Fraud Management System, the bank has implemented automated mechanisms to identify suspicious activities across all banking operations, enhancing its ability to combat fraud effectively.

In addition to technological enhancements, the bank prioritizes continuous fraud risk training and awareness initiatives as part of its zero-tolerance culture towards fraud. Furthermore, the bank has established a robust whistleblowing framework accessible to both internal and external stakeholders. This framework encourages individuals to report any suspicions of fraud, bribery, or corruption confidently and securely, ensuring swift and appropriate action can be taken to address such concerns.



Reputational Risk

In line with its core values, Family Bank highly values its good reputation to the society that it serves. This is achieved through regular monitoring of reputational risks and their drivers, as well as continuous media monitoring. All staff and other parties working for or on behalf of the bank and its affiliates are expected to uphold ethical business conduct in all their business dealings.

The bank has a tool that monitors reputation risks to ensure that adverse mentions on the bank through mainstream and social media is analysed and action taken immediately to avert any reputational damage. The bank also has a robust Public Relations team that monitors reputation risk on a daily basis.

Information, Technology, and Cyber Risks

The bank's digital transformation strategy harnesses cutting-edge technology to enhance operational efficiency and elevate the customer experience. This approach offers substantial benefits, including streamlined processes, improved service delivery, and greater innovation. However, it also increases exposure to IT and cyber risks, such as system vulnerabilities, cyberattacks, and data breaches. To address these challenges, the bank has implemented a robust risk management framework with advanced security measures, continuous monitoring, and regular audits, ensuring its information systems remain secure, reliable, and resilient against emerging threats.

Governance Framework

The bank has established and maintains a robust governance framework to effectively manage IT and cyber risks. This framework integrates strong board oversight, skilled personnel, and well-defined policies to ensure resilience against evolving threats. The board plays a crucial role in risk management by approving cybersecurity strategies, setting risk appetite, and ensuring alignment with regulatory requirements and industry best practice.

Additionally, dedicated risk committees and cybersecurity experts continuously assess emerging risks, implement proactive measures, and enhance the bank's defence mechanisms. The Board has also instituted an IT Steering Committee at Management level that meets on a monthly basis to track progress in implementation of IT Projects. The bank has a robust IT risk unit within Enterprise risk that offers quality assurance on all IT projects in the bank. In addition, the IT Auditors within Internal Audit offer third level assurance on the bank's IT environment. This structured governance approach ensures accountability, fosters a security-first culture, and strengthens the bank's ability to safeguard its digital assets and customer data.

Strengthening Security and IT Resilience

The bank is committed to a secure and resilient IT environment by aligning strategic objectives, managing risks effectively, and ensuring compliance with industry standards. Key focus areas include strong governance, secure IT and software management, resilient IT services, strict access controls, advanced cybersecurity, continuous threat monitoring, and a structured incident response plan. Regular employee training mitigates human-related risks, while ongoing investments in cutting-edge security technologies and skilled personnel ensure data remains secure and uncompromised.

Cybersecurity and Compliance

The bank is committed to adhering to industry standards, regulations, internal policies, and best practice to safeguard sensitive data and implement robust cybersecurity measures effectively. The bank has set up a robust Cyber security department with a well-functioning security operations control that monitors cyber risks on a 24-hour basis. The bank has also invested in appropriate technology to protect against external attacks as well as ensuring robust endpoint security.



Data Protection and Privacy Risk

This is a risk that arises from the handling of data in possession of the bank relating to data subjects such as customers, staff, suppliers, shareholders and other stakeholders. The risk has been heightened following the enactment of the 2019 Data Protection Act and Regulations. Data protection is a cornerstone of the Bank's operational integrity and 2024 saw a heightened maturity in data protection initiatives. The bank continuously strives to enhance privacy measures, ensuring that customer and stakeholder data is handled with the highest levels of security, transparency, and compliance.

Some of the Key Initiatives include:

- To promote transparency and customer awareness, we have established a Data Privacy Centre, managed by a Data Protection Officer providing stakeholders with access to data protection policies, customer rights, and complaint mechanisms. Additionally, we have incorporated privacy clauses in account onboarding forms, ensuring that customers are well-informed about data handling from the outset. Furthermore, all account onboarding SMS messages include a privacy policy link, allowing customers to conveniently access our privacy commitments and understand their rights regarding personal data usage. We incorporate privacy notices in Recruitment, Whistleblowing, NDAs, and Consent Forms to enhance transparency.
- The Bank has Renewed Data Controller and Data Processor Certificates, affirming commitment to responsible data handling.
- The Bank has put in place targeted training programmes / Role Based Training to educate employees across departments on data security and compliance.
- The Bank has formalised Data Processing Agreements (DPAs) to ensure vendors comply with our data protection standards.
- There is a structured response framework that enables swift detection, containment, and reporting of breaches.
- Data Protection Impact Assessments (DPIAs) are conducted to assess and mitigate potential privacy risks associated with new projects, products, and services.

The bank is continuously working on compliance initiatives by implementing a data protection policy, conducting Data Protection Impact Assessments, enhancing data subject mechanisms, and continuous training and awareness.

Compliance and Regulatory Risk

This is the risk of current or potential loss to earnings and or capital arising from non-compliance to or violation of regulations set by regulators such as the Central Bank, Financial Reporting Centre, Office of Data Protection commissioner (ODPC), relevant Acts of Parliament amongst others.

Ensuring compliance is an increasingly important factor in the activities of Family Bank. The bank has set up a Compliance Function to coordinate management of compliance risk.

The primary mandate of the Compliance function is to enable, facilitate and monitor the effective management of compliance risk within Family Bank through:

Establishing and maintaining a compliance culture through the provision of independent and objective advice and guidance on regulatory and compliance risk-related matters

Nurturing working relationships with relevant regulators.

Providing businesses and functions with insight and independent challenge concerning compliance risk management and reporting to the Board, relevant committees, executive management and regulators, as required.

The Board understands and takes responsibility for the oversight and maintenance of a culture of compliance and takes ethical conduct seriously, which goes beyond regulatory compliance. The Board holds management responsible for ensuring a culture of compliance across the organisation. The management of compliance risk at Family Bank has the following core elements:

Compliance culture: Orientation towards values is essential for the bank compliance management and the personal integrity of its workforce. Many preventive measures are therefore geared towards a positive compliance culture that encourages all employees to act in accordance with corporate values and to observe compliance requirements. The system of responsibilities for compliance issues also helps strengthen the culture (of responsibility).

Compliance program: The compliance programme consists of the preventive, explanatory and reactive measures implemented to ensure compliance, including measures to prevent corruption and promote integrity.

The compliance programme covers the compliance principles as well as all the preventive, explanatory and reactive measures implemented by Family Bank to ensure compliance and limit exposure to compliance risks. This ensures that breaches of the compliance rules are first and foremost prevented but otherwise are detected and dealt with effectively.

Organisation of compliance management: The focus here is on ensuring that compliance management is firmly embedded within the bank. At FBL, the roles and responsibilities of those units involved in managing compliance risk as well as the associated procedural structures are in place and a well-functioning governance structure with specialist bodies which include Management, Audit and Compliance (MARCO) and Board Risk & Compliance Committee have been established.

Preparing and communicating compliance-related information has a positive impact on the compliance culture, facilitates transparent reporting, gives staff greater certainty in their day-to-day work and enables compliance issues to be dealt with more easily.

Monitoring and improving compliance: Compliance management systems can only be effective if they are capable

of 'learning'. The suitability and effectiveness of the systems is thus assessed on an ongoing basis and lessons learned are evaluated in order to pinpoint any adjustments that are needed.

Business conduct and compliance

All employees at Family Bank are expected to always behave appropriately. In this context, 'appropriate behaviour' means acting with integrity, in line with our core values, in the interest of our clients and other stakeholders, and in compliance with applicable laws and regulations.

Code of conduct

The Bank has developed and applies the Code of Conduct and the Regulations on Management of Conflicts of Interest. Our code of conduct sets out core principles that help us maintain a culture of honesty, integrity and accountability that is based on trust and confidence. These principles are structured around the different stakeholders that are likely to experience the impact of our conduct in practice.

The code of conduct also provides guidance on how to apply the core principles on a day-to-day basis. All employees are expected to apply them in every aspect of their work and all their dealings with our clients and other stakeholders as representatives of the Bank.

ESG and Climate risks

Environmental, Social and Governance (ESG) risks refer to the potential negative impacts on the Bank's financial performance, business continuity, and reputation stemming from its environmental, social, and governance practices. These risks can arise from the Bank's own actions or from external factors impacting its operations or the wider environment.

Examples include:

Environmental Risks: These relate to the bank's impact directly or through financed operations on the environment, including climate change, resource depletion, pollution, waste management, and deforestation

Social Risks: These involve the bank's relationship with society, encompassing issues emanating from labor practices, human rights, community relations, and diversity and inclusion.

Governance Risks: These risks emanate from internal structures and practices, including board composition, executive compensation, ethical conduct, and transparency.

Why ESG Risks Matter:

- **Financial Performance:** ESG risks can lead to increased costs (e.g., remediation, litigation, compliance), reduced productivity, and decreased profitability.
- **Business Continuity:** Environmental disasters, social unrest, or regulatory changes can disrupt operations and supply chains, impacting the ability to deliver products or services.
- **Reputation:** Negative ESG performance can damage the bank's reputation, leading to reduced investor interest, consumer dropouts, and loss of customer loyalty.

Family Bank is therefore keen in managing ESG risks to ensure long-term sustainability, build trust with stakeholders, and maintain financial health.

In September, we hosted a Green Products Ideation Workshop with DAI under the EIB Technical Assistance Program, bringing together teams across the bank to co-create solutions that support climate risk management and scaling up of green investments.



The Group's purpose of improving lives across Africa through our offerings is aligned to the sustainability agenda. As part of its commitment to this agenda, the Bank in 2025 conducted awareness session for the Board members on ESG Risks and Opportunities to enhance their oversight role on this agenda.

Oversight of ESG and Climate issues was embedded within the responsibilities of the Board of Directors. The Board Charter guides the Board on mandating the integration of sustainability aspects, including climate aspects, into our strategy, business operations and risk management. The Board Risk committee oversees the implementation of our Environmental Social Management System, including climate risks management. An ESG unit, resourced with two full-time ESG qualified staff, has been established within the Risk department.

In 2025, the strategic focus on sustainability went a notch higher as the agenda is fully recognised as a key enabler of the Group's 2025-2029 Strategy, requiring all activities to align with the ESG agenda.

The Group has an operational Environmental and Social Management Policy which was approved in 2022. In 2025, the Policy was revamped to capture climate risks management and enhance the Grievance Redress mechanism. The revamped version also has revised tools and templates to ensure a 360-degree view of our client activities. The roles and responsibilities of various teams in the implementation of the ESM have also been enhanced.

The Group has also leveraged partnerships to address climate change, environmental and people issues. These partnerships have enabled staff training on sustainability, provided first loss guarantees for sectors impacted by climate change, among other sustainability initiatives.

A Management Sustainability Steering Committee has been established at the Group level and meets every quarter.

Branch-Level ESG Implementation

To drive ESG compliance and awareness across all operational units, we conduct branch assessments to evaluate environmental and social impact. These assessments involve engaging branch management and sustainability champions in discussions on key sustainability areas, including water efficiency, energy efficiency, proper waste management, efficient paper use, occupational health and safety, and fire safety. Through these engagements, we identify gaps and collaboratively develop action plans to ensure each branch aligns with our overall sustainability agenda. By fostering this proactive approach, we ensure that sustainability is not only a strategic focus at the corporate level but also a culture embedded in day-to-day operations across all branches and units.

To effectively implement the ESG agenda across the Group, we have also appointed ESG champions in every branch and head office unit. These champions are trained every quarter and have the role of cascading the knowledge and practices to their teams. To increase knowledge transfer within the bank, mandatory ESG e-learning modules are available semi-annually. Additionally, targeted training is offered to different units by the ESG team or external trainers as need arises.

ESG Certification Programs

To foster a more inclusive approach to ESG, FBL staff from different departments have participated in various sustainability-related workshops and certification programmes. In 2025, the Bank facilitated participation in ESG training sessions and certification programmes, including a notable one by Frankfurt School, where multiple individuals received certifications in different areas of sustainability. These trainings ensure that ESG knowledge is not within the purview of a few people but interspersed within the network strengthening our collective capacity to drive sustainability within the organisation.

Financial Products and Climate Finance

As part of our strategy to promote sustainable economic growth, the bank has embarked on a process to identify green clients within our loan book. Through this exercise, we have realised that we have a part of our current portfolio that qualifies as green. This insight is helping us refine our approach to supporting sustainable businesses, expanding our green finance offerings, and encouraging more clients to transition towards sustainable operations.

GHG Emissions Calculation and Climate Risk Management

In alignment with our commitment to sustainability, the bank made significant progress in assessing and managing its greenhouse gas (GHG) emissions in 2025. The bank initiated its own calculations for GHG emissions, demonstrating our proactive approach to climate accountability. This exercise helped us identify the areas where we should put more effort in relation to resource conservation.

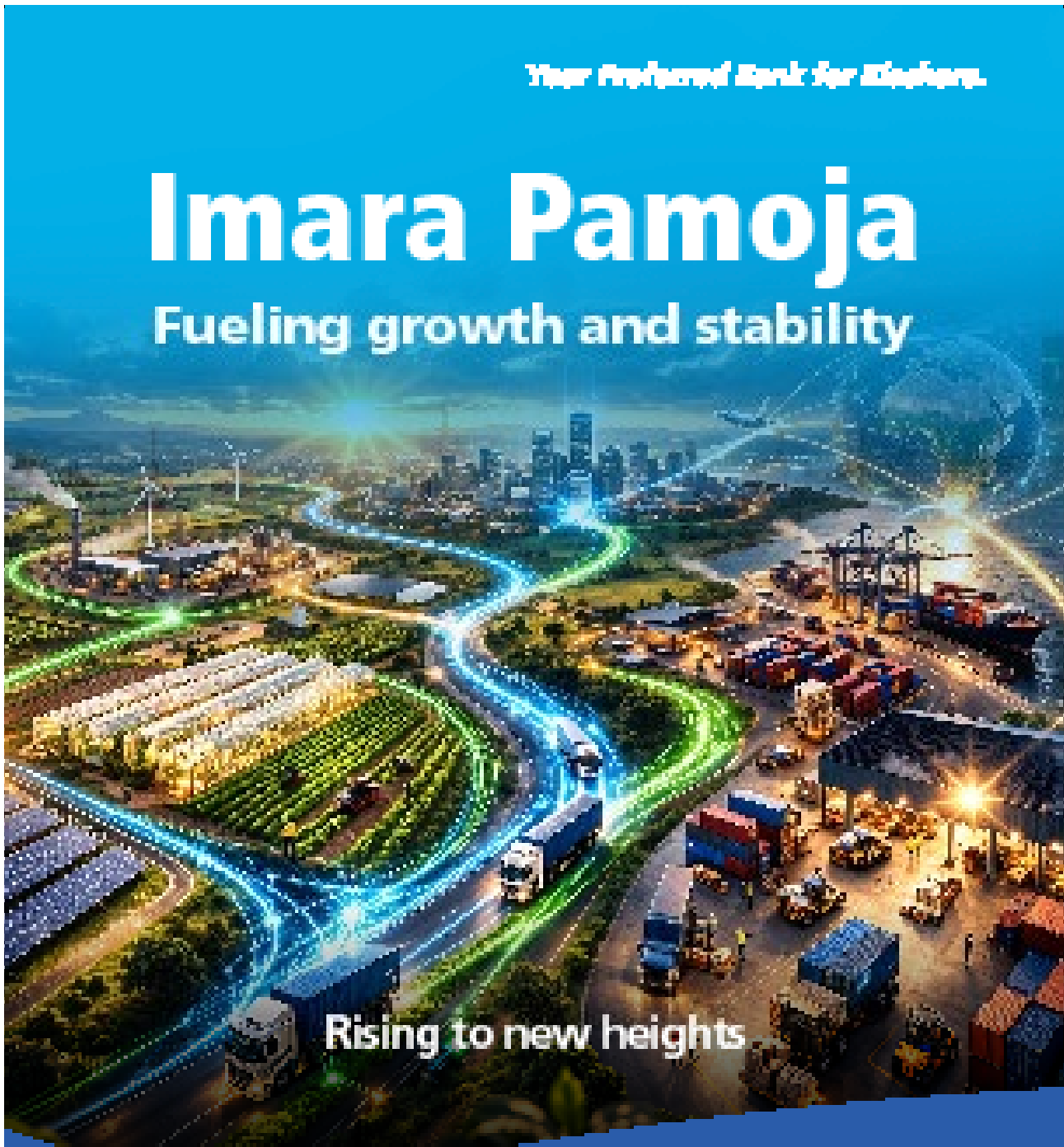
As part of this initiative, we aim to develop a resource conservation and efficiency plan, which will guide efforts to reduce emissions across our operations. By systematically collecting and analysing these data points, we aim to implement targeted measures that enhance energy efficiency, promote responsible resource usage, and drive meaningful reductions in our carbon footprint.



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Risk Outlook

The year 2025 was marked by a tough operating environment amid shrinking incomes and tighter regulation in the credit market.

It is against this backdrop that the bank faced material risks on different fronts, including:

- Credit risk due to default as customers struggled to pay their loans on the back of a challenging economic environment, high taxes that led to a decline in disposable income and shrinking demand for products.
- Market risk largely from the high cost of funds resulting from elevated interest rates.
- Strategic risk due to competition: The Bank faced stiff competition from various banks, especially Tier-1 banks that were largely corporate but are now targeting the MSME market, which Family Bank thrives in.
- Operational risk due to factors associated with people, systems and processes. We saw a bit of staff turnover where staff were poached by mainstream banks, now targeting the MSME market.
- Data protection due to the strict requirements for compliance with the Data Protection Act and Regulations, and strong enforcement by the Office of the Data Protection Commissioner.
- Compliance and regulatory risk: The ever-changing regulatory environment poses a challenge to the bank in keeping pace with compliance



Regulatory Compliance

To ensure compliance and readiness for regulatory audits in areas like data protection, Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT), and operational resilience, the risk function has focused on implementing a comprehensive risk management framework, including robust controls, clear documentation, and a proactive approach to monitoring and remediation.

This framework allows for proactive risk management, fostering transparency with regulators and demonstrating a commitment to ethical business practices.

Key Focus Areas:



AML/CFT:

The bank continues to implement robust AML/CFT policies and procedures, including risk assessment, customer due diligence, transaction monitoring, and reporting of suspicious activities.



Data Protection:

Implementing data protection policies and procedures in compliance with data protection laws and regulations (e.g. General Data Protection Regulation; GDPR), including data collection, storage, use, and disclosure.



Proactive Monitoring and Remediation:

The Compliance function continuously monitors the effectiveness of the controls implemented, identifying any gaps or weaknesses.

Remediation: When issues or breaches are identified, the compliance function takes proactive steps to address them, including implementing corrective actions and strengthening controls.

Remediation:

When issues or breaches are identified, the compliance function takes proactive steps to address them, including implementing corrective actions and strengthening controls.

Data Protection

Data protection risk is fully integrated into the Enterprise Risk Management framework, with oversight provided by the Data Protection Officer (DPO), who ensures compliance and liaises with the Office of the Data Protection Commissioner. The bank has developed Data Protection Policies and procedures, alongside addressing high-risk processing activities through mandatory Data Protection Impact Assessments (DPIAs), embedded within project and system development.

Risk assessments are conducted across branches based on specific data handling practices, while regular audits of data archival, retention, and disposal support compliance with storage limitation requirements.

We have also developed supplier assessment protocols and contractual safeguards for vendors handling personal data. Staff receive ongoing training on data protection

responsibilities, and the bank maintains comprehensive records—including processing logs, Data Protection Impact Assessments (DPIAs), breach reports, and data subject request documentation—to demonstrate a proactive, accountable approach to regulatory compliance.



Cybersecurity Approach

The Bank has implemented a holistic cybersecurity strategy structured around the three foundational pillars of People, Process, and Technology, ensuring resilience amid an increasingly complex threat environment.



People

- Strategic leadership and governance through active oversight by the Board and executive management.
- Cybersecurity awareness across the organization: All employees receive regular training to recognize and report potential threats.
- Dedicated cybersecurity professionals, such as SOC (Security Operational Centre) analysts, with clearly defined responsibilities for continuous monitoring and testing.



Process

Robust governance, monitoring, and response mechanisms are in place to safeguard operations. These include:

- Well-documented cybersecurity policies aligned with international standards and CBK guidelines.
- Regular internal and external security audits to proactively identify and remediate vulnerabilities.
- A comprehensive Cybersecurity Incident Response Plan (CSIRP), detailing escalation paths, response protocols, and communication workflows



Technology

This includes the deployment of advanced cybersecurity technologies to prevent, detect, and respond to threats. These tools enhance visibility across the bank's digital infrastructure, enforce security controls, and form a critical layer of defence that supports the bank's commitment to secure and reliable services.



Leveraging Technology, Data Analytics, and AI

The bank continues to strengthen its risk management capabilities through targeted investments in technology, data analytics, and artificial intelligence. Under the execution of the 2025-2029 strategic initiatives, the bank is already reaping the benefits of investments made.

Using various innovative technologies, we have provided stable platforms for our customers. Our Data analytics (predictive and descriptive) supports more inclusive banking, particularly for retail and SME clients.

Additionally, we are piloting AI models to strengthen our threat intelligence, customer transaction and feedback processing, thereby enabling faster and more informed decisions.

These efforts reflect our focus on embedding resilience, agility, and informed decision-making into our risk governance framework.

Business Support Role

The Risk Department is an integral part of business and hence plays a critical role in business growth through:

- Proactive scanning of the external environment and advising the bank on the emerging issues in risk and compliance that impact the business.
- Issuing weekly bulletins on emerging news impacting the banking industry, such as competition, new products and services, digital channels being launched, etc.
- Risk conducts risk assessment for each product/service before launch to ensure that risks are foreseen and addressed before implementation/go live.



Using various innovative technologies, we have provided stable platforms for our customers.



Collaboration for Growth

Being the second line of defense, the Risk Department has created a strong relationship with other departments across the Bank. This through:

- Collaboration in various projects where risk is carried out, risk assessments for projects, products before launch and go live in order to ensure that risks are identified upfront from a preventive perspective before they crystallize.
- Training on current and emerging risk management and compliance matters.
- Preparing bulletins on regulatory updates for any new regulations.



Priorities for 2026

The Risk Department will continue playing an active role in strengthening Family Bank's risk management capability and building greater organizational resilience through the following ways:

- Enhanced training on risk and compliance.
- Continuous scan of the external environment to ensure we advise business and operations on emerging regulations and top industry risks.
- Enhance data protection compliance framework through a proper consent framework, training staff and customers on data protection.
- Through IT and cyber risk assessment, the Risk Department will continue to offer quality assurance on the numerous digital projects that the Bank is currently undertaking.
- Enhance the entrenchment of the Environmental, Social, and Governance (ESG) and Climate Risk Framework while ensuring implementation of the CBK Guide on Climate Risk Management, CBK Guide on Climate Risk Disclosures Framework, in relation to IFRS S2 on Climate-related disclosures.
- Continuous cyber monitoring through leveraging on tools for cyber threat hunting and risk mitigation,
- Automation of risk management processes through implementation of a Governance, Risk and Compliance (GRC) tool.



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Corporate Governance Statement

The Board of Directors is responsible for the governance of the Company and is committed to maintaining high standards of corporate governance and business ethics. Strong corporate governance practices are fundamental to the Company's long-term success and foster trust and engagement between the Company and its stakeholders.

This report outlines the Company's corporate governance framework, including its governance structure, the role of the Board, Board operations and activities undertaken during the year. It also highlights the Company's approach to corporate governance, including the internal controls established to support the effective implementation of governance best practices, as well as the Company's shareholder and stakeholder engagement practices



1. Statement Of Compliance

Family Bank endeavours to comply with the Companies Act 2015, Banking Act (Cap 488) as well as the Central Bank of Kenya Prudential Guidelines on Corporate Governance. The Company has a listed Medium Term Note in the Fixed Securities Segment of the Nairobi Securities Exchange (NSE) and as such, is bound by and complies with the Capital Markets Act (Cap 485) and all subsidiary legislation made thereunder, including the Code of Corporate

Governance Practices for Issuers of Securities to the Public, 2015 (CMA Governance Code) and the Capital Markets (Public Offers, Listings and Disclosures) Regulations 2023 (POLD). The Company also complies with the NSE rules and guidelines. The Company has a comprehensive range of policies and systems in place designed to ensure proper governance, management and control.



2. Board Management

The Board of Directors meets at least once every quarter and operates in accordance with a formal annual Board calendar. The Chairman is responsible for providing leadership to the Board and ensuring its effective functioning, while the Chief Executive Officer is responsible for the strategic leadership and day to day management in line with the Board's direction. Directors are provided with appropriate and timely information on key business activities on a regular basis and upon request. Information on agenda items is circulated in advance of meetings and may be supplemented by presentations to the Board. Board members have access to Management through the Chairman, the Chief Executive Officer and the Company Secretary, and may seek independent professional advice on specific matters where necessary. The Company Secretary supports the Board by ensuring the effective conduct of Board meetings and facilitating the implementation of sound corporate governance practices.

Board Charter

The Board operates in accordance with a Board Charter which sets out the constitution, roles and responsibilities of the Board. The Charter establishes the corporate governance principles that guide the Board's operations including delegation of authority, defines the matters reserved for the Board and outlines the policies and practices of the Board.

Key provisions of the Board Charter include:

- The composition of the Board.
- Separation of the roles of the Chairman and the Chief Executive Officer.
- The requirement that the Board meets as frequently as necessary to discharge its duties, but not less than four times a year.
- The ability of the Board to obtain independent professional advice in the discharge of its duties.
- Provisions governing the appointment, term of office and resignation of Directors.
- The requirement that one third of the directors be independent.
- The obligation of Directors to avoid conflicts of interest.
- The obligation of Directors to maintain confidentiality.



1. Board Composition & Structure

i. Size

The Board comprises of eight non-executive directors and one executive director. Four of the non-executive directors are independent as defined by the CMA Governance Code.

The Company is fully committed to complying with the POLD to safeguard the independence of the Board and to ensure adequate representation of minority shareholders. The Board's composition provides a mechanism for representation of any minority shareholders without undermining the collective responsibility of the Directors.

ii. Skills

The Board recognises that diversity of thought, experience and background is essential to good governance.

A varied composition enriches Board deliberations, broadens perspectives, and strengthens the Bank's capacity to identify emerging risks and capitalise on strategic opportunities.

The Bank's Board comprises directors who collectively bring a balanced mix of attributes, professional and academic qualifications, technical expertise, and deep industry knowledge. This blend of competencies enables the Board to navigate current and evolving issues effectively while providing sound strategic guidance to Management in pursuit of the Bank's long-term performance and sustainability.

The Board's skills mix includes:

Finance, Accounting, Economics, Pensions, Human Resource Management, Entrepreneurship, Strategy, Project Management, Procurement, and Information & Communications Technology.

The Company Secretary is a member in good standing of the Institute of Certified Secretaries (ICS).

iii. Appointment of Board Members

The Board has appointed a Nominations and Governance Committee, which proposes new members for Board appointment. In proposing appointments to the Board, the Committee ensures the achievement of diversity in its composition, as well as ensuring that at least three-fifths of the Directors are Non-Executive and at least one third of the total number of Directors are Independent.

iv. Principle on Age Limit for Board Members

The CMA Governance Code has prescribed 70 years as the age limit for Directors. Any Director who has reached the age of 70 years retires at the following Annual General Meeting. If he/she wishes to continue serving in the Board, he/she must seek the approval of the Shareholders at the Annual General Meeting.

v. Board Independence and Conflicts of Interest

The CBK Prudential Guideline on Corporate Governance and the CMA Governance Code require that at least one third of the total members of the Board be independent. The Company is in compliance with these requirements. The Board has set standards to ensure the Directors' independence. The fundamental premise of the standards is that any Director is independent of management and free of any business or other relationship that could materially interfere with exercising their independent judgement. Directors are required to disclose their areas of conflict, and to refrain from contributing to or voting on matters in which they have conflict.

The role of Chairman and the Chief Executive Officer are separate and distinct. The Board maintains a good working relationship with the Chief Executive Officer and Management without detracting from the Governance Principles of Accountability and Independence that must exist to ensure sustainable performance.



2. Separation of the Role of the Chairman and the Chief Executive Officer

1. The Chairman

The Chairman of the Board is a Non-Executive Director who provides leadership to the Board and ensures its effective functioning. The Chairman leads and manages the work of the Board and ensures that decisions are taken on a sound and well-informed basis.

The Chairman also ensures:

- i. the Board functions effectively and that the governance structure supports a positive and constructive Board culture.
- ii. appropriate guidelines and procedures are in place to govern the Board's operations and conduct.
- iii. all relevant matters are included on the agenda for Board meetings and that Directors are able to participate fully in the Board's deliberations.
- iv. the Board adequately considers and debates strategic and critical issues.
- v. the Board receives timely and adequate information from Management to support effective decision-making.

2. The Chief Executive Officer

The Chief Executive Officer (CEO) is responsible to the Board for the day-to-day management of the Company and has overall responsibility for the execution of management functions. The Board delegates authority for the operational management of the Company's business to the CEO, while retaining oversight and holding the CEO accountable for the effective discharge of these responsibilities.

The Chief Executive Officer undertakes the following key responsibilities:

- a. ensuring the effective implementation of the policies and strategic direction set by the Board.
- b. identifying and recommending to the Board suitably qualified officers to manage the operations of the Company.
- c. establishing and maintaining efficient and effective internal control systems.
- d. ensuring that the Board is regularly and adequately informed on the operations and performance of the Company.

In addition to the Chief Executive Officer, members of the Company's senior management attend Board meetings by invitation to provide insights ensuring informed and efficient decision-making by the Board. The Board may invite professionals to attend meetings and provide independent opinions or advice when necessary to enable the Board to effectively discharge its fiduciary mandate.



3. Board Leadership and Responsibility

The Board recognises its responsibility to provide effective leadership based on an ethical foundation. This involves responsible leadership characterized by the ethical values of responsibility, accountability, fairness and transparency all of which are enshrined in our core values. The Board Charter sets out the responsibilities of the Board which include:

- Providing strategic direction and effective oversight of management to enhance the Company's financial performance and shareholder value, within an appropriate risk management framework.
- Providing overall leadership and governance of the Company and promoting high standards of conduct and sound banking practices that strengthen internal controls and protect shareholder value.

In fulfilling its responsibility to define and uphold sound governance practices, the Board meets regularly to review and oversee key matters including:

- Approving the Bank's strategic objectives and the roadmap for achieving them;
- Reviewing and approving the Bank's five-year Strategic Plan;
- Reviewing and approving the annual budget;
- Monitoring the Bank's performance against the approved budget;
- Reviewing key policies and procedures of the Bank;
- Considering and approving the annual and interim financial statements;
- Recommending dividends to shareholders;
- Evaluating the performance of the Chief Executive Officer; and
- Approving other matters of fundamental significance to the Bank.



3. Risk Management

Why it matters

As a financial services provider, effective risk management is critical to the overall profitability, competitive market positioning and long-term financial viability of the Company. Our Risk Management Framework sets out lines of responsibility and authority for risk-taking, governance and control.

The Board of Directors has ultimate responsibility for overseeing risks across the enterprise and ensuring that appropriate risk management policies, programmes and practices are in place. In discharging this responsibility, the Board has delegated certain oversight functions to the Board Audit Committee and the Risk Management and Compliance Committee, which monitor and review the Company's risk management practices.

Our approach

We have a Risk Management Framework approved by the Board of Directors that prescribes a comprehensive set of protocols and programs for conducting our business activities. This framework seeks to ensure that risks to business undertakings are appropriately managed to achieve the Company's business objectives over time. The Risk Management Framework, corporate strategy

and business objectives are all aligned and risk management programmes are embedded in every business segment and projects.

Our Risk Appetite Policy defines the risk parameters that the Company is willing to accept. The Company's risk appetite seeks to balance the various needs, expectations, risk and reward perspectives and investment horizons of key stakeholders. In particular, our risk appetite supports the pursuit of shareholder value while ensuring that all the stakeholders' interests are looked after.

Our risk management programme is embedded in the Company's culture, which encourages ownership and responsibility for risk management at all levels. Employees are expected to play an active role in identifying, managing and reporting risks within their areas of responsibility.

Independent assurance is provided through the risk and compliance functions, internal audit and investigations functions, as well as external audits. In addition, regulatory inspections and reviews conducted by regulators such as the Central Bank of Kenya and the Capital Markets Authority provide further insights, and the Company implements the recommendations arising from such reviews to continuously strengthen its risk management environment.



4. Relations with Stakeholders



The Board recognises the importance of effective communication with all stakeholders. The Annual General Meeting (AGM), the published annual report and the Company's website are used as platforms to communicate with our shareholders. The Company always gives shareholders the 21 days' notice of the AGM as provided for in the Companies Act, 2015 and shareholders are encouraged to submit questions and appoint proxies to represent them where they are unable to attend. Ad hoc shareholder requests for information are handled on an on-going basis and on the floor of the AGM. The Company also conducts its AGM through electronic platforms, enabling shareholders to participate conveniently from any location globally and this has enhanced shareholder participation at the AGM.

The Shares Office at the Head Office coordinates communication with shareholders through emails, calls and through our branch network. The Board uses electronic means to communicate with shareholders and shareholders are encouraged to visit our website www.familybank.co.ke

We have regular communication with our stakeholders through customer dinners which are held in various parts of the country across the year. We have a vibrant call centre where our customers and shareholders receive prompt assistance round the clock.

We endeavour to engage our regulators through regular and transparent communication and prompt response to request for information.

The Company recognises employees as key stakeholders and actively promotes staff engagement. The Managing Director holds quarterly engagement sessions with employees to share updates on the Company's performance and strategic direction. In addition, internal communication is facilitated through regular email updates across the organisation. The Company promotes employee well-being and cohesion through team-building initiatives and internal engagement activities. The Bank also marks key events such as Customer Experience Week and themed engagement months to recognise and celebrate customers and specific stakeholder groups, while reinforcing a customer-centric culture within the organisation.



1. Engagement of Minority and Institutional Investors

During the year, Family Bank engaged minority shareholders and institutional investors through the Annual General Meeting and an Extraordinary General Meeting. Voting at these meetings was conducted by poll, and the results were published in full compliance with regulatory requirements.

Beyond the statutory meetings, the Bank held regular investor briefings throughout the year, offering shareholders and institutional investors more opportunities to engage with the Management and the Board. These engagements fostered transparency, strengthened relationships, and ensured that stakeholders remained well-informed on the Bank's performance and strategic direction.



5. Board Activities 2025

a. Board attendance

The Board held nine board meetings during the year. All the meetings convened had sufficient quorum.

The attendance of the individual directors was as follows:

Board Meetings 2025

Director	Role	Attendance
Mr. L. Muema	Non-Executive Chairman	9/9
Mr. M. Keriri	Non-Executive Director	7/9
Mr. T.K. Muya	Non-Executive Director	9/9
Dr. P. Kariuki	Non-Executive Director	9/9
Ms. M. Mburu	Non-Executive Director	9/9
Mr. D. Ichoho*	Non-Executive Director	7/9
Ms. H. Mbugua	Non-Executive Director	7/9
Prof. W. Nyamute	Non-Executive Director	8/9
Mr. B. Muriki**	Non-Executive Director	1/9
Ms. N. Njau	Chief Executive Officer and Managing Director	9/9

*Mr. D. Ichoho left the Board in September 2025

**Mr. B. Muriki joined the Board in November 2025

b. Key activities of the board during the year.

- Considered and approved the unaudited quarterly financial statements and audited annual financial statements for the year ended 31st December 2024.
- Considered and recommended to shareholders the approval of the final dividend for the year ended 31st December 2024, which was approved at the 2025 Annual General Meeting.
- Reviewed the implementation of the Company's strategy and ensured that the necessary financial and human resources were in place to support achievement of the strategic objectives.
- Reviewed and approved the strategic initiatives and financial plans for the year 2025.
- Approved the 2025 budget and monitored performance against the approved budget.
- Received regular reports of the deliberations of Board Committees and provided strategic guidance where necessary.
- Discussed key risks facing the business, including cyber threats and evolving regulatory requirements, and the mitigation measures in place.
- Reviewed the organisation structure to align with the 2025-2029 Strategic Plan.
- Established the Transformation Office to champion the Bank's transformation agenda in line with the 2025-2029 Strategic Plan.

c. Board Training and Continuous Professional Development

During the year, the Board members attended training on Corporate Governance as part of Continuous Professional Development and in line with CBK Prudential Guideline on Corporate Governance. Among the topics covered include

the role of directors in Credit Risk, Anti-Money Laundering, Environmental Social and Governance (ESG), Cyber Risk and Awareness and Corporate Governance. Additionally, individual Board members attended different trainings offered by the Institute of Directors, ICPAK and the Strathmore Business School.



During the year, the Board members attended training on Corporate Governance as part of Continuous Professional Development

All the directors met the minimum 12 hours Continuous Professional Development in 2025.

No.	Director Trainings	Date Undertaken	Hours
1	Corporate Governance	30th June 2025	3 Hours
2	Credit Training	1st December 2025	4.5 Hours
3	AML Training	1st December 2025	1,5 Hours
4	ESG Training	2nd December 2025	2.0 Hours
5	Cyber Awareness and AI	2nd December 2025	2.0 Hours
	Total Training Hours in 2025		13.0 Hours

In addition, individual directors attended other courses in line with their respective development plans.

d. Board Evaluation

The annual Board evaluation was conducted in March 2025, in a process led by the Board Chairman and supported by the Company Secretary, with the assistance of an independent external consultant. On 30 June 2025 the Board held discussions on various issues picked from the Evaluation and agreed on corrective actions to take.

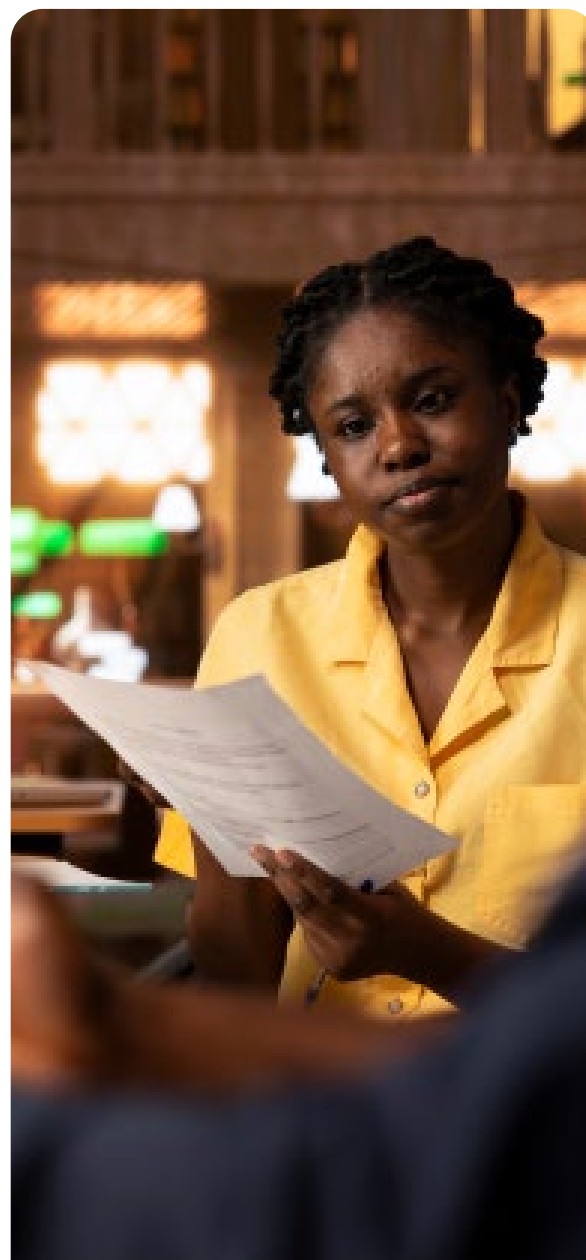
The evaluation entailed an evaluation of the Board, peer evaluation for each director, evaluation of the Board Chairman, the Board Committees, the Chief Executive Officer and Company Secretary. It covered overall Board interactions and conduct of board meetings. Following the exercise, the directors identified areas that required further consideration by the Board and these issues have been captured in the annual Board Work Plan.

e. Corporate Events

The directors attended a number of customer dinners, providing opportunities to engage with customers and other stakeholders. They also participated in investor briefings, release of financial results presentations and corporate social responsibility (CSR) initiatives, including programmes implemented through The Family Group Foundation. In addition, Directors attended meetings with regulators as part of the Bank's preparations for listing on the Nairobi Securities Exchange (NSE).

f. Board Changes in 2025

Mr. David Ichoho, who had been nominated by KTDA Holdings Limited, resigned voluntarily from the Board in September 2025 and was replaced by Mr. Baptista Muriki, who joined the Board in November 2025.





6. Committees Of The Board

The Board has seven Committees with specific delegated authorities. They are as follows:

- i. Board Audit Committee
- ii. Board Risk Management and Compliance Committee
- iii. Board Credit Committee
- iv. Board Nomination and Governance Committee
- v. Board Strategy Committee
- vi. Human Resources Committee
- vii. Board Projects Committee.

Three of the seven committees are mandatory from a regulatory perspective while four have been established to provide dedicated oversight on specific key functions of the Bank. Board Committee members are appointed by the Board which also reviews the composition of each Committee regularly.



1. Board Audit Committee

The Committee constitutes of four members: three independent non-executive directors and one non-executive director. The Chairperson of the Committee is an independent non - executive director, She is a Certified Public Accountant (CPA) and a Fellow of the Institute of Certified Public Accountant of Kenya (ICPAK) and is a member in good standing of ICPAK.

The Committee held seven meetings during the year under review. The Chief Internal Auditor attended all Committee meetings.

Roles and responsibilities	Membership	Attendance
The Committee assists the Board in providing independent oversight over the integrity of financial reporting, the effectiveness of internal controls, and the internal and external audit processes.	Prof. W. Nyamute (Chairperson)	7/7
	Ms. M. Mburu	7/7
	Dr. P. Kariuki	7/7
	Mr. D. Ichoho*	3/7

*Retired from the Committee in September 2025

Key activities of the Committee during the year

- Reviewed the audited financial statements for 2025 and quarterly unaudited accounts for consideration and recommendation to the Board for approval.
- Approved and oversaw the implementation of the annual internal audit plan for 2025.
- Reviewed the internal audit reports for the year
- Reviewed the external audit Management Letter with respect to audit for 2025.
- Reviewed the external audit fees.
- Held one meeting with the external auditors without members of Management being present.



2. Board Credit Committee

The Committee met four times during the year under review. The Chief Credit Officer attended all Committee meetings

Roles and responsibilities	Membership	Attendance
<ul style="list-style-type: none"> The Credit Committee assists the board in the formulation and review of lending policies and ensures compliance with applicable regulatory requirements. It assesses the credit quality and risk profile of the Bank's lending portfolio and makes recommendations to the Board on remedial measures to enhance the portfolio quality. It also oversees the integration of the Bank's ESG policy and procedures within the lending process. 	Dr. P. Kariuki (Chairperson)	4/4
	Mr. T. K. Muya	3 /4
	Ms. H. Mbugua	3 /4
	Mr. M. Keriri	4/4
	Ms. N. Njau	4/4
Key activities of the Committee during the year <ul style="list-style-type: none"> Reviewed the Bank's lending book and made recommendations to the Board on remedial measures. Provided independent oversight over material decisions by Management with significant impact on the Bank. Oversighted the Bank's remedial management of problematic non-performing loan. Approved high value facilities above Management's limits. Approved the revised risk-based pricing model. 		



3. Board Risk Management and Compliance Committee

The Committee met four times during the year and recorded a quorum during all its meetings. The Chief Risk Officer attended all Committee meetings.

Roles and responsibilities	Membership	Attendance
<ul style="list-style-type: none"> The Committee oversees the Company's risk management framework and the identification, assessment and mitigation of key risks across the business including operational, country, credit, liquidity, market, regulatory, legal, reputational and compliance risks. The Committee ensures that appropriate policies, procedures and processes are in place for the effective management of these risks. The Committee also oversees the integration of ESG considerations within the Enterprise Risk Management (ERM) framework, including the monitoring and mitigation of climate, sustainability-related and other ESG risks. 	Ms. M. Mburu (Chairperson)	4/4
	Ms. H. Mbugua	4/4
	Prof. W. Nyamute	4/4
	Mr. D. Ichoho*	3/4
<i>*Retired from the Committee in September 2025.</i>		
Key activities of the Committee during the year <ul style="list-style-type: none"> Reviewed and recommended various policies to the Board for approval including the ESG Policy, Risk Management Policy, Climate Risk Management Policy and Fire Safety Policy among others. Received and considered reports on the level of compliance of the Company with AML/CFT regulatory requirements. Reviewed quarterly updates on Risk, Compliance & Internal Controls. Reviewed ESG implementation. Reviewed Compliance and Data Protection reports. 		



4. Board Human Resource Committee

The Committee met six times during the year under review. The Chief Human Resources Officer attended all the Committee meetings.

Roles and responsibilities	Membership	Attendance
<ul style="list-style-type: none"> The Committee reviews the Company's human resource policies and practices. The Committee supports the Managing Director in human resource management matters, including oversight of key management recruitment and ensuring that the organisational structure supports the Company's strategy and growth objectives. The Committee exercises oversight over key human capital matters, including employee engagement and retention, recruitment, succession planning, talent development, corporate culture, diversity, equity and inclusion (DE&I), health and safety, pay equity, and employee benefit and compensation programmes. 	Ms. H. Mbugua (Chairperson)	4/6
	Mr T.K. Muya	6/6
	Mr. M. Keriri	6/6
	Prof. W. Nyamute	6/6
	Ms N. Njau.	6/6
Key activities of the Committee during the year		
<ul style="list-style-type: none"> Reviewed the report by an external Human Resource Consultant on the Bank's HR policies and human capital framework, including ongoing job evaluation and enrichment initiatives. Reviewed the Company's HR metrics including headcount and attrition trends, talent management, leadership development, compensation and benefits. Reviewed human resource policies. Reviewed the 2025 Staff Performance Bonus formula. Monitored strategic human capital efficiency and productivity. 		



5. Board Strategy Committee

The Committee met seven times during the year and achieved quorum in all its meetings.

Roles and responsibilities	Membership	Attendance
<ul style="list-style-type: none"> The Committee reviews and analyses the Company's strategy and provides oversight over the implementation of the strategy approved by the Board by monitoring progress on a regular basis. 	Mr. D. Ichoho (Chairperson)	3/7
	Mr. L. Muema	7/7
<ul style="list-style-type: none"> The Committee also reviews the Company's budget and strategic plan prior to submission to the Board for approval. 	Mr T.K. Muya	7/7
	Mr. M. Keriri	7/7
	Dr. P. Kariuki (took over as Chairperson)	7/7
	Ms. N. Njau	7/7
Key activities of the Committee during the year		
<ul style="list-style-type: none"> The Committee held a workshop to review the implementation of the Bank's five-year (2025 – 2029) Strategic Plan. The Committee reviewed the recommendations of McKinsey & Company on the implementation of the Bank's strategic plan including the establishment of the Transformation Office. The Committee recommended the establishment of the Transformation Office to champion the Bank's transformation agenda in line with the Strategic Plan. 		



6. Board Nomination and Governance Committee

This committee held two meetings during the year and achieved quorum in all its meetings.

Roles and responsibilities	Membership	Attendance
<p>The Committee's responsibilities include:</p> <ul style="list-style-type: none"> Reviewing the structure, size and composition of the board and making recommendations on any adjustments deemed necessary. Identifying, nominating and recommending candidates for appointment to fill vacancies on the Boards of the Company and its subsidiaries, as and when they arise. Reviewing the Company's governance structures and policies and recommending enhancements where necessary. Reviewing and making recommendations to the Board on directors' remuneration. Overseeing the integration of Environmental, Social and Governance ("ESG") and climate-related responsibilities within the relevant Board committees. 	Mr. L. Muema (Chairperson)	2/2
	Mr T.K. Muya	2/2
	Mr. M. Keriri	2/2
<p>Key activities of the Committee during the year</p> <ul style="list-style-type: none"> Reviewed board composition and succession for the Company. Recommended nomination of Directors to the Board. Reviewed the remuneration of Directors. Reviewed the Directors training and development needs. 		



7. Board Projects Committee

This committee held five meetings during the year and achieved quorum in all its meetings

Roles and responsibilities	Membership	Attendance
<p>The Committee's responsibilities include:</p> <ul style="list-style-type: none"> Reviewing and monitoring the implementation and progress of key ICT and software projects. Overseeing branch expansion, renovation and relocation initiatives. 	Mr. M. Keriri (Chairperson)	4/5
	Mr T.K. Muya	5/5
	Ms. M. Mburu	5/5
	Mr. L. Muema	5/5
	Ms N. Njau.	5/5
<p>Key activities of the Committee during the year</p> <ul style="list-style-type: none"> Reviewed progress updates on ICT and software projects for the year 2025. Oversighted the implementation of key facilities projects including opening new branches. 		



7. BOARD PERFORMANCE

The Board had full access to corporate information and received sufficient detail to facilitate productive and informed discussions. The diversity of skills, experience and perspectives among Board members contributed to robust deliberations and a high level of technical debate.

Overall, the Board operated efficiently and effectively during the year, providing strong oversight and strategic guidance that supported the Company's positive performance across key business parameters.



8. CAPITAL STRUCTURE

a. Share Capital

The authorised and issued share capital of Family Bank Limited consists of only ordinary shares as disclosed on note 29 to the financial statements.

b. Top Ten Shareholders as at 31 December 2025

SHAREHOLDER NAME	NUMBER OF SHARES
KENYA TEA DEVELOPMENT AGENCY (HOLDINGS) LTD.	315,633,181
ESTATE OF RACHAEL NJERI MUYA	167,143,948
DAYKIO PLANTATIONS LIMITED	158,460,364
INVESTMENTS & MORTGAGES NOMINEE LIMITED A/C 008243	81,265,517
TITUS KIONDO MUYA	73,408,502
EQUITY NOMINEES LIMITED A/C 00084	46,417,000
NCBA CUSTODIAL SERVICES A/C 234	36,034,335
KENYA ORIENT LIFE ASSURANCE LIMITED	35,341,900
NCBA CUSTODIAL SERVICES A/C 325	34,883,448
EQUITY NOMINEES LIMITED A/C00132	34,482,000
TOP 10 SHAREHOLDERS	983,070,195
OTHER SHAREHOLDERS	679,584,565
TOTAL	1,662,654,760

c. Distribution of Shareholders as at 31 December 2025

Distribution of Shareholders as at 31 December 2025

SHAREHOLDER BANDS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE HOLDINGS
>1,000,000 Total	111	1,478,059,586	88.898%
100,001 - 1,000,000 Total	341	106,969,781	6.434%
10,001 - 100,000 Total	2017	56,519,481	3.399%
5,001 - 10,000 Total	1606	12,726,137	0.765%
500 - 5,000 Total	2149	8,342,227	0.502%
< 500 Total	121	37,548	0.002%
Grand Total	6345	1,662,654,760	100%

Directors Holdings

SHAREHOLDER NAME	NUMBER OF SHARES	PERCENTAGE HOLDINGS
Lazarus Muange Muema	2,150,000	0.129%
Mark Keriri	33,428,788	2.011%
Titus Kiondo Muya	73,408,502	4.415%
Total	108,987,290	6.555%



9. DIRECTORS REMUNERATION REPORT

Information not subject to audit

The Board Nomination and Governance Committee reviews and recommends the annual remuneration of Directors to the Board, subject to Shareholder's approval..

Directors' remuneration is competitively structured to attract and retain the best talent to effectively develop the Company's business.

Executive Directors

The Executive Directors remuneration package comprises core fixed elements (base salary, pension and other benefits). Executive Directors are eligible to participate in the Company's bonus scheme which is anchored on achievement of key business performance indicators but are not entitled to earn fees or other allowances.



Non-Executive Directors

Non-Executive Directors are appointed for a renewable term of 3 years, subject to regulatory approval and shareholder ratification. They are obligated to act reasonably, in good faith and in the best interests of the Company and its shareholders. Non-Executive Directors are vested with the following key responsibilities:

- Constructively challenging and contributing to the development of the Company's strategy and business growth;
- Monitoring management's performance in achieving agreed goals and objectives, and overseeing the reporting of such performance; and
- Ensuring the integrity of financial information and the adequacy and effectiveness of financial controls and risk management systems.

Non-Executive Directors receive quarterly fees and are entitled to sitting allowances for attending Board and Committee meetings and when attending to Company's business. They do not earn a salary and are not eligible to participate in the Company's bonus schemes or pension plan.

Upon retirement or termination, Non-Executive Directors are entitled to any accrued but unpaid Director's fees and reimbursement of any reasonably incurred expenses and may receive a cash gift.

Share Options and Long-Term Incentive Schemes

Directors are not entitled to any share option arrangement or long-term share incentive schemes.

Insurance

The Company provides Directors' and Officers' Liability insurance for all Directors during their tenure.

Information Subject to Audit

Information subject to audit comprise the amounts of each Director's compensation in each of the relevant years.

The remuneration paid to Directors in 2025, and comparative figures for 2024, are summarised below:

Year ended 31 December 2025				
Director	Total Fee Shs' 000	Total Allowance Shs' 000	Exgratia Shs' 000	Total Shs' 000
Mr. L. Muema	15,750	10,152	-	25,902
Mr. M. Keriri	7,000	10,904	-	17,904
Mr. T.K. Muya	21,840	13,649	*93,139	128,628
Ms. M. Mburu	4,000	4,242	-	8,242
Mr. D. Ichoho	3,000	8,293	-	11,293
Dr. P. Kariuki	4,000	4,897	-	8,897
Prof. W. Nyamute	4,000	5,866	-	9,866
Ms. H. Mbugua	4,000	5,277	-	9,277
Mr. B. M. Kanyaru	356	893	-	1,249
Dr. W. Kiboro	-	-	2,544	2,544
Mr. F. Mungai	-	-	13,100	13,100
				236,902

*Lumpsum benefits for Mr. T.K. Muya as the former CEO

Other payments

Fees for subsidiaries meetings paid by the company

11,101

Total

248,003

Year ended 31 December 2024				
Director	Total Fee Shs' 000	Total Allowance Shs' 000	Exgratia Shs' 000	Total Shs' 000
Mr. L. Muema	8,600	5,212	-	13,812
Dr. W. Kiboro	6,750	3,680	85,127	95,557
Mr. M. Keriri	6,000	4,868	-	10,868
Mr. T.K. Muya	22,640	4,985	138,242	165,867
Mr. F. Mungai	2,400	1,519	-	3,919
Ms. M. Mburu	3,600	5,254	-	8,854
Mr. D. Ichoho	3,600	4,162	-	7,762
Dr. P. Kariuki	2,000	1,553	-	3,553
Prof. W. Nyamute	667	1,050	-	1,717
Ms. H. Mbugua	1,000	1,559	-	2,559
				314,468

Other payments

Fees for subsidiaries meetings paid by the company

8,817

Total

323,285



1. Governance Audit

In compliance with the CMA Governance Code, a governance audit was conducted on the Company for the year ended 31 December 2025 by C.S. Madren Oluoch Olunya of Azali Certified Public Secretaries LLP who issued an unqualified report. The audit confirmed that the Board has established a sound governance framework, that aligns with applicable legal and regulatory framework and reflects global best governance practices in the interest of all stakeholders. The next governance audit will be undertaken in 2026.



2. Legal and Compliance Audit

Family Bank procured a legal audit for the years 2023 and 2024 in accordance with the Corporate Governance Code for Issuers of Securities to the Public, 2015 (the Code). The Code requires that a comprehensive independent legal audit is carried out at least once every two years by a legal professional in good standing with the Law Society of Kenya. The independent legal audit was carried out by MMC Asafo. The outcome of the audit process confirmed that during the year in review Family Bank was generally in compliance with applicable laws and regulations. The Company plans to undertake a Legal and Compliance Audit in 2026.



3. Insider Trading

The Board confirms that to the best of their knowledge, there were no known insider dealings in the year under review.

Family Bank has a designated Senior Compliance Manager, who is responsible for monitoring and ensuring adherence to all applicable laws and regulatory requirements, including the POLD Regulations.



4. Capital Markets Authority (CMA) – Corporate Governance Assessment Report for the year ended 31 December 2024

For the year ended 31 December 2024, the Capital Markets Authority (CMA) conducted an assessment of Family Bank Limited's compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015. The Company received an overall Leadership Rating of 74%, reflecting adherence to the Code and the Bank's continued commitment to maintaining high standards of governance, regulatory compliance, and continuous improvement.

As part of its continuous improvement agenda and in response to the observations made during the assessment, the Board has identified several areas requiring further enhancement to deepen compliance and strengthen governance outcomes. These include: enhancement and review of key governance policies, improved disclosures on governance issues such as director trainings, governance and legal and compliance audits

The Board remains committed to implementing these recommendations and to continuously improving the Bank's governance structures and practices.

The Company
received
an overall
Leadership
Rating of
74%



Whistleblowing Policy Statement

Procurement Policy

Family Bank is committed to conducting its business professionally, ethically, with integrity and in accordance with Kenyan laws and regulations as well as international best practice. It is in line with this that the Bank has developed a robust Procurement & Vendor Management Policy that seeks to promote transparency, accountability, integrity and ethics in the operation, management and reporting of procurement activities within the Bank.

The objective of the Policy is to ensure that risks associated with procurement and vendor management are adequately managed. The policy ensures that the Bank obtains value for money from procurement activities by ensuring that funds are spent in a transparent, efficient and fair manner which ultimately provides shareholder value. The policy also ensures objectivity and fairness is exercised when dealing with suppliers, that the conflict of interest in the procurement process are identified and avoided and also to safeguard confidentiality of Bank information when dealing with suppliers.

Whistle Blowing Policy

The Board of Directors of Family Bank Limited is committed to achieving and maintaining the highest standard of work ethics in the conduct of business in line with the code of conduct and business standards and good corporate governance practices. It is in this regards that the Bank has developed and elaborate whistleblowing policy setting out the formal method by which employees, directors, customers, suppliers, other stakeholders including the public can report any breach without fear of any retaliation, punishment or unfair treatment. The policy provides guidelines to support its employees, directors and third parties in expressing their concerns about known or suspected serious misconduct or malpractice at or related to the activities of Family Bank and its subsidiaries. The Policy is further intended to promote compliance with the Code of Corporate Governance Practices for Issuers of Securities to the Public, issued by the Capital Markets Authority in order to promote transparency, integrity of disclosures and protection of investors. In order to facilitate professional reporting of any malpractices by various stakeholders, Family Bank has established a secure whistle blowing portal managed by an independent international firm. The portal; www.behonest.co.za, facilitates whistleblowing anonymously through email, whats app and phone calls.

External Auditors

The Board has put in place measures to ensure that external auditors:

- maintain high auditing standards;
- remain independent in the discharge of their duties;
- have no pecuniary relationship with the audited entity or any related party; and
- promptly bring to the attention of the Board and Management any matters requiring urgent action.

To support this oversight, the Board Audit Committee met with the external auditors, without Management present, to discuss matters relating to the audit.

PwC has served as the external auditor of the Group since 2017. During this period, the Lead Engagement Partner has been rotated regularly in compliance with the requirements of the CBK Prudential Guidelines.

The audit fees paid to the external auditors during the year are separately disclosed in Note 9 to the financial statements.



REPORT OF THE INDEPENDENT GOVERNANCE AUDITOR TO THE DIRECTORS OF FAMILY BANK LIMITED

INTRODUCTION

We have performed the Governance Audit for Family Bank Limited covering the year ended 31 December 2025 which comprised an assessment of Governance Practices, Structures and Systems put in place by the Board.

BOARD RESPONSIBILITY

The Board is responsible for putting in place governance structures and systems that support the practice of good governance in the organization. The responsibility includes planning, designing, and maintaining governance structures through policy formulation necessary for efficient and effective management of the organization. The Board is responsible for ensuring its proper constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; members' rights and obligations; members' relationship; compliance with laws and regulations; and sustainability and performance management.

GOVERNANCE AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the existence and effectiveness of Governance instruments, policies, structures, systems and practices in the organization within the legal and regulatory framework and in accordance with best governance practices as envisaged under proper Board constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; members' rights and obligations; members' relationship; compliance with laws and regulations; and sustainability and performance management, based on our audits.

We conducted our audits in accordance with CMA circular No. CMA/MRT/004/2017, Prudential Guidelines for Institutions Licensed Under the Banking Act and ICPSK Governance Audit Standards and Guidelines which conform to global standards. These standards require that we plan and perform the governance audit to obtain reasonable assurance on the adequacy and effectiveness of the organizations' policies, systems, practices, and processes. We believe that our governance audits provide a reasonable basis for our opinion.

OPINION

In our opinion, the Board has put in place effective, appropriate, and adequate governance structures in the organization which are in compliance with the legal and regulatory framework and in line with good governance practices for the interest of stakeholders.

We therefore issue an unqualified opinion.

CS. MADREN OLUOCH-OLUNYA, ICS GA NO. 00192

CS. CAROLYN KYALO, ICS GA NO. 00269

FOR: AZALI CERTIFIED PUBLIC SECRETARIES LLP

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23rd April 2026

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Family Bank is regulated by the Central Bank of Kenya

Board of Directors Profiles



Lazarus Muema
Board Chairman
Non-Executive Director

Lazarus was appointed to the Family Bank Board in 2017. He is a highly respected professional in the Finance/Pensions sector with experience spanning over 30 years, having held senior positions in multinational corporations both in Kenya and Europe. He has been a Finance Manager at Shell Exploration in Kenya and Shell Uganda, a Financial Controller at Kenya Shell and a finance advisor at Shell International London, rising through the ranks to the position of the Pensions Investment and Policy Advisor for Africa by the time he left in 2011.

He is a pension consultant with Penplan Services Limited, a Pensions Consultancy Firm that he founded in 2011. He is a board member in various companies including Kenya Orient Insurance. He is currently the Board Chair of Riscura Solutions (Kenya) Ltd, an investment consulting firm with its hold company based in South Africa. He is also the Board Chair of NBCI Ltd, an investment company wholly owned by the Nairobi Baptist Church. He is a former Chairman of the Association of Retirement Benefits Schemes of Kenya, Bright Technologies Ltd and Nanga Investments Ltd.



Mark Keriri
Vice Chairman
Non-Executive Director

Mr. Mark Keriri was appointed to the Family Bank Board in 2023. He has over twenty years' experience in Information Technology both in Kenya and the United States.

Mr. Keriri previously worked with Family Bank between 2002 and 2015. Before joining Family Bank, Mr. Keriri worked as a programmer with PNC Bank in Pittsburgh, Pennsylvania, USA.

Mr. Keriri is also a director at Daykio Plantations Ltd, Kenya Orient Insurance Ltd and Kenya Orient Life Assurance Limited.

He holds a Bachelor of Science (Information Major) from Duquesne University in Pittsburgh, Pennsylvania.

Board of Directors Profiles



Titus K. Muya
Non-Executive Director

Mr Titus Kiondo Muya, popularly known as TK, is one of Kenya's most outstanding and visionary entrepreneurs and the founder of several successful businesses spanning the banking, insurance, real estate and agriculture sectors.

After a successful career in public service in the 1960s, 1970s and early 1980s, TK ventured into entrepreneurship. He founded Family Bank in 1984 and served as the Bank's Chief Executive Officer until June 2006. From 2006 to 2012, he served as a Non-Executive Chairman of the Bank. Family Bank was established as a financial institution to serve the needs of the unbanked population. TK envisioned accessible and affordable financial services as a tool for poverty alleviation and economic empowerment of communities.

He is also associated with other companies, including Daykio Plantations Ltd, Kenya Orient Insurance Ltd, Kenya Orient Life Assurance Limited and Orient Asset Managers, among others on whose Boards he sits or is represented in different capacities.

TK has also championed social empowerment through education, health and environmental conservation, especially through The Family Group Foundation, which today offers scholarships and mentorship to over 1000 children in all 47 counties.

In recognition of his entrepreneurship, leadership and contribution to the banking industry, the Marketing Society of Kenya awarded TK the Trailblazer Award. In December 2011, the late former President Mwai Kibaki bestowed the award of the Elder of the Order of the Burning Spear (EBS) on TK in recognition of his distinguished service to the nation through entrepreneurship and his contribution to the banking industry.



Ms. Mary N. Mburu
Independent Non-Executive Director

Ms. Mburu was appointed to the Family Bank Board in 2020. She holds a Master's degree in Business Administration (MBA) from United States International University, a BSc. Agriculture from the University of Nairobi, and is pursuing a Doctorate in Business Administration (DBA) in Leadership. She is a Certified Chartered Accountant (ACCA) and has extensive experience in finance, management, and procurement. She has led and overseen multi-million-dollar programs, strengthened enterprise risk management systems, and supported organizations operating under strict regulatory, donor, and public accountability frameworks.

Board of Directors Profiles



Dr. Peninah W. Kariuki
Non-Executive Director

Peninah was appointed to the Family Bank Board in 2024. She has over 35 years of work experience working in various capacities within the banking and finance industry.

She began her career as a research manager at the Central Bank of Kenya after which she took on the role of Assistant to the Senior Resident Representative for the International Monetary Fund (IMF) Country Office in Nairobi.

She has held senior positions at the African Development Bank (AfDB) having served as a Senior Country Economist, Principal Country Economist & Chief Country Economist before ascending to the Country Manager position at the Sierra Leone Country Office of the AfDB. She has also served as the Lead Policy Advisor for the Cabinet Office of the President of the African Development Bank in Abidjan, Ivory Coast.

She holds a Doctorate of Philosophy from the University of Sussex, a Masters in Philosophy from the University of Cambridge and a Bachelor of Arts Degree in Economics from the University of Nairobi.



Ms. Hannah N. Mbugua
Independent Non-Executive Director

Hannah was appointed to the Family Bank Board in 2024. She is a seasoned banker with over 30 years of banking experience. She has an extensive track record working with cross functional teams, strategy formulation and execution, and people management.

She joined Family Finance Building Society in 1990 as a Teller, growing through the ranks and serving in various capacities. Before she left Family Bank in 2020, she was a Senior Corporate Branch Manager.

Hannah holds a Bachelor of Arts Degree in Social Sciences from The Catholic University of Eastern Africa (CUEA). She has obtained several certifications including a programme on Leadership, Ethics, and Corporate Accountability from Harvard Business School.

Hannah is passionate about transforming the lives of communities, entrenching sustainable business practices and empowering young people. She is an active member of Kenya Institute of Bankers (KIB) and Kenya Institute of Management (KIM). She is currently a HR and Strategy consultant at Boma Mabati Factory Ltd and a Director at Certified Steel Mills Ltd.

Board of Directors Profiles



Prof. Winnie I. Nyamute
Independent Non-Executive
Director

Prof. Winnie was appointed to the Family Bank Board in 2024. She is an accounting professional with over 30 years' experience. She is a professor in Finance and Accounting at the University of Nairobi. Previously she served as a lecturer at the Catholic University of Eastern Africa. She began her career as a Finance Officer at Kenya Water Institute.

She holds a PhD in Business Administration, an MBA in Finance and a Bachelor of Commerce in Accounting. She is a Certified Public Accountant and a fellow of the Institute of Certified Public Accountants of Kenya (ICPAK). She's a member of the Association of Women Accountants of Kenya, Institute of Directors Kenya and Kenya Institute of Management.

Winnie currently serves on the Board of the Kenya Airways and Acorn Investment Management Ltd.

She brings a wealth of experience to the board, having served as a director on the board of the Nairobi Securities Exchange, where she was the Chair of the Board Audit & Risk Committee. She is a former director at Sameer Africa Plc and has just concluded her term on the Board of Trustees of KCA University.



Mr. Baptista Muriki Kanyaru
Non-Executive Director

Mr. Kanyaru was appointed to the Family Bank Board in 2025. He is a seasoned legal professional with over a decade of experience. He holds a Bachelor of Laws degree from Moi University and a Postgraduate Diploma from the Kenya School of Law, and is currently pursuing a Master's Degree in Strategic Management at Kenya Methodist University.

He is an Advocate of the High Court of Kenya and a member of the Law Society of Kenya.

In addition to his legal practice, Mr. Kanyaru currently serves as a Director at KTDA Holdings and as a Director at Kiegoi and Igembe Tea Factories, where he contributes to strategic oversight and leadership.

Board of Directors Profiles



Nancy Njau
Chief Executive Officer &
Managing Director

Nancy Njau is an experienced banker with over 22 years of leadership in strategic management, agile business transformation, growth acceleration and building high performance teams. She has previously served in various leadership roles in Family Bank, including Chief Commercial Officer, Chief Officer Public Sector Banking, Head of Strategic Partnerships, Head of Retail Banking and a Regional Manager.

She holds Master's degree in Business Administration (MBA) - Strategic Management from Jomo Kenyatta University of Agriculture and Technology and a Bachelor's degree in Commerce (Accounting) from Kenyatta University. She is a Certified Public Accountant of Kenya and a Certified Executive Leadership Coach. She also holds a higher Diploma in Human Resource Management.

She is an alumna of the Global CEO Africa Programme from Strathmore Business School/Yale University as well as an alumna of Advanced Management Programme from Strathmore Business School/IESE.



Eric K. Murai
Company Secretary &
Chief Legal Officer

Eric is an experienced in-house counsel and corporate governance professional. He holds a Master of Laws (LL.M) and a Bachelor of Laws (LL.B) from the University of Nairobi, along with a BSc. in Applied Accounting from Oxford Brookes University. He has attended the prestigious Advanced Management Programme at Strathmore Business School/IESE.

He is an Advocate of the High Court of Kenya and a member of both the Law Society of Kenya and the Institute of Certified Secretaries. He is also a Certified Executive Leadership Coach. Previously, he worked as Assistant Company Secretary at Britam Holdings Plc and Legal Counsel at Standard Chartered Bank. Kenya.



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79.2563 +

51.2362

36.2514

99.8575

87.2102

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Corporate information

Non-Executive

Mr. Lazarus Muema - Chairman
 Mr. Mark Keriri - Vice chairman
 Mr. Titus K. Muya
 Mr. Julius B. Muya - (Alternate to Mr. Titus K. Muya)
 Ms. Mary Njeri Mburu
 Ms. Hannah N. Mbugua
 Dr. Peninah W. Kariuki
 Prof. Winnie I. Nyamute
 Mr. David Ichoho - Retired in September 2025
 Mr. Baptista Muriki - Appointed in November 2025

Executive

Ms. Nancy Njau – Managing Director and CEO

Company secretary

Mr. Eric K. Murai
 Certified Secretary
 8th Floor, Family Bank Towers,
 Muindi Mbingu Street
 P.O. Box 74145 - 00200, Nairobi
 Tel: 254-2-318173/318940/2/7/0720 098 300
 Fax: 254-2-318174
 Email: info@familybank.co.ke
 Website: www.familybank.co.ke

Registered office

Family Bank Limited
 8th Floor, Family Bank Towers, Muindi Mbingu Street
 P.O. Box 74145- 00200, Nairobi
 Tel: 254-2-318173/318940/2/7/0720 098 300
 Fax: 254-2-318174
 Email: info@familybank.co.ke
 Website: www.familybank.co.ke

Auditor

PricewaterhouseCoopers LLP
 Certified Public Accountants
 PwC Tower, Waiyaki Way/Chiromo Road, Westlands
 P.O. Box 43963-00100
 Nairobi, Kenya

Legal adviser

Mboya Wangong'u & Waiyaki Advocates
 Lex Chamber, Maji Mazuri Road
 Off James Gichuru Road
 Nairobi, Kenya

Correspondent banks

Deutsche Bank AG London
 6 Bishopsgate, London, EC2P 2AT, United Kingdom

DZ Bank AG
 60265 Frankfurt am Main

Deutsche Bank Trust Company Americas
 P O Box 318, Church Street Station
 New York, New York 10008 – 0318

Board committees

Credit Committee

Dr. Peninah Kariuki - Chairperson
 Mr. Titus K. Muya
 Mr. Mark Keriri
 Ms. Hannah Mbugua
 Ms. Nancy Njau

Audit Committee

Prof. Winnie Nyamute - Chairperson
 Ms. Mary Mburu
 Dr. Peninah Kariuki

Risk Management and Compliance Committee

Ms. Mary Mburu - Chairperson
 Ms. Hannah Mbugua
 Prof. Winnie Nyamute

Human Resource Committee

Ms. Hannah Mbugua - Chairperson
 Mr. Titus K. Muya
 Mr. Mark Keriri
 Prof. Winnie Nyamute
 Ms. Nancy Njau

Strategy Committee

Dr. Peninah Kariuki – Ag. Chairperson
 Mr. Lazarus Muema
 Mr. Titus K. Muya
 Mr. Mark Keriri
 Ms. Nancy Njau

Nomination and Governance Committee

Mr. Lazarus Muema - Chairperson
 Mr. Mark Keriri
 Mr. Titus K. Muya

Projects Committee

Mr. Mark Keriri – Chairperson
 Mr. Lazarus Muema
 Mr. Titus K. Muya
 Ms. Mary Mburu
 Ms. Nancy Njau

Directors' Report

The directors submit their report together with the audited financial statements for the year ended 31 December 2025, which disclose the state of affairs of Family Bank Limited (the "Bank") and its subsidiaries Family Bank Bancassurance Intermediary Limited, Pesapap Digital Limited and The Family Group Foundation, (together the "Group").

Principal activities

The Group provides an extensive range of banking, financial and related services and is licensed under the Banking Act. The principal activity of the subsidiary is to provide bancassurance services through insurance agency services and is licensed by Insurance Regulatory Authority.

Results and recommended dividend

The group profit for the year of Kshs. 5,378,153,000 (2024: Kshs 3,460,513,000) has been added to the retained earnings. The directors recommend payment of a dividend in respect to the year ended 31 December 2025 of Kshs. 2,228,702,000 (2024: Kshs 1,108,500,000).

Business review

The global economy is projected to strengthen modestly, with growth estimated at approximately 3.3% in 2026, an improvement from 3.1% in 2025. This gradual acceleration reflects continued resilience in global economic activity despite persistent inflationary pressures and the effects of prolonged monetary tightening across major economies. As inflation continues to ease and financial conditions gradually improve, several central banks are expected to implement phased interest rate cuts or maintain policy holds to support economic activity. These developments are likely to stimulate investment, consumption, and trade flows, thereby strengthening global growth momentum, although geopolitical tensions, trade uncertainties, and commodity price volatility remain key risks to the outlook.

In Kenya, economic growth is expected to remain relatively stable, with GDP projected at approximately 5.2% in 2026 a slight improvement from 5.1% in 2025. The moderation in 2025 largely reflects political uncertainty and the impact of a high-interest-rate environment that constrained private sector credit uptake and investment. However, the outlook for 2026 remains stable, supported by improving political stability, easing monetary conditions, and renewed private sector confidence. These factors are expected to stimulate credit growth and investment across key sectors of the economy, particularly Micro, Small and Medium Enterprises (MSMEs), trade, and agriculture, creating a more supportive operating environment for the banking sector.

The group has demonstrated resilience and adaptability in navigating a challenging economic landscape. Despite ongoing uncertainties in the local financial markets in 2025, we have remained committed to sound financial management and a customer-focused approach, ensuring stability and continued service excellence. The group's profit after income tax surged by 58%, reaching Kshs. 5.3 billion, up from Kshs. 3.4 billion. Interest income recorded a 20% increase, rising to Kshs. 25.1 billion from Kshs. 20.9 billion, while total operating income grew by 34% to Kshs. 20.0 billion from Kshs. 14.9 billion.

Even against these headwinds, the group delivered impressive balance sheet expansion. Total assets maintained a strong 23.8% growth trajectory, increasing from Kshs. 168.5 billion in 2024 to Kshs. 208.6 billion in 2025. The loan book increased by 13.9%, primarily fueled by bank lending to private sector with key strength in our engagements with Micro, Small and Medium Enterprises (MSMEs). Additionally, deposits demonstrated remarkable performance, growing by 20.1% from Kshs. 126.4 billion to Kshs. 151.8 billion. This sustained growth reflects the strong confidence customers have in our services and offerings.

The following is the summary of the results for the year ended 31 December 2025:

	Group		Bank	
	2025	2024	2025	2024
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Total assets	208,688,568	168,504,562	208,626,792	168,413,743
Loans and advances to customers	105,898,912	92,908,565	105,898,912	92,908,565
Customer deposits	151,878,945	126,471,079	152,437,336	127,142,024
Profit before taxation	6,330,352	3,916,337	6,395,305	3,668,017

Directors' Report

The Directors who held office at the date of this report are set out on page 156.

Events subsequent to the end of the reporting period

There were no material subsequent events after the reporting date requiring disclosure in these financial statements as at the date of the financial statement approval.

Statement as to disclosure to the group's auditor

With respect to each director at the time this report was approved:

- (i) there is, so far as the director is aware, no relevant audit information of which the Group's auditor is unaware; and
- (ii) the director has taken all steps that the director ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Terms of appointment of the auditor

PricewaterhouseCoopers LLP continues in office in accordance with the Group's Articles of Association and Section 719 of the Companies Act, 2015.

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

By order of the Board



Eric K. Murai
Company secretary

30 March 2026

Statement of the Directors' Responsibilities

The Companies Act 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and Company at the end of the financial year and its financial performance for the year then ended. The directors are responsible for ensuring that the Group and Company keeps proper accounting records that are sufficient to show and explain the transactions of the Group and Company; disclose with reasonable accuracy at any time the financial position of the Group and Company; and that enables them to prepare financial statements of the Group and Company that comply with prescribed financial reporting standards and the requirements of the Companies Act 2015. They are also responsible for safeguarding the assets of the Group and Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards and in the manner required by the Companies Act 2015. They also accept responsibility for:

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

Having assessed the Group's and Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the board of directors on 30 March 2026 and signed on its behalf by:

Lazarus Muema
Director

Nancy Njau
Managing Director & CEO



Independent auditor's report to the shareholders of Family Bank Limited

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Family Bank Limited (the 'Bank') and its subsidiaries (together, the Group) set out on pages 164 to 274, which comprise the Consolidated and Bank statement of financial position at 31 December 2025 and the Consolidated and Bank statement of profit or loss and other comprehensive income, Consolidated and Bank statement of changes in equity, and Consolidated and Bank statement of cash flows for the year then ended, and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion the financial statements give a true and fair view of the financial position of the Group and the Bank as at 31 December 2025 and of their financial performance and cashflows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent auditor's report to the shareholders of Family Bank Limited (continued)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Expected credit losses on loans and advances at amortised cost</i></p> <p>Loans and advances to customers comprise a significant portion of the Group's total assets. The estimation of expected credit losses (ECL) on loans and advances requires management judgment in the assumptions that are applied in the models used to calculate ECL.</p> <p>The policies for estimating ECL are explained in notes 3 (b) and 4.1 of the financial statements. The key areas where significant judgement has been exercised and therefore, an increased level of audit focus applied, include:</p> <ul style="list-style-type: none"> the assumptions applied in deriving the probabilities of default (PDs), loss given default (LGD) and exposures at default (EAD) for the various segments; the judgments made to determine the staging of facilities in line with IFRS 9. In particular, the identification of Significant Increase in Credit Risk ("SICR") and Default requires consideration of quantitative and qualitative criteria. This is a key area of judgement as this determines whether a 12-month or lifetime PD is used. Specific assumptions have been applied by management in determining the staging, PD and LGD (including the recovery period) for certain segments of the loan book; and the relevance of forward-looking information used in the models; <p>Due to the significant impact of management judgments applied in calculating the ECL, we designated this as a key audit matter in our audit.</p>	<p>Our audit procedures focused on the significant areas of judgement and estimations that could result in material misstatements in the financial statements. These procedures included:</p> <ul style="list-style-type: none"> We reviewed the Group's methodology for determining ECL, including enhancements in the year, and evaluated this against the requirements of IFRS 9; We tested how the Group extracts 'days past due (DPD)' applied in classifying the loan book into the three stages required by IFRS 9. For a sample of loans, we recalculated the DPD applied in the model; We reviewed judgements applied in the staging of loans and advances; We obtained an understanding of the basis used to determine the probabilities of default. We tested the completeness and accuracy of the historical data used in derivation of PDs and LGDs, and recalculated the same on a sample basis; For LGD, we tested the assumptions on the timing of the recovery cash flows based on empirical evidence. In addition, for secured facilities, we agreed the collateral values used in the ECL model to external valuer reports; We tested, on a sample basis, the reasonableness of EAD for both on and off-balance sheet exposures; For forward-looking assumptions used in the ECL calculations, we corroborated the assumptions using publicly available information; and assessed the reasonableness of the weightings applied to different scenarios ; and We reviewed the adequacy of the financial statement disclosures.



Independent auditor's report to the shareholders of Family Bank Limited (continued)

Report on the audit of the financial statements (continued)

Other information

The other information comprises Corporate information, Directors' report and Statement of directors' responsibilities which we obtained prior to the date of this auditor's report, and the rest of the other information in the Integrated Report which is expected to be made available to us after that date but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we have received prior to the date of this auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the rest of the other information in the Integrated Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or Bank, or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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



Independent auditor's report to the shareholders of Family Bank Limited (continued)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence applicable and where applicable actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group and Bank's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Companies Act, 2015

In our opinion the information given in the Directors' report on pages 157 and 158 is consistent with the financial statements.

CPA Patrick Kiambi, Practicing Certificate Number 2056
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

31 March 2026



UNIQUE CODE: 58277260330

Consolidated and Bank statement of profit or loss and other comprehensive income

For the year ended 31 December 2025

	Notes	Consolidated		Bank	
		2025	2024	2025	2024
		Kshs 000	Kshs 000	Kshs 000	Kshs 000
Interest income	6(a)	25,169,995	20,958,744	25,168,006	20,958,744
Interest expense	7	(9,044,187)	(9,798,983)	(9,114,627)	(9,872,405)
Net interest income		16,125,808	11,159,761	16,053,379	11,086,339
Fee and commission income	8(a)	2,752,203	2,703,968	2,752,203	2,703,968
Fee and commission expense	8(b)	(683,632)	(584,105)	(683,632)	(584,105)
Net fees and commission income		2,068,571	2,119,863	2,068,571	2,119,863
Investment income	6(b)	1,061,246	375,054	1,061,246	375,054
Net trading income	8(d)	330,913	610,654	330,913	610,654
Other income	8(c)	442,236	675,384	412,905	365,487
Operating income		20,028,774	14,940,716	19,927,014	14,557,397
Operating expenses	9	(11,135,575)	(9,644,071)	(10,968,862)	(9,509,072)
Credit impairment losses	17	(2,562,847)	(1,380,308)	(2,562,847)	(1,380,308)
Profit before income tax		6,330,352	3,916,337	6,395,305	3,668,017
Income tax expense	11	(952,199)	(455,824)	(864,655)	(406,354)
Profit for the year		5,378,153	3,460,513	5,530,650	3,261,663
Other comprehensive income					
Items that may be reclassified to profit					
Gain on revaluation of properties (net of deferred tax)		227,999	-	227,999	-
Fair value gain on financial assets at fair value through other comprehensive income (net of deferred tax)		553,173	2,518,481	553,173	2,518,481
Total other comprehensive income		781,172	2,518,481	781,172	2,518,481
Total comprehensive income for the year		6,159,325	5,978,994	6,311,822	5,780,144
Earnings per share (basic and diluted) (Kshs)	12	3.93	2.65	4.05	2.50

Consolidated and Bank statement of financial position

As at 31 December 2025

	Notes	Consolidated		Bank	
		2025	2024	2025	2024
		Kshs 000	Kshs 000	Kshs 000	Kshs 000
Assets					
Cash and balances with CBK	13	9,801,482	12,153,067	9,801,482	12,153,067
Balances due from banking institutions	14(a)	7,874,262	2,858,176	7,874,262	2,858,176
Government securities:					
-at amortised cost	15	39,704,276	22,192,287	39,683,603	22,182,261
-at fair value through other comprehensive income	15	34,330,870	28,806,539	34,330,870	28,806,539
Current income tax	11(c)	14,545	324,102	-	296,669
Other assets	19	3,389,193	2,710,862	3,315,691	2,650,635
Loans and advances to customers	16	105,898,912	92,908,565	105,898,912	92,908,565
Investment in subsidiaries	20	-	-	53,254	12,347
Investment properties	21	70,600	32,500	70,600	32,500
Property and equipment	22	2,401,037	2,366,038	2,400,076	2,364,951
Intangible assets	23	765,015	469,744	761,924	467,911
Right of use of assets	33	1,009,320	685,034	1,007,433	682,675
Prepaid operating leases	24	114,006	118,643	114,006	118,643
Deferred income tax	28	3,315,050	2,879,005	3,314,679	2,878,804
Total assets		208,688,568	168,504,562	208,626,792	168,413,743
Liabilities and shareholders' funds					
Liabilities					
Customer deposits	25	151,878,945	126,471,079	152,437,336	127,142,024
Balances due to banking institutions	14(b)	561,679	7,125,532	561,679	7,125,532
Accruals and other provisions	27(a)	2,015,038	2,101,088	2,015,038	2,101,088
Other liabilities	27(b)	5,741,759	2,073,325	5,638,361	1,981,219
Borrowings	26(a)	13,911,503	7,491,175	13,911,503	7,491,175
Lease liabilities	33(b)	1,184,732	852,949	1,182,939	850,764
Current income tax	11(c)	772,426	-	772,426	-
Total liabilities		176,066,082	146,115,148	176,519,282	146,691,802
Shareholders' funds					
Share capital	29	1,662,655	1,305,195	1,662,655	1,305,195
Share premium		10,944,549	6,118,846	10,944,549	6,118,846
Revaluation surplus		506,423	278,424	506,423	278,424
Fair value reserve		1,305,334	752,161	1,305,334	752,161
Retained earnings		13,423,447	9,733,792	12,908,471	9,066,319
Statutory reserve		2,551,376	3,092,496	2,551,376	3,092,496
Proposed dividends		2,228,702	1,108,500	2,228,702	1,108,500
Total shareholders' funds		32,622,486	22,389,414	32,107,510	21,721,941
Total liabilities and shareholders' funds		208,688,568	168,504,562	208,626,792	168,413,743

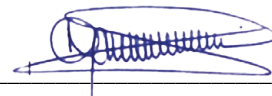
The financial statements on pages 164 to 274 were approved for issue by the board of directors on 30 March 2026 and were signed on its behalf by:



Lazarus Muema
Director



Prof. Winnie Nyamute
Director



Nancy Njau
Managing Director & CEO

Consolidated statement of changes in equity

For the year ended 31 December 2025

	Share capital Kshs 000	Share premium Kshs 000	Revaluation surplus Kshs 000	Fair value reserve Kshs 000	Retained earnings Kshs 000	Proposed dividend Kshs 000	Statutory reserve Kshs 000	Total Kshs 000
Year ended 31 December 2025								
At start of year	1,305,195	6,118,846	278,424	752,161	9,733,792	1,108,500	3,092,496	22,389,414
Comprehensive income	-	-	-	-	5,378,153	-	-	5,378,153
Profit for the year	-	-	-	-	5,378,153	-	-	5,378,153
Other comprehensive income	-	-	-	553,173	-	-	-	553,173
Fair value gain on financial assets at fair value through other comprehensive income (net of tax)	-	-	-	553,173	-	-	-	553,173
Fair value gain on revaluation of property	-	-	227,999	-	-	-	-	227,999
Transfer from statutory reserves	-	-	-	-	541,120	-	(541,120)	-
Transaction with owners in their capacity as owners	357,460	4,825,703	-	-	-	-	-	5,183,163
Issue of shares-rights issue	-	4,825,703	-	-	(916)	-	-	(916)
Adjustments in dividend paid	-	-	-	-	(2,228,702)	2,228,702	-	-
Proposed dividend	-	-	-	-	-	(1,108,500)	-	(1,108,500)
Dividend paid	-	-	-	-	-	-	-	-
At end of year	1,662,655	10,944,549	506,423	1,305,334	13,423,447	2,228,702	2,551,376	32,622,486

Year ended 31 December 2024

At start of year	1,287,108	5,874,662	278,424	(1,766,320)	7,879,305	722,968	2,594,636	16,870,783
Comprehensive income	-	-	-	-	3,460,513	-	-	3,460,513
Profit for the year	-	-	-	-	3,460,513	-	-	3,460,513
Other comprehensive income	-	-	-	2,518,481	(497,860)	-	497,860	2,518,481
Fair value gain on financial assets at fair value through other comprehensive income (net of tax)	-	-	-	2,518,481	(497,860)	-	497,860	2,518,481
Transfer to statutory reserves	-	-	-	-	-	-	-	-
Transaction with owners in their capacity as owners	18,087	244,184	-	-	-	-	-	262,271
Issue of shares-rights issue	-	244,184	-	-	334	-	-	334
Adjustments in dividend paid	-	-	-	-	(1,108,500)	1,108,500	-	-
Proposed dividend	-	-	-	-	-	(722,968)	-	(722,968)
Dividend paid	-	-	-	-	-	-	-	-
At end of year	1,305,195	6,118,846	278,424	752,161	9,733,792	1,108,500	3,092,496	22,389,414



Bank statement of changes in Equity

For the year ended 31 December 2025

	Share capital Kshs 000	Share pre- mium Kshs 000	Revaluation surplus Kshs 000	Fair value reserve Kshs 000	Retained earnings Kshs 000	Proposed dividend Kshs 000	Statutory reserve Kshs 000	Total Kshs 000
Year ended 31 December 2025								
At start of year	1,305,195	6,118,846	278,424	752,161	9,066,319	1,108,500	3,092,496	21,721,941
Comprehensive income	-	-	-	-	5,530,650	-	-	5,530,650
Profit for the year	-	-	-	-	5,530,650	-	-	5,530,650
Other comprehensive income	-	-	-	553,173	-	-	-	553,173
Fair value loss on financial assets at fair value through other comprehensive income (net of tax)	-	-	-	553,173	-	-	-	553,173
Fair value gain on revaluation of property	-	-	227,999	-	-	-	-	227,999
Transfer to statutory reserves	-	-	-	-	541,120	-	(541,120)	-
Transaction with owners in their capacity as owners	-	-	-	-	-	-	-	-
Issue of shares-rights issue	357,460	4,825,703	-	-	-	-	-	5,183,163
Adjustments in dividend paid	-	-	-	-	(916)	-	-	(916)
Proposed dividend	-	-	-	-	(2,228,702)	2,228,702	-	-
Dividend paid	-	-	-	-	-	(1,108,500)	-	(1,108,500)
At end of year	1,662,655	10,944,549	506,423	1,305,334	12,908,471	2,228,702	2,551,376	32,107,510

Year ended 31 December 2024

At start of year

Comprehensive income

Profit for the year

Other comprehensive income

Fair value loss on financial assets at fair value through other comprehensive income (net of tax)

Transfer to statutory reserves

Transaction with owners in their capacity as owners

Issue of shares-rights issue

Adjustments in dividend paid

Proposed dividend

Dividend paid

At end of year

1,287,108	5,874,662	278,424	(1,766,320)	7,410,682	722,968	-	2,594,636	16,402,160
-	-	-	-	3,261,663	-	-	-	3,261,663
-	-	-	2,518,481	-	-	-	-	2,518,481
-	-	-	-	(497,860)	-	-	497,860	-
18,087	244,184	-	-	-	-	-	-	262,271
-	-	-	-	334	-	-	-	334
-	-	-	-	(1,108,500)	1,108,500	-	-	-
-	-	-	-	-	(722,968)	-	-	(722,968)
1,305,195	6,118,846	278,424	752,161	9,066,319	1,108,500	3,092,496	2,551,376	21,721,941

Consolidated and bank statement of cash flows

For the year ended 31 December 2025

Note	Consolidated		Bank	
	2025 Kshs 000	2024 *Restated Kshs 000	2025 Kshs 000	2024 *Restated Kshs 000
Cash flows from operating activities				
Cash used in operations				
31(a)	(13,334,966)	(2,276,363)	(13,607,489)	(2,269,646)
	23,253,261	19,692,199	23,251,261	19,692,199
	(7,885,505)	(7,617,734)	(7,962,954)	(7,707,006)
	(157,226)	(100,666)	(157,226)	(100,666)
11(c)	(787,422)	(1,335,668)	(745,183)	(1,270,419)
	1,088,142	8,361,768	778,409	8,344,462
Net cash generated from operating activities				
Cash flows from investing activities				
22	(313,578)	(313,489)	(313,434)	(312,472)
23	(506,474)	(180,204)	(506,473)	(163,914)
	16,650	-	16,650	-
	(803,402)	(493,693)	(803,257)	(476,386)
Net cash used in investing activities				
Cash flows from financing activities				
26	7,615,192	325,000	7,615,192	325,000
14	-	(3,000,000)	-	(3,000,000)
26	(1,252,838)	(2,808,686)	(1,252,838)	(2,808,686)
33	(1,031,998)	(1,071,058)	(1,031,998)	(1,071,058)
33	(461,405)	(479,720)	(460,910)	(479,720)
20	-	-	(40,907)	-
7	-	-	350,000	-
28	(1,108,500)	(722,968)	(1,108,500)	(722,968)
29	5,183,163	262,270	5,183,163	262,270
	8,943,614	(7,495,162)	9,253,202	(7,495,162)
Net cash generated from/ (used in) financing activities				
	9,228,354	372,913	9,228,354	372,914
	7,885,711	7,512,798	7,885,711	7,512,797
31(b)	17,114,065	7,885,711	17,114,065	7,885,711
Cash & cash equivalents at end of the year				

Financial statements

For the year ended 31 December 2025

Notes

1 General information

Family Bank Limited and its subsidiaries; Family Bank Bancassurance Intermediary Limited, Pesapap Digital Limited and The Family Group Foundation are all incorporated in Kenya under the Companies Act and are domiciled in Kenya.

The address of its registered office is set out on page 156.

2 Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented on these financial statements, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Bank and Group have been prepared in accordance with IFRS Accounting standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS Accounting Standards and the Companies Act, 2015. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

(i) Basis of measurement

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below. For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into three levels of fair value hierarchy based on the degree to which the inputs to the measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

(ii) Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires the directors to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures

(i) New and amended standards effective and adopted by the Group

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2025. These standards and amendments did not have a material impact on the financial statements.

Title	Effective Date	Key Requirements
Amendments to IAS 21 - Lack of exchangeability	Annual periods beginning on or after 1 January 2025 (Published August 2023)	<p>An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.</p> <p>A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.</p>

None of these amendments have had a significant impact on the financial statements.

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) Standards, amendments and interpretations issued but not yet effective

Title	Effective date	Key requirements
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" -Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026 (Published May 2024)	<p>These amendments:</p> <ul style="list-style-type: none"> clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).
IFRS 18, Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027 (Published April 2024)	<p>The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.</p> <p>IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.</p>

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) Standards, amendments and interpretations issued but not yet effective (continued)

Title	Effective date	Key requirements
IFRS 19, 'Subsidiaries without Public Accountability: Disclosures' and amendment (see separate section below for the amendment)	Annual periods beginning on or after 1 January 2027. (Published May 2024 and amendment in August 2024)	This new standard and amendment works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if: it does not have public accountability; and it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.
Amendment to IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'	Annual periods beginning on or after 1 January 2027. (Published August 2025)	These amendments help eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024, specifically: <ul style="list-style-type: none"> • IFRS 18 Presentation and Disclosure in Financial Statements; • Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7); • International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12); • Lack of Exchangeability (Amendments to IAS 21); and • Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). In the future, IFRS 19 will be amended at the same time as the IASB issues or revises other IFRS Accounting Standards.
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	Annual periods beginning on or after 1 January 2024 (Published June 2023)	IFRS S1 provides guidance on identifying sustainability-related risks and opportunities, and the relevant disclosures to be made in respect of those sustainability-related risks and opportunities.

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) Standards, amendments and interpretations issued but not yet effective (continued)

Title	Effective date	Key requirements
IFRS S2 Amendments to Climate- related Disclosures	Annual periods beginning on or after 1 January 2024 (Published June 2023)	IFRS S2 requires an entity to identify and disclose climate-related risks and opportunities that could affect the entity's prospects over the short, medium and long term. It also requires entities to consider specified industry metrics when disclosing qualitative and quantitative components on how the entity uses metrics and targets to measure, monitor and manage the identified material climate-related risks and opportunities.

The Directors do not plan to apply the above standards until they become effective. Based on their assessment of the potential impact of application of the above, they don't expect a material impact on the Group's financial statements.

There are no other standards that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on near future transactions.

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

(b) Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and an entity controlled by the Bank. Control is achieved when the Bank:

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Bank considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power over the investee, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary.

Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements for subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to the transactions between the members of the Group are eliminated in full on consolidation.

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

(b) Consolidation (continued)

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

These include the excess of the:

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(i) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest.

All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

(b) Consolidation (continued)

(i) Changes in the Group's ownership interests in existing subsidiaries (continued)

in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9: Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

c) Investment in subsidiary

Investment in subsidiary companies are stated at cost less impairment loss where applicable in the separate accounts of the Bank.

d) Interest income and expense recognition

Interest income and interest expense on interest bearing financial instruments is calculated by applying the effective interest rate to the gross carrying amount, except for:

- i. Purchased or originated credit impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset; and
- ii. Financial assets that are not "POCI" but have subsequently become credit-impaired, for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e.net of the expected credit loss provision) in subsequent reporting periods.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

e) Fees and commission income

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

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

(f) Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities and includes all realised and unrealised fair value changes, interest and foreign exchange differences

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

(g) Foreign currency translation

(i) Functional and presentation currency

The Group's consolidated financial statements are presented in Kenya Shillings, which is also the Functional and Presentation currency of the subsidiary. For each entity in the Group, the Group determines the functional currency and items included in the financial statements of each entity are measured using that Functional currency.

(ii) Transactions and balances

Foreign currency transactions that are transactions denominated, or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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 through profit or loss. The Group does not have a foreign operation.

h) Financial instruments

The Group accounts for its financial instruments in line with IFRS 9 which establishes principles that would present relevant and useful information to users of financial statements in relation to: Classification of financial instruments, initial and subsequent measurement of financial instruments and modification and derecognition of financial instruments and Impairment of financial assets.

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

The Group classifies its financial assets into the following categories:

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

Financial assets (except those carried at fair value through profit or loss) are initially recognised in the financial statements at fair value plus transaction costs. Loans and receivables and investments held at amortised cost are subsequently carried at amortised cost using the effective interest rate ("EIR") method.

Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are carried at fair value. Gains and losses arising from changes in the fair value of 'financial assets at fair value through profit or loss' are included in profit and loss in the period in which they arise. Gains and losses arising from changes in the fair value of assets at fair value through other comprehensive income are recognised in other comprehensive income and cumulated in a separate reserve in equity until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recycled through profit and loss for debt instruments.

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

h) Financial instruments (continued)

(i) Financial assets

Recognition and Subsequent measurement

Debt instruments

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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 asset is classified on the basis of both the Group's business model for managing the financial assets; and the contractual cash flow characteristics of the financial asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- **Amortised cost:** assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVTPL, are measured at amortised cost. The carrying amounts of these assets are adjusted by any expected credit loss allowances. Interest income from financial assets is included in "interest income" using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Financial assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows represent SPPI and that are not designated at FVPL, are measured through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Net gains on disposal of financial instruments". Interest income from the instruments is included in "interest income" using the effective interest rate.
- **Financial assets at fair value through profit or loss (FVTPL):** Financial assets with contractual cash flows that are not SPPI; or/and held in a business model other than held to collect contractual cash flows or held to collect and sell; or designated at FVTPL using the fair value option are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in note 4.4- Fair value of financial instruments.

Group's business model

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

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

Contractual characteristics of a financial asset / SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell,

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

h) Financial instruments (continued)

Group's business model (continued)

Contractual characteristics of a financial asset / SPPI (continued)

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

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

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

Impairment

The Group assesses on a forward-looking basis the expected credit loss ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

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

Modification of loans

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

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in interest rate
- Change in the currency of the loan - Insertion of collateral, other security or credit enhancement that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a "new" asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. Accordingly, the date of the modification is treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. This typically means measuring the loss allowance at an amount equal to 12-month expected credit losses until the criteria for the recognition of lifetime expected credit losses is met.

However, in some unusual circumstances following a modification that results in derecognition of the original financial asset,

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

h) Financial instruments (continued)

i) Financial assets (continued)

Modification of loans (continued)

there may be evidence that the modified financial asset is credit-impaired at initial recognition, and thus, the financial asset is recognised as an originated credit-impaired financial asset. This might occur, for example, in a situation in which there was a substantial modification of a distressed asset that resulted in the derecognition of the original financial asset. In such a case, it may be possible for the modification to result in a new financial asset which is credit-impaired at initial recognition. Differences in the carrying amount are recognised in profit or loss as a gain or loss on derecognition.

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

Derecognition other than on a modification

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

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards.

These transactions are accounted for as “pass through” transfers that result in derecognition if the Group:

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

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

Reposessed collateral

The Group makes arrangement to dispose reposessed collateral to the market quickly and at the best price. Disposal processes commences immediately when the asset becomes ready for sale. While assets are not being disposed of, the Group endeavors to keep costs relative to the upkeep and maintenance of the assets to a minimum. Possessed moveable assets are stored at reputable storage yards approved by the Group or within Group premises. The Group is not in asset and property trading/management and thus does not take positions on the market trends.

Classification and subsequent measurement

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

Financial liabilities at fair value through profit or loss such as derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair values of the financial liability that is attributable to changes in the credit risk of that liability) and partially profit or loss (the remaining amount of change in the fair value of the liability).

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

h) Financial instruments (continued)

(ii) Financial liabilities (continued)

Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on financial liability; and financial guarantee contracts and loan commitments.

Derecognition of financial liabilities

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

Financial guarantee contracts and loan commitments

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

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

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

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle the asset and the liability on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

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

(i) Borrowings

Borrowings are recognised initially at fair value, generally being their issue proceeds, net of directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost and interest is recognised using the effective interest method.

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

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

(j) Property and equipment

Property and equipment are stated at cost (or as professionally revalued from time to time as in the case of Freehold land and buildings) less accumulated depreciation and any accumulated impairment losses. Any surplus arising on revaluation is recognised in other comprehensive income and accumulated in the revaluation reserve account. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and charged against the revaluation surplus; all other decreases are charged to profit or loss. The Group's policy is to professionally revalue freehold land and buildings at least once every five years. The valuation considered the highest and best use of the property. The basis of valuation for freehold land and buildings is open market value.

During the current financial year, the Group performed a professional revaluation of its freehold land and buildings in accordance with its five-year cycle policy. The valuation was conducted by Acumen Valuers, an independent firm of professional valuers, using the open market value basis.

This assessment accounted for the highest and best use of the properties to ensure the carrying amount reflects fair value at the reporting date. The resulting surplus/deficit was recognised in other comprehensive income and accumulated in the revaluation reserve, except where deficits exceeded previous surpluses, in which case the deficit was charged to profit or loss.

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

Buildings	2.50%
Fixtures, fittings and equipment	12.50%
ATM Machines	16.70%
Motor vehicles	20%
Computers	20%
Freehold land is not depreciated.	

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

(j) Property and equipment (continued)

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

The depreciation charge to profit and loss is based on the carrying amounts of the property and equipment. The excess of this charge over that based on the historical cost of the property and equipment is released each year from the revaluation surplus to retained earnings.

(k) Intangible assets

Intangible assets comprise acquired computer software license costs which are recognised on the basis of expenditure incurred to acquire and bring the specific software to use. These costs are amortised over estimated useful lives of three to ten years. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. During development of these software products, direct costs such as the software development employee costs and an appropriate portion of relevant overheads are recorded as work in progress and amortised from the point at which the asset is ready for use.

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

(l) Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

(m) Investment properties

Investment properties comprise land and buildings and parts of buildings held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. The fair value determined annually by external independent valuers. Fair value is based on active market prices as adjusted, if necessary, for any difference in the nature, condition or location of the specific asset.

Investment properties are not subject to depreciation. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the year in which they arise.

Investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(n) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current income tax

The income tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred income tax

Deferred income tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred income tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences are utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from good will. The initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred income tax for the year

Current and deferred income tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income.

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events that are not recognised because either an outflow of economic benefits is not probable, or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but information about them is disclosed unless the possibility of any outflow of economic benefits in settlement is remote.

(p) Statutory reserve

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

(q) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. 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 stand-alone 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.

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. At inception of a contract, the Group assesses whether a contract is, or contains, a lease.

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

(q) Leases (continued)

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 stand-alone 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.

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 Bank 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.

(r) Cash and cash equivalents

Cash and cash equivalents include cash in hand, unrestricted balances held with the Central Bank of Kenya and highly liquid financial assets with original maturities of less than three months, which are subject to 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.

(s) Employee benefit costs

The Group operates a defined contribution scheme for all its employees. The scheme is administered by an independent investment management company and is funded by contributions from both the group employees. The Group and its employees also contribute to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Fund Act. The obligations under the scheme are limited to specific contributions legislated from time to time. The Group's contributions in respect of retirement benefit costs are charged to the profit and loss in the period to which they relate. Employee entitlement to leave not taken is charged to profit or loss as it accrues.

(t) Sale and repurchase agreements

Securities sold to the Central Bank of Kenya subject to repurchase agreements ('repos') are retained in the financial statements under government securities and the counterparty liability is included in advances from Central Bank of Kenya. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Notes (continued)

For the year ended 31 December 2025

2 Material accounting policies (continued)

(u) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (Managing Director and CEO). Management then allocates resources to and assesses the performance of the operating segments of the Group.

- Segment result is segment revenue less segment expenses.
- Segment revenue is the revenue that is directly attributable to a segment plus the relevant portion of the Group's revenue that can be allocated to the segment on a reasonable basis.
- Segment expenses are expenses resulting from the operating activities of a segment plus the relevant portion of an expense that can be allocated to the segment on a reasonable basis. Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Capital expenditure represents the total cost incurred during the year to acquire segment assets (property, plant and equipment) that are expected to be used during more than one year.

(v) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Notes (continued)

For the year ended 31 December 2025

3 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The directors also need to exercise judgment in applying the Group's accounting policies. All estimates and assumptions required in conformity with IFRS Accounting standards are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

This note provides an overview of the areas that involve a higher degree of judgment or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

(a) Business model assessment

Classification and measurement of financial assets depend on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how Group's of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

(b) Measurement of expected credit loss allowances

These uncertainties are particularly pronounced in the estimation of expected credit losses (ECL) under IFRS 9 Financial Instruments, given the forward-looking nature of the models and the volatile economic environment in Kenya as of March 2026. The Bank's lending portfolio, heavily exposed to sectors such as agriculture, SMEs, and public-linked borrowers, amplifies these risks amid ongoing fiscal pressures, climate vulnerabilities, and pre-2027 election uncertainties.

The following areas represent the primary sources of uncertainty in ECL measurement, with strategic emphasis on model calibration, sensitivity testing, and risk mitigation to ensure robust provisioning and compliance with Central Bank of Kenya (CBK) guidelines.

(i) Probability of Default (PD)

PD represents the estimated likelihood of a borrower defaulting over a 12-month horizon for Stage 1 assets or lifetime for Stage 2 and 3 assets. This estimate is inherently uncertain due to:

- Reliance on historical data, which may not fully anticipate future disruptions such as economic downturns, geopolitical shifts, or sector-specific stresses (e.g., drought impacts on agricultural loans).
- Adjustments incorporating current conditions (e.g., elevated non-performing loans (NPLs) at ~16-17% industry-wide) and forward-looking expectations, including GDP forecasts (~5% for 2026) and inflation trends (~4-5%).
- Balancing point-in-time (PIT) assessments, which reflect current volatility, against through-the-cycle (TTC) approaches for long-term stability

Judgement is exercised in calibrating PD models to these factors, particularly in Kenya's volatile environment where rapid changes in the Central Bank of Kenya (CBK) monetary policy rates or public debt servicing can alter borrower behavior. To strategically manage this, the Bank performs regular back-testing and incorporates expert overlays where data gaps exist.

We have performed sensitivity analysis indicating how various indicators in the PDs risk factors calibration impact the expected credit loss provisions as shown in Note 4.1.5

Notes (continued)

For the year ended 31 December 2025

3 Critical accounting estimates and judgements (continued)

(ii) Loss Given Default (LGD)

LGD estimates the economic loss in the event of default, calculated as the difference between contractual cash flows and expected recoveries (including collateral realization and credit enhancements). Uncertainty arises from:

- Fluctuations in collateral values (e.g., real estate or agricultural assets sensitive to market conditions and climate events).
- Timing and costs of recovery processes, increasing the time to realisation frame.
- Estimation of realizable value of collaterals.

The Bank applies judgement in forecasting LGD, drawing on historical recovery/cure rates adjusted for current economic drivers such as stabilizing interest rates (~9% CBK benchmark) and estimation of realisable value of collaterals - See Note 4.1.6.

(iii) Determining significant Increase in credit risk (SICR)

Determining SICR involves judgement on whether credit risk has increased significantly since initial recognition, triggering a shift from 12-month ECL (Stage 1) to lifetime ECL (Stage 2). IFRS 9 provides no prescriptive definition, requiring bank-specific criteria that blend:

- Quantitative indicators (e.g., PD deterioration thresholds, such as 30-90 days past due rebuttable presumption)
- Qualitative factors (e.g., borrower financial distress signals, sector downturns like SME liquidity strains, or macroeconomic alerts such as rising unemployment).

In the Bank's context, this judgement is heightened by persistent NPL pressures and emerging risks.

(iv) Post-model adjustments and overlays

Where core ECL models do not fully capture emerging or idiosyncratic risks (e.g., sector-specific shocks like climate-induced agricultural defaults or public arrears), the Bank applies subjective overlays based on expert judgement. This introduces uncertainty as overlays rely on qualitative assessments and forward-looking intelligence not embedded in historical data.

Strategically, these are temporary and documented with clear rationale, exit criteria, and CBK alignment to mitigate bias. For 2026, potential overlays address pre-election fiscal risks and global commodity volatility.

(c) Uncertain tax positions

Significant estimates are required in determining the Group's provision 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 provisions in the period in which such determination is made. There have been no changes in the past assumptions made in determination of provisions for income taxes.

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures

Risk management framework

The Group defines risk as the possibility of losses being incurred or profits foregone, which may be caused by internal or external factors. The Group aims to achieve an appropriate balance between risk and return and minimise the potential adverse effects of the Group's financial performance.

The Bank's subsidiary does not have significant operations. The financial assets and liabilities of the Bank's subsidiary mainly consist of loans from related parties that are eliminated on consolidation and other assets and liabilities that are not material to the Group. Consequently, the financial risk management information presented below relates only to the Bank.

The most important type of risks to which the Group are exposed to are financial risks which include:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a risk management committee comprising of two non-executive directors to assist in the discharge of this responsibility. The Board has also established the Group Asset and Liability Committee (ALCO), Credit Committee and Risk and Compliance Committee, which are responsible for developing and monitoring risk management policies in their specified areas. With the exception of the ALCO which is a Management Committee, these committees comprise of both non-executive and executive members and report regularly to the Board of Directors on their activities. The Board provides written principles for overall risk management as well as written policies covering specific risk areas. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and best market practices. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

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. Credit risk arises principally from the Group's loans and advances to customers and other banks and investment securities but can also arise from credit enhancement provided such as financial guarantees, letters of credit and acceptances.

Credit risk is the single largest risk for the Group's business and management carefully manages its exposure to credit risk. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk to its credit committee comprising of three non-executive directors and two executive directors. The implementation of the credit risk policies and monitoring of the credit portfolio to ensure that risks are managed within acceptable standards is the responsibility of the credit committee comprising of executive management.

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

Management of credit risk (continued)

The committee assisted by the credit department is responsible for the management of the Group's credit risk including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities.
- Authorisation limits are delegated to the head of credit and the credit committee while larger facilities require approval by the board of directors.
- Limiting concentrations of exposure to counterparties, geographies and industries for loans and advances.
- Developing and maintaining the group's risk gradings in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures.
- Varying degrees of risk of default and the availability of collateral or other credit risk mitigation. Risk grades are subject to regular reviews by credit department.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the group credit committee on the credit quality of local portfolios and appropriate corrective action is taken.

Providing advice, guidance and specialist skills to branches to promote best practice throughout the group in the management of credit risk.

Credit risk measurement

In measuring credit risk of loans and advances to customers, the Group takes into account the following factors:

- The probability of default: this is the possibility of the customer failure to pay
- Current exposure on the borrower and the likely future development from which the Group derives the exposure at default.
- Estimated recovery ratio should default occur; this is the amount that can be recovered through sale of collateral.

The Group assesses the probability of default of individual borrowers using internal rating methods tailored to the various categories of the borrower. In assessing the credit quality of the customer, the Group takes into account the customers financial position, past experience and other industry specific factors. The credit risk measurements are embedded in the Group's daily operational management and closely aligned to the Central Bank of Kenya loan classifications.

The impairment allowances on loans and advances computed through the Group's internal measures and the Central Bank of Kenya prudential guidelines are contrasted with the measurement of impairment under the IFRS 9.

4.1.1 Loans and advances

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

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

(i) Significant Increase in credit risk (SICR)

The Group's decision on whether to recognize 12-month or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is performed at each reporting date. This forms the basis of stage 1, 2 and 3 classification and subsequent migration. The Group applies qualitative and quantitative criteria for stage classification and for its forward and backward credit risk migration.

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

(i) Significant Increase in credit risk (SICR) (continued)

Quantitative criteria

The quantitative criteria is based on relative and not absolute changes in credit quality driven by counterparty ratings and days past due. The Group considers that financial instruments for which default patterns are not concentrated at a specific point during the expected life of the financial instrument, changes in the risk of a default occurring over the next 12 months may be a reasonable approximation of the changes in the lifetime risk of a default occurring.

IFRS 9 credit staging / grading	CBK PG/04 Guidelines	Days past due
1	Normal	Up to date and in line with contractual agreements or within 30 days' arrears
2	Watch	31 to 90 days overdue
3	Substandard	91 to 180 days overdue
	Doubtful	181 – 365 days overdue
	Loss	Over 365 overdue

Qualitative criteria

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

1. Significant changes in the terms of the same instrument if it were issued at the reporting date that indicate a change in credit risk since initial recognition, e.g.: increase in credit spread; more stringent covenants; increased amounts of collateral or guarantees; or higher income coverage.
2. Significant changes in external market indicators of credit risk for the same financial instrument (or similar instrument of the borrower), e.g.: credit spread; credit default swap prices; length of time or the extent to which the fair value of a financial asset has been less than its amortized cost; other market information related to the borrower, such as changes in the price of a borrower's debt and equity instruments; or external credit rating (actual or expected).
3. Changes in the Group's credit management approach in relation to the financial instrument (e.g. based on emerging indicators of changes in the credit risk of the financial instrument, the Group's credit risk management practice is expected to become more active or focused on managing the instrument, including the instrument becoming more closely monitored or controlled, or the bank specifically intervening with the borrower).
4. Actual or expected adverse changes in business, financial or economic conditions significantly affecting borrower's ability to meet its debt obligations (e.g. increase in interest rates or unemployment rates); operating results of the borrower e.g. declining revenues or margins, increasing operating risks, working capital deficiencies, decreasing asset quality, increased balance sheet leverage, liquidity, management problems or changes in the scope of business or organizational structure (such as the discontinuance of a segment of the business) that results in a significant change in the borrower's ability to meet its debt obligations; or regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations (e.g. a decline in the demand for the borrower's sales product because of a shift in technology).
5. Significant changes in the value of collateral or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to pay or otherwise affect the probability of default; or quality of a guarantee provided by a shareholder (or an individual's parents) if the shareholder (or parents) have an incentive and financial ability to prevent default by capital or cash infusion.
6. Expected changes in the loan documentation (e.g. breach of contract leading to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees).
7. Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group (e.g. increase in delayed contractual payments or number of credit card borrowers expected to approach or exceed their credit limit or who are expected to be paying the minimum monthly amount).

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

(ii) Definition of default and credit-impaired assets

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

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

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

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

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

90-day rebuttable presumption

The Group assumes a rebuttable presumption that a default does not occur later than when a financial asset is 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

"ECL" is defined as the amount on a probability-weighted basis as the difference between the cash flows that are due to the Group in accordance with the contractual terms of a financial instrument and the cash flows that the bank expects to receive. ECL is formula driven, i.e. $ECL = PD \times LGD \times EAD$ (discounted using the EIR). ECLs are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12 month EAD) or over the remaining lifetime (Lifetime EAD).
- LGD represents the Group's expectations of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support.
- LGD is calculated on a 12-month or lifetime basis, where 12 month LGD is the percentage of loss expected to be made if the default occurs over the next 12 months and lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan. The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

(iii) Measuring expected credit loss – inputs, assumptions and estimation techniques (continued)

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and a credit grade. This is supported by a historical analysis.

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

- For amortizing products or bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by the borrower. Early repayments/refinance assumptions are also incorporated.
- For revolving products, the exposure at default is predicted by taking the current drawn-down balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.
- LGDs are determined based on the factors which impact the recoverable amount post default. These vary by product type:
- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies, including contracted debt sales and prices.

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

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

Forward-looking information incorporated in the ECL models

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

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

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

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

(iii) Measuring expected credit loss – inputs, assumptions and estimation techniques (continued)

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

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

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

Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogenous. In performing this grouping, there must be sufficient information for the group to be statistically credible. In conclusion, the Group considered its approach to credit risk management and how aspects such as regulatory compliance and internal concentration limits are managed. As such, the Group grouped its loans and advances at amortised cost based on industries such as Manufacturing, Individuals, Finance and Insurance, Building and Construction among others.

There were no exposures deemed to be individually significant to merit individual assessment, other than those in Stage 3. The appropriateness of groupings is monitored and reviewed on a periodic basis.

Write-off policy

When a loan is uncollectible it is written off against the related provisions for loan impairment. Such loans are written off after all the necessary recovery procedures have been completed and the amount of loan has been determined. Subsequent recoveries of amounts previously written off are recognised as gains in the statement of profit or loss.

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates 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 borrowing activity.

Loans and advances at amortised cost less than 30 days past due date are not considered to have experienced SICR, unless other information is available to indicate the contrary. The Group structures the level of credit risk it undertakes by placing limits on amounts of risk accepted in relation to one borrower or a group of borrowers. Such risks are monitored on a revolving basis and are subject to annual or more frequent review.

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

(iii) Measuring expected credit loss – inputs, assumptions and estimation techniques (continued)

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing limits where appropriate.

The Group takes security for funds advances and implements guidelines on the acceptability of specific classes of collateral. To minimise credit loss the Group will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances. Collateral held for other financial assets other than loans and advances depends on the nature of the instrument.

The primary purpose of acceptances, letters of credit and guarantees is to ensure funds are available to a customer as required. Guarantees and standby letters of credit carry the same risk as loans. Documentary and commercial letters of credit which are written undertakings by the group on behalf of a customer authorising a third party to draw drafts on the group up to a stipulated amount under specific terms and conditions are collateralised by the underlying goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisation to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Group has no significant concentration of credit risk, with exposure spread over a diversity of personal and commercial customers.

Risk limit control and mitigation policies

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

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

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

On balance sheet and off-balance sheet exposures

	Group		Bank	
	Exposure	Exposure	Exposure	Exposure
	2025	2024	2025	2024
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
On – balance sheet items				
Cash in hand	4,831,110	4,668,448	4,831,110	4,668,448
Balances with Central Bank of Kenya	4,970,372	4,668,448	4,970,372	7,484,618
Balances due from other banking institutions	7,874,262	2,858,176	7,874,262	2,858,176
Government securities at amortised cost	39,704,276	22,192,287	39,683,603	22,182,261
Government securities FVOCI	34,330,870	28,806,539	34,330,870	28,806,539
Loans and advances to customers	105,898,912	92,908,565	105,898,912	92,908,565
Other assets (excluding prepayments)	2,305,303	1,445,409	2,231,801	1,385,181
	199,915,105	157,547,872	199,820,930	160,293,788
Off-balance sheet items				
Guarantees and letters of credit	11,797,757	13,966,458	11,797,757	13,966,458
	211,712,862	171,514,330	211,618,687	174,260,246

The table above represents the worst-case scenarios of credit exposure for 31 December 2025 and 31 December 2024, without taking into account any collateral held or other credit enhancements attached.

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

For on-balance sheet assets, the exposures, set out above are based on net carrying amount as reported on the statement of financial position.

Loans and advances to customers comprise of 51% (2024 - 54 %) of the total maximum exposure.

While collateral is an important mitigant to credit risk, the Group's policy is to establish that loans are within the capacity of the customer to repay, as the primary way out. The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates 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 borrowing activity.

The table below shows the total gross loans and allowances including interest accrued on fully impaired loans and advances:

	2025 Kshs'000	2024 Kshs'000
Loans and advances to customers		
Gross loans and advances to customers	113,919,861	99,281,396
Of which stage 1 and 2	99,582,898	87,032,925
Of which stage 3	14,336,963	12,248,471
Expected credit loss provisions	8,020,949	6,372,831
Of which stage 1 and 2	1,569,131	1,381,465
Of which stage 3	6,451,818	4,991,366
Net loans and advances to customers	105,898,912	92,908,565
Of which stage 1 and 2	98,013,767	85,651,460
Of which stage 3	7,885,145	7,257,105

The subsequent tables within this note include the movement in gross loans and allowances excluding interest accrued on fully impaired loans and advances of Kshs 3.22 billion (2024: Kshs 2.45 billion).

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

The following table shows the breakdown of the total loans on a gross and net basis and the Expected credit loss provisions as at 31 December 2025

2025	Term loans	Mortgage	Overdraft and credit cards	Total	Off Balance Sheet
Loans and advances to customers	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Gross loans and advances to customers	95,390,664	15,922,298	2,606,899	113,919,861	3,094,008
Of which stage 1	74,732,268	12,946,847	1,506,935	89,186,050	3,094,008
Of which stage 2	8,355,106	1,580,111	461,631	10,396,848	-
Of which stage 3	12,303,290	1,395,340	638,333	14,336,963	-
Expected credit loss provisions	7,469,986	260,426	290,537	8,020,949	4,972
Of which stage 1	805,781	13,487	5,971	825,239	4,972
Of which stage 2	672,013	44,337	27,542	743,892	-
Of which stage 3	5,992,192	202,602	257,024	6,451,818	-
Net loans and advances to customers	87,920,678	15,661,872	2,316,362	105,898,912	3,089,036
Of which stage 1	73,926,487	12,933,360	1,500,964	88,360,811	3,089,036
Of which stage 2	7,683,093	1,535,774	434,089	9,652,956	-
Of which stage 3	6,311,098	1,192,738	381,309	7,885,145	-

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

The following table shows the breakdown of the total loans on a gross and net basis and the Expected credit loss provisions as at 31 December 2024

2024	Term loans	Mortgage	Overdraft and credit cards	Total	Off Balance Sheet
Loans and advances to customers	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Gross loans and advances to customers	82,094,734	14,021,448	3,165,214	99,281,396	3,800,743
Of which stage 1	68,190,206	11,922,528	2,032,538	82,145,272	3,800,743
Of which stage 2	3,960,796	790,821	136,036	4,887,653	-
Of which stage 3	9,943,732	1,308,099	996,640	12,248,471	-
Expected credit loss provisions	5,647,653	208,614	516,564	6,372,831	8,163
Of which stage 1	853,148	29,236	15,483	897,867	8,163
Of which stage 2	429,870	40,765	12,963	483,598	-
Of which stage 3	4,364,635	138,613	488,118	4,991,366	-
Net loans and advances to customers	76,447,081	13,812,834	2,648,650	92,908,565	3,792,580
Of which stage 1	67,337,058	11,893,292	2,017,055	81,247,405	3,792,580
Of which stage 2	3,530,926	750,056	123,073	4,404,055	-
Of which stage 3	5,579,097	1,169,486	508,522	7,257,105	-

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

The following tables show a reconciliation from the opening to the closing balance of the total gross loans balance.

Gross loans	Stage 1	Stage 2	Stage 3	Total
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Loans and advances as at 1 January 2025	82,145,272	4,887,653	12,248,471	99,281,396
Changes in the gross loans				
– Transfer to stage 1	854,545	(742,692)	(111,853)	-
– Transfer to stage 2	(4,683,009)	4,840,988	(157,979)	-
– Transfer to stage 3	(1,705,524)	(1,154,002)	2,859,526	-
New financial assets originated or purchased	48,077,125	4,043,679	1,001,713	53,122,517
Financial assets that have been derecognised	(25,710,625)	(991,991)	(707,465)	(27,410,081)
Write-offs	-	-	(352,542)	(352,542)
Repayments and other movements	(9,791,737)	(486,786)	(442,906)	(10,721,429)
Loans and advances as at 31 December 2025	89,186,047	10,396,849	14,336,965	113,919,861

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

Gross loans

	Stage 1	Stage 2	Stage 3	Total
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Loans and advances as at 1 January 2024	73,582,869	4,586,499	14,409,108	92,578,476
Changes in the gross loans				
– Transfer to stage 1	1,926,881	(1,432,999)	(493,882)	-
– Transfer to stage 2	(2,198,201)	2,461,484	(263,283)	-
– Transfer to stage 3	(836,645)	(530,674)	1,367,319	-
New financial assets originated or purchased	43,259,818	2,059,145	664,462	45,983,425
Financial assets that have been derecognised	(25,938,974)	(1,217,944)	(3,277,813)	(30,434,731)
Repayments and other movements	(7,650,476)	(1,037,858)	(157,440)	(8,845,774)
Loans and advances as at 31 December 2024	82,145,272	4,887,653	12,248,471	99,281,396

The following tables show a reconciliation from the opening to the closing balance of the total gross loans balance by the class of loans.

Term loans

	Stage 1	Stage 2	Stage 3	Total
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Loans and advances as at 1 January 2025	68,190,206	3,960,796	9,943,732	82,094,734
Changes in the gross loans				
– Transfer to stage 1	770,277	(663,667)	(106,610)	-
– Transfer to stage 2	(3,618,218)	3,771,200	(152,982)	-
– Transfer to stage 3	(1,657,359)	(827,618)	2,484,977	-
New financial assets originated or purchased	42,202,058	3,588,179	(1,426,650)	44,363,587
Financial assets that have been derecognised	(23,527,975)	(712,894)	(632,176)	(24,873,045)
Write-offs			(352,542)	(352,542)
Repayments and other movements	(7,626,721)	(760,890)	2,545,541	(5,842,070)
Loans and advances as at 31 December 2025	74,732,268	8,355,106	12,303,290	95,390,664

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

Term loans

	Stage 1	Stage 2	Stage 3	Total
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Loans and advances as at 1 January 2024	63,433,561	3,467,726	12,862,060	79,763,347
Changes in the gross loans				
– Transfer to stage 1	1,130,370	(989,711)	(140,659)	-
– Transfer to stage 2	(1,732,845)	1,973,027	(240,182)	-
– Transfer to stage 3	(776,163)	(444,909)	1,221,072	-
New financial assets originated or purchased	37,393,602	1,844,283	593,732	39,831,617
Financial assets that have been derecognised	(23,291,965)	(951,252)	(743,841)	(24,987,058)
Repayments and other movements	(7,966,354)	(938,368)	(3,608,450)	(12,513,172)
Loans and advances as at 31 December 2024	68,190,206	3,960,796	9,943,732	82,094,734

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

The following tables show a reconciliation from the opening to the closing balance of the total gross loans balance by the class of loan.

Mortgage loans

	Stage 1	Stage 2	Stage 3	Total
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Loans and advances as at 1 January 2025	11,922,528	790,821	1,308,099	14,021,448
Changes in the gross loans				
– Transfer to stage 1	67,386	(63,488)	(3,898)	-
– Transfer to stage 2	(849,912)	854,194	(4,282)	-
– Transfer to stage 3	(26,453)	(122,103)	148,556	-
New financial assets originated or purchased	4,883,359	424,081	13,928	5,321,368
Financial assets that have been derecognised	(1,441,934)	(240,818)	(4,647)	(1,687,399)
Repayments and other movements	(1,608,127)	(62,576)	(62,416)	(1,733,119)
Loans and advances as at 31 December 2025	12,946,847	1,580,111	1,395,340	15,922,298
Loans and advances as at 1 January 2024	10,183,040	706,858	2,503,693	13,393,591
Changes in the gross loans				
– Transfer to stage 1	505,249	(154,250)	(350,999)	-
– Transfer to stage 2	(393,277)	411,360	(18,083)	-
– Transfer to stage 3	(28,186)	(21,876)	50,062	-
New financial assets originated or purchased	4,684,791	161,183	3,112	4,849,086
Financial assets that have been derecognised	(1,364,538)	(216,119)	(27,867)	(1,608,524)
Repayments and other movements	(1,664,551)	(96,335)	(851,819)	(2,612,705)
Loans and advances as at 31 December 2024	11,922,528	790,821	1,308,099	14,021,448

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

The following tables show a reconciliation from the opening to the closing balance of the total gross loans balance by the class of loan.

Overdrafts and credit cards	Stage 1	Stage 2	Stage 3	Total
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Loans and advances as at 1 January 2025	2,032,538	136,036	996,640	3,165,214
Changes in the gross loans				
– Transfer to stage 1	16,884	(15,537)	(1,347)	-
– Transfer to stage 2	(124,680)	125,395	(715)	-
– Transfer to stage 3	(21,711)	(22,363)	44,074	-
New financial assets originated or purchased	366,443	31,418	(368,493)	29,368
Financial assets that have been derecognised	(740,716)	(38,279)	140,849	(638,146)
Repayments and other movements	(21,823)	244,961	(172,675)	50,463
Loans and Advances as at 31 December 2025	1,506,935	461,631	638,333	2,606,899
Overdrafts and credit cards	Stage 1	Stage 2	Stage 3	Total
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Loans and advances as at 1 January 2024	2,053,586	411,914	1,010,356	3,475,856
Changes in the gross loans				
– Transfer to stage 1	291,263	(289,039)	(2,224)	-
– Transfer to stage 2	(72,079)	77,097	(5,018)	-
– Transfer to stage 3	(32,296)	(63,889)	96,185	-
New financial assets originated or purchased	744,690	53,679	67,616	865,985
Financial assets that have been derecognised	(845,738)	(50,573)	(54,140)	(950,451)
Repayments and other movements	(106,888)	(3,153)	(116,135)	(226,176)
Loans and Advances as at 31 December 2024	2,032,538	136,036	996,640	3,165,214

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

The following table shows a reconciliation from the opening to the closing balance of the loss allowance on loans and advances at amortised cost.

	Stage 1 12-month ECL Kshs 000	Stage 2 Lifetime ECL Kshs 000	Stage 3 Lifetime ECL Kshs 000	Total Kshs 000
31 December 2025				
Loss allowance as at 01 January 2025	897,867	483,598	4,991,366	6,372,831
Changes in the loss allowance				
– Transfer to stage 1	126,575	(83,983)	(42,592)	-
– Transfer to stage 2	(29,086)	75,657	(46,571)	-
– Transfer to stage 3	(19,070)	(165,691)	184,761	-
– Write-offs	-	-	(352,542)	(352,542)
New financial assets originated or purchased	439,015	328,824	442,631	1,210,470
Financial assets that have been derecognised/Exited	(245,099)	(63,068)	(185,257)	(493,424)
Growth/Reduction in ECLs within each Stage	(266,543)	(5,462)	1,432,457	1,160,452
Foreign exchange and other movements	(78,420)	174,017	27,565	123,162
Loss allowance as at 31 December 2025	825,239	743,892	6,451,818	8,020,949
31 December 2024				
Loss allowance as at 01 January 2024	887,308	394,917	4,373,328	5,655,553
Changes in the loss allowance				
– Transfer to stage 1	221,775	(135,948)	(85,827)	-
– Transfer to stage 2	(20,165)	92,347	(72,182)	-
– Transfer to stage 3	(12,078)	(100,395)	112,473	-
New financial assets originated or purchased	435,243	189,372	368,104	992,719
Financial assets that have been derecognised/Exited	(210,511)	(97,469)	(294,922)	(602,902)
Growth/Reduction in ECLs within each Stage	(214,173)	(3,221)	544,855	327,461
Foreign exchange and other movements	(189,532)	143,995	45,537	-
Loss allowance as at 31 December 2024	897,867	483,598	4,991,366	6,372,831

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

The following tables provide details of the changes in the loss allowance in the year for per class of financial instrument:

Term Loans Loss allowance – Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	Kshs 000	Kshs 000	Kshs 000	
Loss allowance as at 01 January 2025				
	853,148	429,870	4,364,635	5,647,653
Changes in the loss allowance				
– Transfer to stage 1	119,212	(77,557)	(41,655)	-
– Transfer to stage 2	(26,097)	72,326	(46,229)	-
– Transfer to stage 3	(18,599)	(136,940)	155,539	-
– Write-offs			(352,542)	(352,542)
New financial assets originated or purchased	426,476	299,124	437,325	1,162,925
Financial assets that have been derecognised/Exited	(230,645)	(59,268)	(164,395)	(454,308)
Growth/Reduction in ECLs within each Stage	(243,197)	2,288	1,584,007	1,343,098
Foreign exchange and other movements	(74,517)	142,170	55,507	123,160
Loss allowance as at 31 December 2025	805,781	672,013	5,992,192	7,469,986
2024				
Loss allowance as at 01 January 2024	856,407	337,130	3,807,821	5,001,358
Changes in the loss allowance				
– Transfer to stage 1	197,733	(133,029)	(64,704)	-
– Transfer to stage 2	(19,332)	90,601	(71,269)	-
– Transfer to stage 3	(11,522)	(80,854)	92,376	-
New financial assets originated or purchased	406,782	176,512	312,573	895,867
Financial assets that have been derecognised/Exited	(201,143)	(79,530)	(259,081)	(539,754)
Growth/Reduction in ECLs within each Stage	(208,898)	(4,242)	503,322	290,182
Foreign exchange and other movements	(166,879)	123,282	43,597	-
Loss allowance as at 31 December 2024	853,148	429,870	4,364,635	5,647,653

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

Mortgage loans

Loss allowance – Loans and advances to customers at amortised cost

	Stage 1 12-month ECL Kshs 000	Stage 2 Lifetime ECL Kshs 000	Stage 3 Lifetime ECL Kshs 000	Total Kshs 000
Loss allowance as at 01 January 2025	29,236	40,765	138,613	208,614
Changes in the loss allowance				
– Transfer to stage 1	5,695	(5,695)		-
– Transfer to stage 2	(1,601)	1,601		-
– Transfer to stage 3	(109)	(23,765)	23,874	-
– Write-offs				-
New financial assets originated or purchased	9,936	23,343	215	33,494
Financial assets that have been derecognised/Exited	(6,996)	(1,090)	(43)	(8,129)
Growth/Reduction in ECLs within each Stage	(18,689)	(18,681)	63,817	26,447
Foreign exchange and other movements	(3,985)	27,859	(23,874)	-
Loss allowance as at 31 December 2025	13,487	44,337	202,602	260,426
Loss allowance as at 01 January 2024	14,645	30,865	119,874	165,384
Changes in the loss allowance				
– Transfer to stage 1	22,429	(2,620)	(19,809)	-
– Transfer to stage 2	(380)	380	-	-
– Transfer to stage 3	(91)	(11)	102	-
– Write-offs	-	-	-	-
New financial assets originated or purchased	17,304	6,785	189	24,278
Financial assets that have been derecognised/Exited	(128)	(11,455)	(1,031)	(12,614)
Growth/Reduction in ECLs within each Stage	(2,585)	14,570	19,581	31,566
Foreign exchange and other movements	(21,958)	2,251	19,707	-
Loss allowance as at 31 December 2024	29,236	40,765	138,613	208,614

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.1 Loans and advances (continued)

Overdraft and credit cards

Loss allowance – Loans and advances to customers at amortised cost

Loss allowance as at 01 January 2025

Changes in the loss allowance

– Transfer to stage 1

– Transfer to stage 2

– Transfer to stage 3

New financial assets originated or purchased

Financial assets that have been derecognised/Exited

Growth/Reduction in ECLs within each Stage

Foreign exchange and other movements

Loss allowance as at 31 December 2025

Loss allowance as at 1 January 2024

Changes in the loss allowance

– Transfer to stage 1

– Transfer to stage 2

– Transfer to stage 3

New financial assets originated or purchased

Financial assets that have been derecognised/Exited

Growth/Reduction in ECLs within each Stage

Foreign exchange and other movements

Loss allowance as at 31 December 2024

	Stage 1 12-month ECL Kshs 000	Stage 2 Lifetime ECL Kshs 000	Stage 3 Lifetime ECL Kshs 000	Total Kshs 000
Loss allowance as at 01 January 2025	15,483	12,963	488,118	516,564
Changes in the loss allowance				
– Transfer to stage 1	1,667	(730)	(937)	-
– Transfer to stage 2	(205)	547	(342)	-
– Transfer to stage 3	(361)	(4,986)	5,347	-
New financial assets originated or purchased	2,602	6,358	5,091	14,051
Financial assets that have been derecognised/Exited	(7,457)	(2,710)	(20,819)	(30,986)
Growth/Reduction in ECLs within each Stage	(4,657)	10,931	(215,366)	(209,092)
Foreign exchange and other movements	(1,101)	5,169	(4,068)	-
Loss allowance as at 31 December 2025	5,971	27,542	257,024	290,537
Loss allowance as at 1 January 2024	16,256	26,921	445,633	488,810
Changes in the loss allowance				
– Transfer to stage 1	1,613	(299)	(1,314)	-
– Transfer to stage 2	(454)	1,367	(913)	-
– Transfer to stage 3	(465)	(19,530)	19,995	-
New financial assets originated or purchased	11,156	6,076	55,342	72,574
Financial assets that have been derecognised/Exited	(9,240)	(6,484)	(34,810)	(50,534)
Growth/Reduction in ECLs within each Stage	(2,689)	(13,550)	21,953	5,714
Foreign exchange and other movements	(694)	18,462	(17,768)	-
Loss allowance as at 31 December 2024	15,483	12,963	488,118	516,564

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.2 Off-balance sheet facilities

Off balance sheet facilities

	Stage 1 Kshs 000	Stage 2 Kshs 000	Stage 3 Kshs 000	Total Kshs 000
As at 1 January 2025	3,800,743	-	-	3,800,743
Changes in models/risk parameters				
New financial assets originated or purchased	2,034,320	-	-	2,034,320
Financial assets that have been derecognized	(2,749,215)	-	-	(2,749,215)
Repayments and other movements	8,161	-	-	8,161
As at 31 December 2025	3,094,008	-	-	3,094,008

	Stage 1 Kshs 000	Stage 2 Kshs 000	Stage 3 Kshs 000	Total Kshs 000
As at 1 January 2024	3,718,240	-	-	3,718,240
New financial assets originated or purchased	3,042,566	-	-	3,042,566
Financial assets that have been derecognized	(2,916,623)	-	-	(2,916,623)
Repayments and other movements	(43,440)	-	-	(43,440)
As at 31 December 2024	3,800,743	-	-	3,800,743

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.2 Off-balance sheet facilities (continued)

	Stage 1 12-month ECL Kshs 000	Stage 2 Lifetime ECL Kshs 000	Stage 3 Lifetime ECL Kshs 000	Total Kshs 000
2025				
Loss allowance as at 1 January 2025	8,163	-	-	8,163
New financial assets originated or purchased	3,154	-	-	3,154
Financial assets that have been derecognised	(3,922)	-	-	(3,922)
Changes in models/risk parameters	(2,423)	-	-	(2,423)
Loss allowance as at 31 December 2025	4,972	-	-	4,972
2024				
Loss allowance as at 1 January 2024	11,561	-	-	11,561
New financial assets originated or purchased	5,832	-	-	5,832
Financial assets that have been derecognised	(8,047)	-	-	(8,047)
Changes in models/risk parameters	(1,182)	-	-	(1,182)
Loss allowance as at 31 December 2024	8,163	-	-	8,163

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.3 Other disclosures

Modified financial assets

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

Financial assets (with loss allowance based on lifetime ECL) modified during the period

	2025	2024
	Kshs 000	Kshs 000
Gross carrying amount before modification	3,468,992	1,632,477
Loss allowance before modification	(69,728)	(160,124)
Net carrying amount before modification	3,399,264	1,472,353
Net modification gain	67,787	7,595

Collateral management

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

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

There has been no change in collateral management in the year

Valuation of collateral

The Bank has a panel of valuers who undertake valuation of property and other assets to be used as Collateral. The valuers in the panel are qualified professional valuers with adequate experience in the field of property and machinery valuation. Valuation reports on properties are valid for 5 years after which the collateral is revalued.

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.3 Other disclosures (continued)

Fair value of collateral held

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

The Bank also enters into collateralised reverse purchase agreements. Risk mitigation policies control the approval of collateral types. Collateral is valued in accordance with the Bank's risk mitigation policy, which prescribes the frequency of valuation for different collateral types. The valuation frequency is driven by the level of price volatility of each type of collateral.

Collateral held against impaired loans is maintained at fair value. The valuation of collateral is monitored regularly and is back tested at least annually. At 31 December 2025 the net carrying amount of loans and advances was Kshs 105,898,912,000 (2024 Kshs 92,908,565,000) and the value of the respective collateral was Kshs 217,298,982,000 (2024 Kshs 217,326,982,294)

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

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

The Bank holds financial instruments, financial collateral and cash collateral against its loans and advances measured at amortised cost. The Bank is entitled to offset these through enforceable master netting arrangements or similar agreements, in case of default. As at 31 December 2025 no financial assets or financial liabilities had been offset and presented net on the statement of financial position. No collateral had been pledged for deposits held.

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.4 Concentration of risk

Details of significant concentrations of the Group's loans and off-balance sheet items by industry groups are as detailed below:

(i) Net Loans and Advances to customers- Group and Bank

	2025 Kshs 000	2024 Kshs 000
Agriculture	8,162,107	5,018,959
Building and Construction	4,966,298	3,955,368
Energy and water	1,260,169	1,122,413
Finance & Insurance Services	3,371,756	3,292,526
Manufacturing	5,764,765	4,463,402
Personal/Household	30,446,850	26,080,949
Real Estate	10,577,623	10,858,692
Tourism, restaurant and Hotels	2,683,742	2,422,828
Trade	33,914,447	31,349,652
Transport and Communication	4,751,155	4,343,776
	105,898,912	92,908,565

(iii) Off balance sheet items

	2025 Kshs 000	2024 Kshs 000
Agriculture	145,304	112,995
Building and Construction	1,117,701	1,022,569
Energy and water	24,172	14,898
Finance & Insurance Services	1,986,269	960,637
Manufacturing	186,065	128,117
Personal/Household	590,652	113,210
Real Estate	448,258	313,312
Tourism, restaurant and Hotels	3,555	2,430
Trade	6,761,426	10,403,078
Transport and Communication	534,355	895,212
	11,797,757	13,966,458

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.5 Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has not made changes in the estimation techniques or significant assumptions made during the reporting period. The impact of forward-looking information is not material to the expected credit losses and hence not disclosed in the financial statements.

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

	2025	2026	2027	2028	2029
Inflation					
- Base scenario	0.5	0.5	0.5	0.5	0.5
- Range of upside scenarios	0.2	0.2	0.2	0.2	0.2
- Range of downside scenarios	0.3	0.3	0.3	0.3	0.3
Exchange rates					
- Base scenario	0.5	0.5	0.5	0.5	0.5
- Range of upside scenarios	0.2	0.2	0.2	0.2	0.2
- Range of downside scenarios	0.3	0.3	0.3	0.3	0.3
Benchmark interest rates					
- Base scenario	0.5	0.5	0.5	0.5	0.5
- Range of upside scenarios	0.2	0.2	0.2	0.2	0.2
- Range of downside scenarios	0.3	0.3	0.3	0.3	0.3
Reserves					
- Base scenario	0.5	0.5	0.5	0.5	0.5
- Range of upside scenarios	0.2	0.2	0.2	0.2	0.2
- Range of downside scenarios	0.3	0.3	0.3	0.3	0.3

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.6 Sensitivity analysis

The most critical judgment in determining the Expected Credit Loss (ECL) allowance under IFRS 9 is the assumption regarding interest rates. This factor has the greatest influence on borrowers' capacity to meet contractual repayment obligations, directly affecting credit risk parameters such as probability of default and overall loss estimates.

Management has evaluated other forward-looking macroeconomic variables—including inflation, GDP growth, and exchange rates—and incorporated them into the analysis. However, these elements were assessed as having no material impact on the ECL provision in the current context. Consequently, no specific adjustments or overlays were applied to the ECL allowance for these factors.

Set out below are the changes to the ECL as at 31 December 2025 that would result from reasonably possible changes in this parameter from actual assumptions used in the Group's economic variable assumptions; base rate moved from 17.55% to 14.79% as at 31 December 2025.

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.6 Sensitivity analysis (continued)

(i) Interest rates

Impact on expected credit losses

	+2%	Base	-2%
	Kshs 000	Kshs 000	Kshs 000
31 December 2025			
Term loans	8,480,704	7,468,083	6,455,461
Off balance sheet facilities	2,164	1,906	1,648
Mortgage facilities	295,736	260,424	225,113
Overdrafts & Credit cards	329,931	290,536	251,141
Total	9,108,535	8,020,949	6,933,363

Impact on expected credit losses

	+2%	Base	-2%
	Kshs 000'	Kshs 000'	Kshs 000'
31 December 2024			
Term loans	6,404,168	5,639,491	4,874,814
Off balance sheet facilities	9,270	8,163	7,056
Mortgage facilities	236,900	208,613	180,326
Overdrafts & Credit cards	586,607	516,564	446,521
Total	7,236,945	6,372,831	5,508,717

(ii) Probability of Default (PD)

Sensitivity Analysis: Historical data indicates that a 0.01% increase in PD across the portfolio could lead to a material change in ECL provisions.

Impact on expected credit losses

	+0.01%	Base	-0.01%
	Kshs 000'	Kshs 000'	Kshs 000'
PD Risk factors calibration 2025			
Term loans	7,686,057	7,468,083	7,250,108
Off balance sheet facilities	1,962	1,906	1,850
Mortgage facilities	268,025	260,424	252,823
Overdrafts & Credit cards	299,016	290,536	282,056
Totals	8,255,060	8,020,949	7,786,837

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.6 Sensitivity analysis (continued)

(ii) Probability of Default (PD) (continued)

Impact on expected credit losses

PD Risk factors calibration 2024	+0.01% Kshs 000'	Base Kshs 000'	-0.01% Kshs 000'
Term loans	5,776,081	5,639,491	5,502,901
Off balance sheet facilities	8,361	8,163	7,965
Mortgage facilities	213,666	208,613	203,560
Overdrafts & Credit cards	529,075	516,564	504,053
Totals	6,527,183	6,372,831	6,218,479

(iii) Loss given default (recovery rates and cure rates)

Historically, a 1% reduction in recovery rates and 0.01% cure rates (equivalent to a 1% increase in LGD) on NPLs has triggered a significant change in the loss allowance for loans and advances.

Impact on expected credit losses

Recovery rates calibration 2025	+1% Kshs 000'	Base Kshs 000'	-1% Kshs 000'
Term loans	8,102,979	7,468,083	6,833,186
Off balance sheet facilities	2,068	1,906	1,744
Mortgage facilities	282,564	260,424	238,284
Overdrafts & Credit cards	315,236	290,536	265,836
	8,702,847	8,020,949	7,339,050

2024	+1% Kshs 000'	Base Kshs 000'	-1% Kshs 000'
Term loans	8,071,992	5,639,491	5,183,451
Off balance sheet facilities	2,060	8,163	7,503
Mortgage facilities	281,484	208,613	191,743
Overdrafts & Credit cards	314,030	516,564	474,792
Totals	8,669,566	6,372,831	5,857,489

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.1 Credit risk (continued)

4.1.6 Sensitivity analysis (continued)

(iii) Loss given default (recovery rates and cure rates) (continued)

Cure rates calibration

2025

	+0.1%	Base	-0.1%
	Kshs 000'	Kshs 000'	Kshs 000'
Term loans	8,378,109	7,468,083	6,558,056
Off balance sheet facilities	2,138	1,906	1,674
Mortgage facilities	292,158	260,424	228,690
Overdrafts & Credit cards	325,939	290,536	255,133
Totals	8,998,344	8,020,949	7,043,553

2024

	+0.1%	Base	-0.1%
	Kshs 000'	Kshs 000'	Kshs 000'
Term loans	6,387,133	5,639,491	4,891,849
Off balance sheet facilities	9,245	8,163	7,081
Mortgage facilities	236,269	208,613	180,957
Overdrafts & Credit cards	585,046	516,564	448,082
Totals	7,217,693	6,372,831	5,527,969

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.2 Liquidity risk

4.2.1 Management of liquidity risk

The Group's liquidity risk management is carried out within the Group and monitored by the Asset Liability committee (ALCO). 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 Group's reputation.

Liquidity risk is addressed through the following measures:

- The treasury department monitors liquidity ratios on a daily basis against internal and regulatory requirements.
- Day to day funding is managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers.
- The Group enters into lending contracts subject to availability of funds.
- The Group has an aggressive strategy aimed at increasing the customer deposit base.
- The Group borrows from the market through interbank transactions with other banks and the Central Bank of Kenya for short term liquidity requirements.
- Investments in property and equipment are properly budgeted for and done when the group has sufficient cash flows.

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 the board. Daily reports covering the liquidity position of the Group are regularly submitted to ALCO.

Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month.

The Central Bank of Kenya minimum liquidity ratio is 20%. Details of the reported Group ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

	2025	2024
At 31 December	60.9%	43.9%
Average for the year	52.8%	43.9%
Maximum for the year	60.9%	43.2%
Minimum for the year	44.3%	45.3%

To address any liquidity risk negative gaps, the group has an Assets & Liabilities Committee that directs mobilization of deposits and where needed supports big tickets through aggressive pricing, halts or significantly curtails asset growth. The Group uses the interbank borrowing or disposes government securities to address short -term negative gaps.

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.2 Liquidity risk (continued)

4.2.2 (a) Liquidity risk based on undiscounted cash flows - Group

The table below analyses the cash flows payable by the group under non-derivative financial liabilities by remaining contractual maturities and non-derivative financial assets by expected maturity dates as at the date of the statement of financial position.

As at 31 December 2025	Up to 1 month Kshs 000	1 - 3 months Kshs 000	3 - 12 months Kshs 000	1 - 5 years Kshs 000	Over 5 years Kshs 000	Total Kshs 000
Balances due to banks	561,679	-	-	-	-	561,679
Customer deposits	84,967,621	27,167,548	41,870,707	389,116	-	154,394,992
Borrowings	-	-	7,770,279	1,808,910	8,050,144	17,629,333
Lease liabilities	15,081	950	40,359	1,360,572	246,775	1,663,737
Other Liabilities	4,207,085	-	526,668	-	-	4,733,753
Total financial liabilities	89,751,466	27,168,498	50,208,013	3,558,598	8,296,919	178,983,494
Cash-in hand	4,831,110	-	-	-	-	4,831,110
Balances with CBK	4,970,372	-	-	-	-	4,970,372
Balances due from banks	7,882,246	-	-	-	-	7,882,246
Government securities amortised cost	-	-	4,733,047	14,966,483	46,837,533	66,537,063
Government securities FVOCI	-	-	1,896,008	7,165,037	59,216,798	68,277,843
Loans and advances	15,466,952	9,282,132	9,327,961	62,958,803	92,306,265	189,342,113
Other assets	2,002,429	-	143,798	159,074	-	2,305,301
Total financial assets	35,153,109	9,282,132	16,100,814	85,249,397	198,360,596	344,146,048
(Gap)/surplus	(54,598,357)	(17,886,366)	(34,107,199)	81,690,799	190,063,677	165,162,554

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.2 Liquidity risk (continued)

4.2.2 (a) Liquidity risk based on undiscounted cash flows - Group (continued)

At 31 December 2024	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Balances due to banks	7,145,989	-	-	-	-	7,145,989
Customer deposits	77,183,665	21,309,590	30,435,873	78,804	-	129,007,932
Borrowings	312,118	-	405,984	8,431,573	-	9,149,675
Lease liabilities	-	-	389,512	821,753	-	1,211,265
Other Liabilities	616,537	45,489	591,180	-	-	1,253,206
Total financial liabilities	85,258,309	21,355,079	31,822,549	9,332,130	-	147,768,067
Cash-in hand	4,668,449	-	-	-	-	4,668,449
Balances with CBK	7,484,618	-	-	-	-	7,484,618
Balances due from banks	2,861,720	-	-	-	-	2,861,720
Government securities amortised cost	-	-	3,089,830	18,228,199	15,200,259	36,518,288
Government securities FVOCI	-	-	3,168,878	26,501,688	22,896,006	52,566,572
Loans and advances	11,209,526	8,348,786	8,943,122	44,961,751	88,046,254	161,509,439
Other assets	528,366	-	770,257	146,786	-	1,445,409
Total financial assets	26,752,679	8,348,786	15,972,087	89,838,424	126,142,519	267,054,495
(Gap)/surplus	(58,505,630)	(13,006,293)	(15,850,462)	80,506,294	126,142,519	119,286,428

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.2 Liquidity risk (continued)

4.2.2 (b) Liquidity risk based on undiscounted cash flows - Bank

As at 31 December 2025	Upto 1 month Kshs 000	1 - 3 months KShs'000	3 - 12 months KShs'000	1 - 5 years Kshs 000	Over 5 years KShs'000	Total KShs'000
Balances due to banks	561,679	-	-	-	-	561,679
Customer deposits	85,093,057	27,461,510	42,004,872	400,348	-	154,959,787
Borrowings	-	-	7,770,279	1,808,910	8,050,144	17,629,333
Lease liabilities	15,081	950	40,359	1,360,572	245,236	1,662,198
Other Liabilities	4,128,777	-	501,578	-	-	4,630,355
Total financial liabilities	89,798,594	27,462,460	50,317,088	3,569,830	8,295,380	179,443,352
Cash-in hand	4,831,110	-	-	-	-	4,831,110
Balances with CBK	4,970,372	-	-	-	-	4,970,372
Balances due from banks	7,882,246	-	-	-	-	7,882,246
Government securities amortised cost	-	-	4,733,047	14,966,483	46,808,198	66,507,728
Government securities FVOCI	-	-	1,896,008	7,165,037	59,216,798	68,277,843
Loans and advances	15,466,952	9,282,132	9,327,961	62,958,803	92,306,265	189,342,113
Other assets	2,002,429	-	70,296	159,076	-	2,231,801
Total financial assets	35,153,109	9,282,132	16,027,312	85,249,399	198,331,261	344,043,213
(Gap)/surplus	(54,645,485)	(18,180,328)	(34,289,776)	81,679,569	190,035,881	164,599,861

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.2 Liquidity risk (continued)

4.2.2 (b) Liquidity risk based on undiscounted cash flows - Bank (continued)

As at 31 December 2024	Up to 1 month KShs 000	1 - 3 months KShs'000	3 - 12 months KShs'000	1 - 5 years Kshs 000	Over 5 years KShs'000	Total KShs'000
Balances due to banks	7,145,989	-	-	-	-	7,145,989
Customer deposits	77,342,517	21,424,921	30,858,772	78,804	-	129,705,014
Borrowings	312,118	-	405,984	8,431,573	-	9,149,675
Lease liabilities	-	-	387,123	821,753	-	1,208,876
Other Liabilities	616,536	45,489	499,074	-	-	1,161,099
Total financial liabilities	85,417,160	21,470,410	32,150,953	9,332,130	-	148,370,653
Cash-in hand	4,668,449	-	-	-	-	4,668,449
Balances with CBK	7,484,618	-	-	-	-	7,484,618
Balances due from banks	2,861,720	-	-	-	-	2,861,720
Government securities amortised cost	-	-	3,079,804	18,228,199	15,200,259	36,508,262
Government securities FVOCI	-	-	3,168,878	26,501,688	22,896,006	52,566,572
Loans and advances	11,209,526	8,348,786	8,943,122	44,961,751	88,046,254	161,509,439
Other assets	528,365.87	-	710,028.69	146,786.44	-	1,385,181
Total financial assets	26,752,679	8,348,786	15,901,833	89,838,424	126,142,519	266,984,241
(Gap)/surplus	(58,664,481)	(13,121,624)	(16,249,120)	80,506,294	126,142,519	118,613,588



Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.2 Liquidity risk (continued)

4.2.2 (c) Liquidity risk based on undiscounted cash flows (Off balance sheet items)

The following table shows commitments and guarantees that may have cash outflows in future from the Group as at 31 December.

	2025 Kshs 000	2024 Kshs 000
a) Letters of credit, guarantees, acceptances	11,797,757	13,966,458
b) Committed and undrawn facilities	6,822,279	4,502,301
	18,620,036	18,468,759

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.2 Liquidity risk (continued)

4.3 Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, equity prices, foreign exchange rates and credit spreads. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group separates exposures to market risk into either trading or non-trading portfolios. Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market. Non-trading portfolios mainly arise from the interest rate management of the entity's retail and commercial banking assets and liabilities.

Management of market risks

Overall responsibility of managing market risk rests with the ALCO. The Treasury department is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation. The Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken which is monitored daily.

i) Interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. The ALCO is the monitoring body for compliance with these limits and is assisted by Treasury Department in its day-to-day monitoring activities.

The table below summarises the Group's exposures to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of the contractual repricing or maturity dates. The Group does not bear an interest rate risk on off balance sheet items.

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.3 Market risk (continued)

(i) Interest rate risk - Group

	Non-interest bearing Kshs 000	0 – 3 months Kshs 000	4 months Kshs 000	1-5 Years Kshs 000	Over 5 years Kshs 000	Total Kshs 000
31 December 2025						
Financial liabilities						
Balances due to banks	561,679	-	-	-	-	561,679
Customer deposits	71,290,979	40,426,787	39,796,781	364,398	-	151,878,945
Borrowings	-	-	7,187,173	1,616,877	5,107,453	13,911,503
Lease liabilities	-	16,018	59,485	908,556	200,673	1,184,732
Other liabilities	4,733,753	-	-	-	-	4,733,753
Total financial liabilities	76,586,411	40,442,805	47,043,439	2,889,831	5,308,126	172,270,612
Financial assets						
Cash-in hand	4,831,110	-	-	-	-	4,831,110
Balances with CBK	4,970,372	-	-	-	-	4,970,372
Balances due from banks	346,264	7,527,998	-	-	-	7,874,262
Government securities amortised cost	-	-	4,501,090	10,635,450	24,567,736	39,704,276
Government securities FVOCI	-	-	1,918,221	5,741,693	26,670,956	34,330,870
Loans and advances	-	17,998,708	7,915,764	39,688,947	40,295,493	105,898,912
Other assets	2,305,303	-	-	-	-	2,305,303
Total financial assets	12,453,049	25,526,706	14,335,075	56,066,090	91,534,185	199,915,105
(Gap)/surplus	(64,133,362)	(14,916,099)	(32,708,364)	53,176,259	86,226,059	27,644,493

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.3 Market risk (continued)

(i) Interest rate risk (continued) - Group

31 December 2024	Non-interest bearing Kshs 000	0 – 3 months Kshs 000	4 – 12 months Kshs 000	1-5 years Kshs 000	Over 5 years Kshs 000	Total Kshs 000
Financial liabilities						
Balances due to banks	-	7,125,532	-	-	-	7,125,532
Customer deposits	60,961,494	37,130,487	28,305,675	73,423	-	126,471,079
Borrowings	-	310,993	371,144	6,809,038	-	7,491,175
Lease liabilities	-	-	353,343	499,606	-	852,949
Other liabilities	1,253,205	-	-	-	-	1,253,205
Total financial liabilities	62,214,699	44,567,012	29,030,162	7,382,067	-	143,193,940
Financial assets						
Cash-in hand	4,668,449	-	-	-	-	4,668,449
Balances with CBK	7,484,618	-	-	-	-	7,484,618
Balances due from banks	917,887	1,940,289	-	-	-	2,858,176
Government securities amortised cost	-	-	2,574,009	11,807,127	7,811,151	22,192,287
Government securities FVOCI	-	-	2,725,752	15,600,899	10,479,888	28,806,539
Loans and advances	-	15,683,269	6,914,701	34,041,405	36,269,190	92,908,565
Other assets	1,445,409	-	-	-	-	1,445,409
Total financial assets	14,516,363	17,623,558	12,214,462	61,449,431	54,560,229	160,364,043
(Gap)/surplus	(47,698,336)	(26,943,454)	(16,815,700)	54,067,364	54,560,229	17,170,103

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.3 Market risk (continued)

(i) Interest rate risk (continued) - Bank

31 December 2025	Non-interest bearing Kshs 000	0 – 3 months Kshs 000	4 – 12 months Kshs 000	1-5 years Kshs 000	Over 5 years Kshs 000	Total Kshs 000
Financial liabilities						
Balances due to banks	561,679	-	-	-	-	561,679
Customer deposits	71,299,945	40,833,975	39,927,789	375,627	-	152,437,336
Borrowings	-	-	7,187,173	1,616,877	5,107,453	13,911,503
Lease liabilities	-	16,018	59,485	906,763	200,673	1,182,939
Other liabilities	4,733,753	-	-	-	-	4,733,753
Total financial liabilities	76,595,377	40,849,993	47,174,447	2,901,060	5,307,726	172,827,210
Financial assets						
Cash-in hand	4,831,110	-	-	-	-	4,831,110
Balances with CBK	4,970,372	-	-	-	-	4,970,372
Balances due from banks	346,264	7,527,998	-	-	-	7,874,262
Government securities amortised cost	-	-	4,480,417	10,635,450	24,567,736	39,683,603
Government securities FVOCI	-	-	1,918,221	5,741,693	26,670,956	34,330,870
Loans and advances	-	17,998,708	7,915,764	39,688,947	40,295,493	105,898,912
Other assets	2,231,801	-	-	-	-	2,231,801
Total financial assets	12,379,547	25,526,706	14,314,402	56,066,090	91,534,185	199,820,930
(Gap)/surplus	(64,215,830)	(15,323,287)	(32,860,045)	53,166,823	86,226,459	26,993,720

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.3 Market risk (continued)

(i) Interest rate risk (continued) – Bank

31 December 2024	Non-interest bearing Kshs 000	0 – 3 months Kshs 000	4 – 12 months Kshs 000	1- 5 years Kshs 000	Over 5 years Kshs 000	Total Kshs 000
Financial liabilities						
Balances due to banks	-	7,125,532	-	-	-	7,125,532
Customer deposits	60,964,126	37,401,471	28,703,004	73,423	-	127,142,024
Borrowings	-	310,993	371,144	6,809,038	-	7,491,175
Lease liabilities	-	-	352,732	498,032	-	850,764
Other liabilities	1,161,099	-	-	-	-	1,161,099
Total financial liabilities	62,125,225	44,837,996	29,426,880	7,380,493	-	143,770,594
Financial assets						
Cash-in hand	4,668,449	-	-	-	-	4,668,449
Balances with CBK	7,484,618	-	-	-	-	7,484,618
Balances due from banks	917,887	1,940,289	-	-	-	2,858,176
Government securities Amortized Cost	-	-	2,563,983	11,807,127	7,811,151	22,182,261
Government securities FVOCI	-	-	2,725,752	15,600,899	10,479,888	28,806,539
Loans and advances	-	15,683,269	6,914,701	34,041,405	36,269,190	92,908,565
Other assets	1,385,181	-	-	-	-	1,385,181
Total financial assets	14,456,135	17,623,558	12,204,436	61,449,431	54,560,229	160,293,789
(Gap)/surplus	(47,669,090)	(27,214,438)	(17,222,444)	54,068,938	54,560,229	16,523,195

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.3 Market risk (continued)

(i) Interest rate risk (continued)

Sensitivity analysis

The Interest rate risks sensitivity analysis is based on the following assumptions:

- Changes in the market interest rates affect the interest income or expenses of variable interest financial instruments.
- Changes in Market interest rates only affect interest income or expenses in relation to financial instruments with fixed interest rates if these are recognized at their fair value.
- The interest rate changes will have a significant effect on interest sensitive assets and liabilities and hence simulation modelling is applied to Net interest margins.
- The interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income of some variable and constant rates.
- The projections make other assumptions including that all positions run to maturity

Assuming no management actions, a 2% appreciation in interest rates would increase net interest income by Shs 2,279 million (2024 – 2,066 million) while a 2% depreciation in interest rates would decrease net interest income by Shs 2,279 million (2024 – 2,066 million).

ii) Currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions which are monitored daily. The table below summarizes the foreign currency exposure as at 31 December 2025 and 31 December 2024:

Bank and Group	USD	GBP	EURO	Total
As at 31 December 2025	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Financial assets				
Cash and balances with CBK	691,308	34,371	234,301	959,980
Deposits and balances due from banking institutions	2,370,379	17,100	72,020	2,459,499
Loans and advances to customers	7,378,179	76,808	14,434	7,469,421
Financial instruments at amortised cost	5,266,545	-	-	5,266,545
Government securities -at fair value through OCI	1,565,566	-	-	1,565,566
Financial liabilities				
Borrowings	(9,908,018)	-	-	(9,908,018)
Customer deposits	(8,752,121)	(93,902)	(241,530)	(9,087,553)
Balances due to banking institutions	(516,285)	-	(45,393)	(561,678)
Net currency exposure	(1,904,447)	34,377	33,832	(1,836,238)

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.3 Market risk (continued)

ii) Currency risk (continued)

As at 31 December 2024	USD Kshs 000	GBP Kshs 000	EURO Kshs 000	Total Kshs 000
Financial assets				
Cash and balances with CBK	559,923	42,693	159,273	761,889
Deposits and balances due from bank-ing institutions	2,614,771	63,849	177,697	2,856,317
Loans and advances to customers	5,042,183	39,482	18,486	5,100,151
Financial instruments at amortised cost	5,259,960	-	-	5,259,960
Government securities -at fair value through OCI	1,177,945	-	-	1,177,945
Financial liabilities				
Borrowings	(3,502,531)	-	-	(3,502,531)
Customer deposits	(5,302,475)	(83,303)	(192,425)	(5,578,203)
Balances due to banking institutions	(775,904)	(49,238)	(95,200)	(920,342)
Net currency exposure	5,073,872	13,483	67,831	5,155,186

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.3 Market risk (continued)

ii) Currency risk (continued)

The group manages the currency risk through deposit mobilization and also long-term borrowings and onward lending to customers to mitigate any gaps. The Group also uses the interbank borrowings or lending to manage the currency gap position.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in the below mentioned exchange rates which all other variables held constant, of the group's profit before income tax (due to changes in fair value of monetary assets and liabilities).

Bank and Group	31-Dec-25			31-Dec-24		
	Currency Carrying Amount	10% Depreciation	10% Appreciation	Currency Carrying Amount	10% Depreciation	10% Appreciation
Kshs'000'						
USD	(1,904,447)	190,445	(190,445)	5,073,872	(507,387)	507,387
GBP	34,377	(3,438)	3,438	13,483	(1,348)	1,348
Euro	33,832	(3,383)	3,383	67,831	(6,784)	6,784
Net currency exposure	(1,836,238)	183,624	(183,624)	5,155,186	(515,519)	515,519
Increase/(decrease)		183,624	(183,624)	-	(515,519)	515,519
Tax charge at 30%		55,087	(55,087)	-	(154,656)	154,656
Effect on net profit		128,537	(128,537)		(360,863)	360,863

At 31 December 2025 if the shilling had depreciated / appreciated by 10% against the major trading currencies, with all other variables held constant, pre-tax profit would have been KShs 360 million (31 December 2024: KShs 128 million) higher/ lower.

ii) Price risk

The Group's exposure to price risk was limited to its investment in Government securities held at fair value through OCI and fair value through P&L. The Group is not exposed to commodity price risk. To manage its price risk arising from investments securities, the Company diversifies its portfolio in accordance with limits set by the Directors.

The impact on financial assets and equity from a yield movement of +/-10% in the price of the securities would be as follows:

Group	2025			Government Securities FVOCI	2024		
	Carrying Value	10% De-preciation	10% Ap-preciation		Carrying Value	10% De-preciation	10% Ap-preciation
Government Securities FVOCI							
KES	32,765,304	(3,165,809)	3,165,809	KES	28,806,539	(2,753,484)	2,753,484
EUR	1,565,566	(152,211)	152,211	EUR	-	-	-
Totals	34,330,870	(3,318,020)	3,318,020	Totals	28,806,539	(2,753,484)	2,753,484

At 31 December 2025 if the price is depreciated / appreciated by 10% the equity reduces/increases by KShs 3.3billion and Kshs 2.7 billion as at 31st Dec 2024.

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.4 Fair value of financial assets and liabilities

IFRS 7 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 Bank'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 tables below show the carrying amounts and fair values of financial assets and financial liabilities measured and carried at fair value, including their levels in the fair value hierarchy.

	Level 1 Kshs 000	Level 2 Kshs 000	Level 3 Kshs 000	Total Kshs 000
2025- Group				
Financial assets				
Government securities at FVOCI	-	34,330,870	-	34,330,870
2024 – Group				
Government securities at FVOCI	-	28,806,539	-	28,806,539
2025 - Bank				
Financial assets				
Government securities at FVOCI	-	34,330,870	-	34,330,870
2024 - Bank				
Financial assets				
Government securities at FVOCI	-	28,806,539	-	28,806,539

The Group does not have any financial liabilities carried at fair value.

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.4 Fair value of financial assets and liabilities (continued)

The tables below show the carrying amounts and fair values of financial assets and financial liabilities not carried at fair value, including their levels in the fair value hierarchy. The carrying amount is a reasonable approximation of fair value.

Group	Level 1	Level 2	Level 3	Fair value	Carrying value
At 31 December 2025	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Assets					
Cash and balances with CBK	9,801,482	-	-	9,801,482	9,801,482
Balances due from banking institutions	-	-	7,874,262	7,874,262	7,874,262
Loans and advances to customers	-	-	105,898,912	105,898,912	105,898,912
Government securities at amortised cost	-	39,704,276	-	39,788,982	39,704,276
Other assets	-	-	2,305,303	2,305,303	2,305,303
	9,801,482	39,704,276	116,078,477	165,668,941	165,584,235
Liabilities					
Deposits from customers	-	-	151,878,945	151,878,945	151,878,945
Borrowings	-	-	13,911,503	13,393,658	13,911,503
Other liabilities	-	-	4,733,753	4,733,753	4,733,753
	-	-	170,524,201	170,006,356	170,524,201

Group	Level 1	Level 2	Level 3	Fair value	Carrying value
At 31 December 2024	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Assets					
Cash and balances with CBK	12,153,067	-	-	12,153,067	12,153,067
Balances due from banking institutions	-	-	2,858,176	2,858,176	2,858,176
Loans and advances to customers	-	-	92,908,565	92,908,565	92,908,565
Government securities at amortised cost	-	22,192,287	-	21,837,615	22,192,287
Other assets	-	-	1,445,409	1,445,409	1,445,409
	12,153,067	22,192,287	97,212,150	131,202,832	131,557,504
Liabilities					
Deposits from customers	-	-	126,471,079	126,471,079	126,471,079
Borrowings	-	-	7,491,175	7,491,175	7,491,175
Other liabilities	-	-	1,253,205	1,253,205	1,253,205
	-	-	135,215,459	135,215,459	135,215,459

Notes (continued)

For the year ended 31 December 2025

4 Financial risk management disclosures (continued)

4.4 Fair value of financial assets and liabilities (continued)

Bank	Level 1	Level 2	Level 3	Fair value	Carrying value
At 31 December 2025	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Assets					
Cash and balances with CBK	9,801,482	-	-	9,801,482	9,801,482
Balances due from banking institutions	-	-	7,874,262	7,874,262	7,874,262
Loans and advances to customers	-	-	105,898,912	105,898,912	105,898,912
Government securities at amortised cost	-	39,683,603	-	38,108,848	39,683,603
Other assets	-	-	2,231,801	2,231,801	2,231,801
	9,801,482	39,683,603	116,004,975	163,915,305	165,490,060
Liabilities					
Deposits from customers	-	-	152,437,336	152,437,336	152,437,336
Borrowings	-	-	13,911,503	13,393,658	13,911,503
Other liabilities	-	-	4,630,355	4,630,355	4,630,355
	-	-	170,979,194	170,461,349	170,979,194

Bank	Level 1	Level 2	Level 3	Fair value	Carrying value
At 31 December 2024	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Assets					
Cash and balances with CBK	12,153,067	-	-	12,153,067	12,153,067
Balances due from banking institutions	-	-	2,858,176	2,858,176	2,858,176
Loans and advances to customers	-	-	92,908,565	92,908,565	92,908,565
Government securities at amortised cost	-	22,182,261	-	21,827,589	22,182,261
Other assets	-	-	1,385,181	1,385,181	1,385,181
	12,153,067	22,182,261	97,151,922	131,132,578	131,487,250
Liabilities					
Deposits from customers	-	-	127,142,024	127,142,024	127,142,024
Borrowings	-	-	7,491,175	7,491,175	7,491,175
Other liabilities	-	-	1,161,099	1,161,099	1,161,099
	-	-	135,794,298	135,794,298	135,794,298

Notes (continued)

For the year ended 31 December 2025

5 Capital management

(a) Regulatory capital

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for the other stakeholders.
- To maintain a strong capital base to support the current and future developments.
- To comply with the capital requirements set by the Central Bank of Kenya.

Capital adequacy and use of regulatory capital are monitored by management employing techniques based on the guidelines developed by the Central Bank of Kenya for supervisory purposes. The required information is filed with the Central Bank of Kenya on a monthly basis. The Central Bank of Kenya requires each bank to:

- a) Hold the minimum level of regulatory capital of Shs 1 billion.
- b) Maintain a ratio of total regulatory capital; to risk weighted assets plus risk weighted off balance assets at above the required minimum of 10.5%;
- c) Maintain a core capital of not less than 8 % of total deposit liabilities
- d) Maintain total capital of not less than 14.5% of risk weighted assets plus risk weighted off balance sheet items.

The Insurance Regulatory Authority requires Family Bank Bancassurance Intermediary Limited to maintain a minimum level of regulatory capital of Shs 5,000,000. The agency has complied with the capital requirement.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank's regulatory capital is analyzed into two tiers:

- Tier 1 capital, which includes ordinary share capital, non-cumulative irredeemable non-convertible preference shares, disclosed reserves such as share premiums, retained earnings, and 50% un-audited after tax profit less investment in subsidiaries conducting banking business, investments in equity of other institutions, intangible assets (excluding computer software) and goodwill.
- Tier 2 capital, which includes 25% revaluation surplus which have received prior CBK approval, subordinated debt, hybrid capital instruments or any other capital instruments approved by CBK

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

Notes (continued)

For the year ended 31 December 2025

5 Capital management (continued)

The Bank's regulatory capital position at 31 December 2025 was as follows:

	2025 Kshs 000	2024 Kshs 000
Tier 1 capital		
Share capital	1,662,655	1,305,195
Share premium	10,944,549	6,118,846
Retained earnings	12,908,471	9,066,319
Deferred tax	(1,111,321)	(1,266,898)
Total tier 1 capital	24,404,354	15,223,462
Tier 2 capital		
Revaluation reserves (25%)	-	69,606
Term subordinated debt	2,090,500	1,600,000
Statutory reserve	1,808,796	3,092,496
Total tier 2 capital	3,899,296	4,762,102
Total regulatory capital	28,303,650	19,985,564
Risk-weighted assets	144,703,676	112,558,659
Capital ratios		
Total regulatory capital expressed as a percentage of total risk-weighted assets (CBK minimum 14.5%)	19.56%	17.76%
Total tier 1 capital expressed as a percentage of risk-weighted assets (CBK minimum 10.5%)	16.87%	13.52%

Notes (continued)

For the year ended 31 December 2025

6 a) Interest income

	Group		Bank	
	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
Interest on loans and advances	16,852,013	15,278,616	16,852,013	15,278,616
Interest on bank placements	397,559	186,809	397,559	186,809
Interest income on government securities at amortised cost	3,801,471	2,929,734	3,799,482	2,929,734
Interest income on government securities at FVOCI	4,118,952	2,563,585	4,118,952	2,563,585
	25,169,995	20,958,744	25,168,006	20,958,744

6 b) Investment income

Gain on trading of government securities at FVOCI	942,529	375,054	942,529	375,054
Gain on redemption of government securities at amortised cost	118,717	-	118,717	-
	1,061,246	375,054	1,061,246	375,054

7 Interest expense

	Group		Bank	
	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
Interest on customer deposits	7,598,923	7,974,481	7,669,363	8,047,903
Interest on balances due to banks	288,105	529,684	288,105	529,684
Interest on borrowings	960,309	1,092,905	960,309	1,092,905
Interest expense on bonds	39,624	101,247	39,624	101,247
Interest on lease liabilities (Note 33)	157,226	100,666	157,226	100,666
	9,044,187	9,798,983	9,114,627	9,872,405

Notes (continued)

For the year ended 31 December 2025

8 Non-funded income

	Group		Bank	
	2025	2024	2025	2024
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
(a) Fee and commission income				
Transaction related fees	2,438,707	2,395,633	2,438,707	2,395,633
Loan service fees	143,259	120,446	143,259	120,446
Ledger related fees and commissions	170,237	187,889	170,237	187,889
	2,752,203	2,703,968	2,752,203	2,703,968
(b) Fees and commission expense	(683,632)	(584,105)	(683,632)	(584,105)

Fees and commission expense relate to bank charges swift expenses and cheque printing expenses.

	Group		Bank	
	2025	2024	2025	2024
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
(c) Other income				
Brokerage commissions	379,331	309,897	-	-
Dividend income	-	-	350,000	-
Sundry income	62,905	365,487	62,905	365,487
	442,236	675,384	412,905	365,487
(d) Net trading income	330,913	610,654	330,913	610,654

Included in the Bank's sundry income are bad debt recoveries, rental income and gain on disposal of retired assets.

Notes (continued)

For the year ended 31 December 2025

9 Operating expenses

	Group		Bank	
	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
Staff costs (Note 10)	5,386,888	4,586,357	5,270,388	4,486,275
Directors' emoluments – Fees	266,064	344,817	248,003	323,285
Depreciation property and equipment (Note 22)	379,304	425,970	379,014	425,787
Amortisation of intangible assets (Note 23)	187,507	157,628	187,099	155,172
Amortisation of Right of use assets (Note 33)	430,223	418,134	429,751	417,662
Contribution to Deposit Protection Fund	196,063	163,898	196,063	163,898
Auditors' remuneration	28,201	19,571	26,851	18,222
Amortisation of operating lease (Note 24)	4,637	4,637	4,637	4,637
Marketing expenses	471,871	397,973	468,524	397,060
Occupancy expenses	1,277,211	1,191,480	1,276,462	1,190,869
Other operating expenses	2,507,606	1,933,606	2,482,070	1,926,205
	11,135,575	9,644,071	10,968,862	9,509,072

Other costs related to utilities payments, card services and corporate social responsibility.

Notes (continued)

For the year ended 31 December 2025

10 Staff costs

	Group		Bank	
	2025	2024	2025	2024
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Salaries and wages	4,485,031	3,692,576	4,386,839	3,604,331
Training, recruitment and staff welfare costs	216,915	284,322	216,914	284,322
Contributions to defined contribution pension scheme	277,436	245,917	272,527	243,460
Medical expenses	318,021	309,223	308,449	301,502
Leave pay provision movement	4,060	12,373	2,911	11,696
NSSF contributions	85,425	41,946	82,748	40,964
	5,386,888	4,586,357	5,270,388	4,486,275

The total number of permanent employees in the Group and Bank at the end of the year was 1,709 and 1,648 (2024: 1,626 and 1,573) respectively.

Notes (continued)

For the year ended 31 December 2025

11 Income tax expense

	Group		Bank	
	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
(a) Taxation charge				
Current tax based on the taxable profit 30% (2024:30%)	2,006,688	1,081,513	1,918,968	1,006,637
Deferred income tax (Note 28)	(950,175)	(604,254)	(949,999)	(604,783)
Over provision of current tax in prior years	(104,314)	(21,463)	(104,314)	4,470
Over provision of deferred income tax in prior years	-	28	-	30
	952,199	455,824	864,655	406,354
(b) Reconciliation of accounting profit to tax charge				
Profit before taxation	6,330,352	3,916,337	6,395,305	3,668,017
Tax calculated at a tax rate of 30% (2024: 30%)	1,899,106	1,174,901	1,918,592	1,100,405
Tax effect of income not deductible	(1,266,192)	(1,005,384)	(1,268,590)	(1,005,188)
Tax effect of disallowable expenses	423,599	307,742	318,967	306,637
Under provision of current tax in prior years	(104,314)	(21,463)	(104,314)	4,470
Overprovision of deferred tax in prior years	-	28	-	30
	952,199	455,824	864,655	406,354

Notes (continued)

For the year ended 31 December 2025

11 (c) Current tax movement

	Group		Bank	
	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
Current income tax				
At start of year	324,102	48,484	296,669	37,361
Current year income tax charge	(2,006,688)	(1,081,513)	(1,918,592)	(1,006,637)
Paid during the year	787,422	1,357,131	745,183	1,265,945
Advance tax credits	32,969	-	-	-
Over/under provision of current tax in prior years	104,314	-	104,314	-
At end of year	(757,881)	324,102	(772,426)	296,669
Presented in the statement of financial position as:				
	Group		Bank	
	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
Current income tax asset	14,545	324,102	-	296,669
Current income tax liability	(772,426)	-	(772,426)	-
At December	(757,881)	324,102	(772,426)	296,669

Notes (continued)

For the year ended 31 December 2025

12 Earnings per share – Group & Bank

Earnings per share is calculated by dividing the total comprehensive income attributable to shareholders by the number of ordinary shares in issue during the year.

	Group		Bank	
	2025	2024	2025	2024
Profit (Kshs 000)	5,378,153	3,460,513	5,530,650	3,261,663
Weighted average number of shares during the year (000)	1,367,259	1,303,523	1,367,259	1,303,523
Earnings per share:				
Basic and diluted (Kshs)	3.93	2.65	4.05	2.50

13 Cash and balances with CBK-Group and Bank

	2025 Kshs 000	2024 Kshs 000
Cash in hand	4,831,110	4,668,449
Balances with Central Bank of Kenya	4,970,372	7,484,618
Total cash balances	9,801,482	12,153,067

Notes (continued)

For the year ended 31 December 2025

14 Balances due from and due to banking institutions – Group and Bank

	2025	2024
	Kshs 000	Kshs 000

(a) Balances due from banking institutions maturing within 90 days:

Overnight lending and placement with other banks	7,527,998	1,938,969
Balances due from local banking institutions	1,319	1,319
Balances due from foreign banking institutions	344,945	917,888
	7,874,262	2,858,176

(b) Balances due to banking institutions maturing within 90 days:

Balances with local banking institutions	561,679	7,125,532
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Deposits with/from local banks as at 31 December 2025 represent overnight lending. The effective interest rate on deposits due from local banking institutions at 31 December 2025 was 10.45% (2024 10.54%).

The effective interest rate on deposits due to local banking institutions at 31 December 2025 was 10.90% (2024 – 10.99%).

Notes (continued)

For the year ended 31 December 2025

15 Government securities

	Group		Bank	
	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
Treasury bills and bonds at amortised cost	39,704,276	22,192,287	39,683,603	22,182,261
Treasury bonds at fair value through other comprehensive income (FVOCI)	34,330,870	28,806,539	34,330,870	28,806,539
	74,035,146	50,998,826	74,014,473	50,988,800

The maturity profile of government securities is as follows

	Group		Bank	
	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
Maturing within one year	6,419,310	5,299,762	6,398,637	5,289,736
Maturing between 2 to 5 years	16,377,143	27,408,026	16,377,143	27,408,026
Maturing after 5 years	51,238,693	18,291,038	51,238,693	18,291,038
	74,035,146	50,998,826	74,014,473	50,988,800

The weighted average effective interest rate on treasury bonds at 31 December 2025 was 13.73%, (2024 -13.50%) As at 31 December 2025, no treasury bonds were pledged as collateral under repurchase agreements with the Central Bank of Kenya (2024 – Kshs 4.3 billion).

15 (a) Carrying value for amortised cost

The movement schedule for the government securities is as shown below:

	Group		Bank	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
Amortised cost				
Nominal value	38,657,022	21,485,112	38,636,910	21,475,000
Unamortised premium	(610,807)	(210,381)	(610,836)	(210,191)
Interest receivable	1,685,846	919,544	1,685,299	919,425
Closing balance (Gross)	39,732,061	22,194,275	39,711,373	22,184,234
Expected credit loss	(27,785)	(1,988)	(27,770)	(1,973)
Net carrying amount	39,704,276	22,192,287	39,683,603	22,182,261

Notes (continued)

For the year ended 31 December 2025

15 (a) Carrying value for amortised cost (continued)

Movement for amortised cost

Amortised cost	Group		Bank	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
Nominal value				
At start of year	21,485,112	23,929,862	21,475,000	23,909,750
Purchase of securities	18,474,910	7,172,000	18,464,910	7,172,000
Maturities	(1,292,000)	(9,052,000)	(1,292,000)	(9,042,000)
Forex gain/loss	(11,000)	(564,750)	(11,000)	(564,750)
At end of year	38,657,022	21,485,112	38,636,910	21,475,000
Interest receivable				
At start of year	919,544	691,845	919,425	691,505
Interest receivable movement	766,302	227,699	765,874	227,920
At end of year	1,685,846	919,544	1,685,299	919,425
Premium/discount				
At start of year	(210,381)	(75,359)	(210,191)	(271,587)
Premium/discount movement	(400,426)	(135,022)	(400,645)	61,396
At end of year	(610,807)	(210,381)	(610,836)	(210,191)
Gross carrying amount	39,732,061	22,194,275	39,711,373	22,184,234
12-month ECL:				
At start of year	(1,988)	-	(1,973)	-
Impairment charge for the period	(25,797)	(1,988)	(25,797)	(1,973)
At end of year	(27,785)	(1,988)	(27,770)	(1,973)
Net carrying amount	39,704,276	22,192,287	39,683,603	22,182,261

Notes (continued)

For the year ended 31 December 2025

15 (b) Financial assets held at FVOCI

15 (b) Financial assets held at FVOCI

Nominal value	
Fair value gain /(loss) on financial assets held at FVOCI	
Unamortized premium/discount	
Accrued interest	
Gross balance at 31 December	
Allowance expected credit losses	
Net carrying value at 31 December	

Group and Bank	
2025	2024
Kshs 000	Kshs 000
31,767,950	27,350,000
1,778,912	752,160
(366,663)	(567,320)
1,173,450	1,273,864
34,353,649	28,808,704
(22,779)	(2,165)
34,330,870	28,806,539

Financial assets held at FVOCI

Nominal values

At start of year

Purchases

Sales

At end of year

Fair value gain on financial assets held at FVOCI

At start of the year

Fair value movement

At end of year

Unamortised premium /discount

At start of the year

Unamortised premium/discount movement

At end of year

Accrued interest

At start of the year

Interest receivable movement

At end of year

Allowance for expected credit losses

At start of the year

Impairment charge for the period

At end of year

Net Carrying value at 31 December

Group and Bank	
2025	2024
Kshs 000	Kshs 000
27,350,000	11,931,000
22,883,350	23,000,000
(18,465,400)	(7,581,000)
31,767,950	27,350,000
752,160	(1,766,321)
1,026,752	2,518,481
1,778,912	752,160
(567,320)	130,445
200,657	(697,765)
(366,663)	(567,320)
1,273,863	430,556
(100,413)	843,308
1,173,450	1,273,864
(2,165)	-
(20,614)	(2,165)
(22,779)	(2,165)
34,330,870	28,806,539

Notes (continued)

For the year ended 31 December 2025

16 Loans and advances to customers- Group & Bank

Gross total	2025		2024	
	Kshs 000		Kshs 000	
Term loans	95,390,664		82,094,734	
Mortgage	15,922,298		14,021,448	
Overdraft and credit cards	2,606,899		3,165,214	
Total gross loans	113,919,861		99,281,396	
Provisions				
Term loans	7,469,986		5,647,653	
Mortgage	260,426		208,614	
Overdraft and credit cards	290,537		516,564	
Total provisions	8,020,949		6,372,831	
Net loans and advances	105,898,912		92,908,565	

Significant changes in the gross carrying amounts of loans and advances to customers that contributed to movements in loans and advances were new loans advanced in the year and loan repayments. The movement in the loans and advances are disclosed under Note 4.

The weighted average effective interest rate on advances to customers at 31 December 2025 was 16.17 % (2024:17.55%). The related party transactions and balances are covered under Note 34 and concentration of advances to customers is covered under Note 4.

Analysis of net loans and advances by maturity

	Group and Bank	
	2025	2024
	Kshs 000	
Maturing:		
Within 1 year	25,914,471	22,597,970
Between 1 and 3 years	19,453,649	17,256,225
After 3 years	60,530,792	53,054,370
Loans and advances to customers	105,898,912	92,908,565

Notes (continued)

For the year ended 31 December 2025

17 Credit impairment losses

	Group and Bank	
	2025 Kshs 000	2024 Kshs 000
Government Securities & Placements	52,532	6,000
Loans and advances	2,510,315	1,374,308
Total credit impairment losses	2,562,847	1,380,308

18 Contingencies and commitments including off balance sheet items

(a) Contingent liabilities

	2025	2024
	Kshs 000	Kshs 000
Performance Bonds	1,940,329	1,888,083
Bid Bonds	9,628,172	11,952,192
Letters of credit	229,256	126,184
	11,797,757	13,966,458
Litigations against the Group	114,322	146,771

Nature of contingent liabilities:

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Letters of credit commit the group to make payments to third parties on production of documents, which are subsequently reimbursed by customers.

Guarantees are generally written by a bank to support performance by customers to third parties. The Group will only be required to meet these obligations in the event of the customer's default. Concentrations of contingent liabilities are covered under note 4.

Litigations against the Group

In the ordinary course of business, the bank is defendant in various litigation and claims. Although there can be no assurances, the directors believe, based on the information currently available and legal advice, that the claims can be successfully defended and therefore crystallization of possible liability is remote hence no provision.

There are no material events after the reporting date which require to be disclosed.

Notes (continued)

For the year ended 31 December 2025

18 Contingencies and commitments including off balance sheet items (continued)

(b) Commitments to extend credit

Commitments to extend credit are agreements to lend to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. The group may withdraw from its contractual obligation to extend credit by giving reasonable notice to the customer.

	2025 Kshs 000	2024 Kshs 000
Undrawn formal stand-by facilities, credit lines and other commitments to lend	6,822,279	4,502,301

(c) Capital commitments

	2025 Kshs 000	2024 Kshs 000
Authorised and contracted for	167,370	170,793
Authorised but not contracted for	396,952	143,300
	564,322	314,093

19 Other assets

	Group		Bank	
	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
Settlement accounts receivable	782,050	291,616	782,050	291,616
Other receivable - employee benefits	670,934	436,732	670,934	436,732
Prepayments	412,955	828,721	412,956	828,722
Other receivables	1,523,253	1,153,793	1,449,751	1,093,565
	3,389,192	2,710,862	3,315,691	2,650,635

Notes (continued)

For the year ended 31 December 2025

19 Other assets (continued)

Other assets relates to suspense accounts and settlement accounts. All the balances are non-interest bearing.

	Group		Bank	
	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
Gross balance of financial assets under others assets	3,465,328	2,236,463	3,391,826	2,176,235
Provisions on financial assets	(1,160,025)	(791,054)	(1,160,025)	(791,054)
Net balance	2,305,303	1,445,409	2,231,801	1,385,181

20 Investment in subsidiaries- Bank

	No of shares	Holding	2025	2024
			Kshs 000	Kshs 000
Family Bank Bancassurance intermediary Limited	10,000	100%	10,000	10,000
Pesapap Digital Services	1,000	99%	43,254	2,347
			53,254	12,347

Family Bank Bancassurance Intermediary Ltd is a wholly owned Limited Liability Company incorporated and domiciled in Kenya. The principal activity of the company is that of risk management and insurance brokerage.

The Bank also has a 99% stake in the Pesapap Digital Limited which is a limited liability company incorporated and domiciled in Kenya. The principal activity is offering Fintech solutions that can enhance operations to Saccos and Cooperatives in Kenya. In the current year, the Bank has invested in the CBK licensing and marketing of the Pesa pap Digital services which is in its initial stages of operations. The total funds invested towards Pesapap Digital Services amounted to approximately Kshs 43.2 million in the year ended 2025 (2024 2.3 million).

21 Investment properties - Group & Bank

	2025 KShs '000	2024 KShs '000
At start of year	32,500	28,600
Fair value (loss)/gain	(1,900)	3,900
Reclassification from owner occupied property (note 22)	40,000	-
At end of year	70,600	32,500

Notes (continued)

For the year ended 31 December 2025

21 Investment properties - Group & Bank (continued)

Investment property relates to Leasehold land valued at Shs 70,600,000 (2024: Kshs 32,500,000) acquired at a cost Shs 3,170,000). The fair valuation basis takes into account the normal lease structure for similar pieces of land. During the year, the Bank transferred property previously classified as owner-occupied to investment property. This transfer followed a management decision to reposition the asset within the Bank's portfolio.

The table below analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- 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 immediately (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).

Valuation technique used to derive level 3 fair values

Level 3 fair value of land has been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size and location. No sensitivity analysis was deemed necessary since the investment property is non-income generating.

Investment properties are non current.

Notes (continued)

For the year ended 31 December 2025

22 Property and Equipment

Group	Freehold Land	Buildings	Leasehold improvements	Computer	Motor vehicles	Fixtures, fittings and equipment	Work In progress	Total
	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Year ended 31 December 2024								
Cost/valuation								
At 1 January 2024	666,500	460,000	3,196,227	3,114,349	239,900	1,569,253	-	9,246,229
Additions	-	-	65,777	130,101	71,370	46,241	4,010	317,499
Disposal	-	-	-	-	(55,858)	-	-	(55,858)
Transfer from WIP	-	-	254	2,340	-	1,415	(4,010)	-
At 31 December 2024	666,500	460,000	3,262,258	3,246,790	255,402	1,616,909	-	9,507,859
Depreciation								
At 1 January 2024	-	(44,396)	(2,778,245)	(2,430,133)	(144,661)	(1,361,237)	-	(6,758,672)
Charge for the year	-	(11,099)	(100,257)	(209,101)	(30,508)	(75,005)	-	(425,970)
Disposal	-	-	-	-	42,811	-	-	42,811
At 31 December 2024	-	(55,495)	(2,878,502)	(2,639,234)	(132,358)	(1,436,242)	-	(7,141,831)
Net book value at 31 December 2024	666,500	404,505	383,756	607,556	123,054	180,667	-	2,366,038
Year ended 31 December 2025								
Cost/valuation								
At 1 January 2025	666,500	460,000	3,262,258	3,246,790	255,402	1,616,909	-	9,507,859
Additions	-	-	93,170	84,207	31,650	57,856	46,695	313,578
(Loss)/gain on revaluation_OCI	(16,499)	284,735	-	-	-	-	-	268,236
(Loss)/gain on revaluation_Profit & Loss	(82,501)	(2,741)	-	-	-	-	-	(85,242)
Elimination of depreciation due to valuation	-	(66,594)	-	-	-	-	-	(66,594)
Elimination due to reclassification	(36,500)	-	-	-	-	-	-	(36,500)
Elimination due to reclassification	(40,000)	-	-	-	-	-	-	(40,000)
Disposal	-	-	(133,754)	(67,631)	(57,472)	-	-	(258,857)
At 31 December 2025	491,000	675,400	3,221,675	3,263,366	229,580	1,674,765	46,695	9,602,480
Depreciation								
At 1 January 2025	-	(55,495)	(2,878,502)	(2,639,234)	(132,358)	(1,436,242)	-	(7,141,831)
Charge for the year	-	(11,099)	(78,129)	(202,528)	(37,681)	(49,867)	-	(379,304)
Elimination of depreciation due to valuation	-	66,594	-	-	-	-	-	66,594
Eliminated on disposal	-	-	127,995	67,631	57,472	-	-	253,098
At 31 December 2025	-	-	(2,828,636)	(2,774,131)	(112,567)	(1,486,109)	-	(7,201,443)
Net book value at 31 December 2025	491,000	675,400	393,038	489,235	117,013	188,656	46,695	2,401,037

Freehold land and buildings are stated at fair value. The Group's policy is to professionally revalue freehold land and buildings at least once every five years. The net book value of the building had revaluation not taken place would have been KShs 393,407,832 (2024: KShs 298,932,000). There are no properties or equipment charged as securities as at end of year (2024: None). Fully depreciated assets still in use as at end of year had an initial cost of KShs 3.43 billion (2024: KShs 2.88 billion). Property and equipment are non current.

Notes (continued)

For the year ended 31 December 2025 Property and Equipment (Continued)

Bank	Freehold land	Buildings	Leasehold improve-ments	Computer	Motor vehicles	Fixtures, fit-tings and Equipment	Work In progress	Total
	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Year ended 31 December 2024								
Cost/valuation								
At 1 January 2024	666,500	460,000	3,196,227	3,109,682	235,888	1,572,415	-	9,240,712
Additions	-	-	65,776	129,084	71,370	46,241	4,010	316,481
Disposal	-	-	-	-	(55,869)	-	-	(55,869)
Transfer from WIP	-	-	255	2,340	-	1,415	(4,010)	-
At 31 December 2024	666,500	460,000	3,262,258	3,241,106	251,389	1,620,071	-	9,501,324
Depreciation								
At 1 January 2024	-	(44,396)	(2,776,017)	(2,429,983)	(144,094)	(1,358,913)	-	(6,753,403)
Charge for the year	-	(11,099)	(100,257)	(208,936)	(30,508)	(74,987)	-	(425,787)
Eliminated on disposal	-	-	-	-	42,817	-	-	42,817
At 31 December 2024	-	(55,495)	(2,876,274)	(2,638,919)	(131,785)	(1,433,900)	-	(7,136,373)
Net book value at 31 December 2024	666,500	404,505	385,984	602,187	119,604	186,171	-	2,364,951
Year ended 31 December 2025								
Cost/valuation								
At 1 January 2025	666,500	460,000	3,262,258	3,241,106	251,389	1,620,071	-	9,501,324
Additions	-	-	93,170	84,207	31,650	57,712	46,695	313,434
(Loss)/gain on revaluation (OCI)	(16,499)	284,735	-	-	-	-	-	268,236
(Loss)/gain on revaluation (profit or loss)	(82,501)	(2,741)	-	-	-	-	-	(85,242)
Elimination of depreciation due to valuation	-	(66,594)	-	-	-	-	-	(66,594)
Elimination due to reclassification	(36,500)	-	-	-	-	-	-	(36,500)
Reclassified to investment property	(40,000)	-	-	-	-	-	-	(40,000)
Disposal	-	-	(133,754)	(67,631)	(57,472)	-	-	(258,857)
At 31 December 2025	491,000	675,400	3,221,674	3,257,682	225,567	1,677,783	46,695	9,595,801
Depreciation								
At 1 January 2025	-	(55,495)	(2,876,274)	(2,638,919)	(131,785)	(1,433,900)	-	(7,136,373)
Charge for the year	-	(11,099)	(78,129)	(202,273)	(37,681)	(49,832)	-	(379,014)
Elimination of depreciation due to valuation	-	66,594	-	-	-	-	-	66,594
Eliminated on disposal	-	-	127,965	67,631	57,472	-	-	253,068
At 31 December 2025	-	-	(2,826,438)	(2,773,561)	(111,994)	(1,483,732)	-	(7,195,725)
Net book value at 31 December 2025	491,000	675,400	395,236	484,121	113,573	194,051	46,695	2,400,076

In accordance with IFRS 13, the fair value ranking of the freehold land and buildings is at Level 3. The net book value of the building had revaluation not taken place would have been KShs 393,407,832 (2024: KShs 298,932,000)

Notes (continued)

For the year ended 31 December 2025

24 Prepaid operating lease rentals- Group & Bank

	2025 Kshs 000	2024 Kshs 000
Leasehold land:		
Cost		
At 1 January	180,335	180,335
Amortisation		
At 1 January	(61,692)	(57,055)
Charge for the year	(4,637)	(4,637)
At 31 December	(66,329)	(61,692)
Net book value		
At 31 December	114,006	118,643

Prepaid operating leases are non current.

25 Customer deposits

	Group		Bank	
	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
Customer deposits				
Current and demand accounts	64,593,407	55,057,530	64,597,427	55,057,815
Savings accounts	6,373,989	5,686,820	6,373,989	5,686,820
Fixed deposit accounts	80,911,549	65,726,729	81,465,920	66,397,389
	151,878,945	126,471,079	152,437,336	127,142,024

	Group		Bank	
	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
Maturity analysis of customer deposits				
Repayable on demand	71,290,979	60,961,494	71,299,945	60,964,126
With original term of 1 month	13,619,355	16,144,516	13,742,183	16,302,485
With original term of 1 month but within 3 months	26,807,432	20,985,971	27,091,792	21,098,986
With original term of 3 months but within 1 year	39,796,781	28,305,675	39,927,789	28,703,004
With original term of 1-5 years	364,398	73,423	375,627	73,423
	151,878,945	126,471,079	152,437,336	127,142,024

The weighted average effective interest rate on interest bearing customer deposits at 31 December 2025 was 12.35% (2024-12.35%). The related party transactions and balances are covered under note 34 and concentration of customers' deposits is covered under note 4.

Notes (continued)

For the year ended 31 December 2025

26 Borrowings – Group & Bank

	2025 Kshs 000	2024 Kshs 000
(a) Analysis		
Development Financial Institutions		
ResponsAbility	336,606	679,561
Blue Orchard	1,354,121	-
Incofin	326,181	637,048
Finance in motion	259,380	892,057
Global Access Fund	1,291,319	1,293,865
European Investment Bank	3,752,588	-
British International Investment	2,587,823	-
	9,908,018	3,502,531
	2025 KShs '000	2024 KShs '000
Subordinated bond		
Subordinated bond	4,017,018	4,015,710
Unamortised origination fees	(13,533)	(27,066)
	4,003,485	3,988,644
Total borrowings	13,911,503	7,491,175
(b) Movement:		
At beginning of the year	7,491,175	11,240,600
Funds received	7,615,192	325,000
Payments on principal	(1,252,838)	(2,808,686)
Interest accrued in the year	960,309	1,092,905
Payments on interest	(1,031,998)	(1,071,058)
Foreign currency translation losses/(gain)	129,663	(1,287,587)
At end of the year	13,911,503	7,491,175
Current	7,187,143	682,137
Non-current portion	6,724,360	6,809,038
	13,911,503	7,491,175

Notes (continued)

For the year ended 31 December 2025

26 Borrowings – Group & Bank (continued)

The table below summarises the terms for the borrowings:

Lender	Outstanding amount Kshs'000'	Currency of the borrowed funds	Repayment period	Maturity Date	Interest Rate
Subordinated Debt-Corporate Bond	4,000,000	KES	5.5 years	2026	Various
Blue Orchard Microfinance Fund	1,290,500	USD	6 years	2031	6M Sofr +5.83%
Finance in Motion	258,100	USD	3 years	2026	8.58% Fixed
ResponsAbility SICAV (Lux) Micro and SME Finance Debt Fund	322,625	USD	4 years	2026	6M Sofr +4.50%
Global Access Fund(Water Equity)	1,290,500	USD	4years	2027	7.73% Fixed
Incofin Climate Smart Microfinance	322,625	USD	3 years	2027	7.5% Fixed
British International Investment	2,581,000	USD	1 year	2026	3M Sofr +2.6%
European Investment Bank	3,720,834	USD	10 years	2035	6.516% Fixed

27 Accruals and other provisions

(a) Accruals and other provisions

	2025 Kshs 000	2024 Kshs 000
Group & Bank		
Accrued expense	1,955,319	2,101,088
Uncollected dividend	59,719	-
	2,015,038	2,101,088

*Provisions and accrual mainly relate to amounts held for licenses, rent and other services. All the balances are non-interest bearing.

Notes (continued)

For the year ended 31 December 2025

27 Accruals and other provisions (continued)

	Group		Bank	
	2025 KShs '000	2024 KShs '000	2025 KShs '000	2024 KShs '000
(b) Other liabilities				
Settlement and clearing	1,750,719	1,051,265	1,647,009	959,159
Account payable and sundry creditors	2,983,034	201,940	2,983,346	201,940
Unearned income on funded/ non-funded in-come	1,008,006	820,120	1,008,006	820,120
	5,741,759	2,073,325	5,638,361	1,981,219

Other liabilities are current.

Other liabilities include Ksh 2,827,086,000 (2024: Nil) relating to proceeds from a capital raise received from shareholders during the year. These funds are held as share application money pending formal approval from the Central Bank of Kenya (CBK) for the allotment of shares.. These funds are non-interest bearing and will be reclassified to equity once the CBK issues a formal 'no objection' and shares are successfully allotted.

28 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2024 - 30%). The movements in the deferred income tax account were as follows:

a) Deferred income tax balances

	Group		Bank	
	2025 KShs '000	2024 KShs '000	2025 KShs '000	2024 KShs '000
At 1 January				
Deferred tax charge/ (credit	2,879,005	2,274,778	2,878,804	2,274,049
-To profit or loss	950,175	604,255	949,999	604,783
-To other comprehensive income	(514,124)	-	(514,124)	-
Overprovision in prior year	(6)	(28)	-	(28)
	3,315,050	2,879,005	3,314,679	2,878,804

Notes (continued)

For the year ended 31 December 2025

28 Deferred income tax (continued)

b) Movement in deferred tax assets and deferred tax liabilities

Group	Balance at 1 January 2025	Prior year provisions over	Deferred tax (charge)/ credit	Recognised in Other compre- hensive Income	Balance at 31 December 2025
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Arising from:					
Deferred tax assets:					
Property and equipment	223,080	-	(48,374)	-	174,706
Provisions	2,597,532	(6)	975,375	-	3,572,901
Lease Liability (IFRS 16)	286,971	-	120,601	-	407,572
Total deferred tax assets	3,107,583	(6)	1,047,602	-	4,155,179
Deferred tax liabilities:					
IFRS 16 Rou Asset	(228,578)	-	(97,427)	-	(326,005)
Deferred tax through OCI					
Revaluation of PPE	-	-	-	(40,520)	(40,520)
Revaluation of Financial securities	-	-	-	(473,604)	(473,604)
Total deferred tax liabilities	(228,578)	-	(97,427)	(514,124)	(840,129)
Net deferred tax asset	2,879,005	(6)	950,175	(514,124)	3,315,050

Group	Balance at 1 January 2024	Prior year provisions over	Deferred tax (charge)/ credit	Recognised in Other compre- hensive Income	Balance at 31 December 2024
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Arising from:					
Deferred tax assets:					
Property and equipment	246,636	-	(23,556)	-	223,080
Provisions	1,969,217	(28)	628,343	-	2,597,532
Lease Liability (IFRS 16)	286,971	-	-	-	286,971
Total deferred tax assets	2,502,824	(28)	604,787	-	3,107,583
Deferred tax liabilities:					
IFRS 16 Rou Asset	(228,046)	-	(532)	-	(228,578)
Total deferred tax liabilities	(228,046)	-	(532)	-	(228,578)
Net deferred tax asset	2,274,778	(28)	604,255	-	2,879,005

Notes (continued)

For the year ended 31 December 2025

28 Deferred income tax (continued)

Bank

	Balance at 1 January 2025	Prior year provisions over	Deferred tax (charge)/ credit	Recognised in Other compre- hensive Income	Balance at 31 December 2025
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Arising from:					
Deferred tax assets:					
Property and equipment	223,109	-	(48,500)	-	174,609
Provision movements	2,596,769	-	975,325	-	3,572,094
Lease Liability (IFRS 16)	286,971	-	120,601	-	407,572
Total deferred tax assets	3,106,849	-	1,047,426	-	4,154,275
Deferred tax liabilities:					
IFRS 16 Rou Asset	(228,045)	-	(97,427)	-	(325,472)
Deferred tax through OCI					
Revaluation of PPE	-	-	-	(40,520)	(40,520)
Revaluation of Financial securities	-	-	-	(473,604)	(473,604)
					-
Total deferred tax liabilities	(228,045)	-	(97,427)	(514,124)	-
Net deferred tax asset	2,878,804	-	949,999	(514,124)	3,314,679

	Balance at 1 January 2024	Prior year provisions over	Deferred tax (charge)/ credit	Recognised in Other compre- hensive Income	Balance at 31 December 2024
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Arising from:					
Deferred tax assets:					
Property and equipment	246,665	-	(23,556)	-	223,109
Provision movements	1,968,458	(30)	628,339	-	2,596,769
Lease Liability (IFRS 16)	286,971	-	-	-	286,971
Total deferred tax assets	2,502,094	(30)	604,783	-	3,106,849
Deferred tax liabilities:					
IFRS 16 Rou Asset	228,045	-	-	-	228,045
Total deferred tax liabilities	228,045	-	-	-	228,045
Net deferred tax asset	2,274,049	(30)	604,783	-	2,878,804

Notes (continued)

For the year ended 31 December 2025

29 Share Capital

	2025 Kshs 000	2024 Kshs 000
Authorised:		
At 1 January - 2,300,000,000 ordinary shares of Sh 1 each	2,300,000	1,500,000
Additional 800,000,000 ordinary shares of Sh 1 each	-	800,000
At 31 December	2,300,000	2,300,000
Issued:		
At 1 January - 1,287,107,542 ordinary shares of Sh 1 each	1,305,195	1,287,108
357,459,553 additional ordinary shares of Sh 1 each (2024: 18,087,667 additional ordinary shares of Sh 1 each-rights issue)	357,460	18,087
At 31 December	1,662,655	1,305,195

	Number of shares	Share capital Kshs '000	Share premium Kshs '000	Total Kshs 000
At 1 January 2024	1,287,107,542	1,287,108	5,874,662	7,161,770
Additions from the rights issue	18,087,667	18,087	244,184	262,271
At 31 December 2024	1,305,195,209	1,305,195	6,118,846	7,424,041
At 1 January 2025	1,305,195,209	1,305,195	6,118,846	7,424,041
Additions from the rights issue	357,459,553	357,460	4,825,703	5,183,163
At 31 December 2025	1,662,654,762	1,662,655	10,944,549	12,607,204

Notes (continued)

For the year ended 31 December 2025

29 Share Capital (continued)

On 19 October 2023 the company invited its shareholders to subscribe to a rights issue of 643,553,771 new ordinary shares at an offer price of Kshs 14.50 per ordinary share (Kshs 1 par value for each ordinary share and Kshs 13.5 share premium). The basis of the rights issue was 1 new ordinary share for every 2 ordinary shares held as at the record date. Out of the shares issued, 18 million were taken up within the period.

The purpose of the rights issue was to enable the Bank to advance its extension strategy in line with the Bank's 5 year strategy plan. This explains the change in the share capital and share premium for the year ended 31 December 2024.

On 3 June 2025, the Bank opened a Restricted Equity Offer by Private Placement of up to 420,000,000 ordinary shares at an offer price of Kshs 14.50 per share (comprising Kshs 1.00 par value and Kshs 13.50 share premium per share), with a green shoe option. A total of 552,056,068 shares were applied and accepted under the green shoe option.

As at 31 December 2025, 357,459,553 shares had been allocated. The remaining 194,596,515 shares were pending allotment, subject to regulatory approval by the Central Bank of Kenya.

The proceeds from the capital raise will be deployed to support the Bank's strategic objective of becoming the preferred bank for Biashara through investments in digitization initiatives, expansion of lending activities, and broader business expansion programs, in line with the Bank's 2025–2029 Strategic Plan.

30) Other reserves

(i) Revaluation surplus

This represents solely the revaluation of building and freehold land net of deferred income tax and is non-distributable.

(ii) Statutory reserve

The reserve represents an amount set aside to cover additional provision for loan losses required to comply with the requirements of Central Banks Prudential guidelines where impairment losses required by legislation or regulations exceed those calculated under IFRS reporting standards.

(iii) Fair value reserve

The fair value reserve comprises of the cumulative net change in the fair value of FVOCI financial assets until the investment is derecognised or impaired. The reserve is non-distributable.

Revaluation reserve

At 1 January	
Change of fair value of financial assets at FVOCI	
At 31 December	

Group and Bank	
2025	2024
Kshs 000	Kshs 000
752,161	(1,766,320)
553,173	2,518,481
1,305,334	752,161

Notes (continued)

For the year ended 31 December 2025

31 Notes to the statement of cash flows

(a) Reconciliation of profit before taxation to cash flow from operations

	Group		Bank	
	2025 KSh'000	2024 KSh'000	2025 KSh'000	2024 KSh'000
Profit before taxation	6,330,352	3,916,336	6,395,305	3,668,017
Adjustments for:				
Depreciation of property and equipment	22	379,304	425,970	379,014
Depreciation of right of use asset	33	430,223	418,134	429,751
Amortization of prepaid operating lease rent-als	24	4,637	4,637	4,637
Amortization of intangible assets	23	187,507	157,628	187,099
Interest income earned	6	(25,169,995)	(20,958,744)	(20,958,744)
Interest expense on customer and bank bonds	7	7,598,923	8,075,728	7,708,987
Dividend income received	8	-	-	(350,000)
Interest expense on lease liability	33	157,226	100,962	157,226
Gain on disposal of assets		(10,861)	-	(10,861)
Loss on disposal of assets		85,242	-	85,242
Credit Impairment of losses	17	2,562,847	1,380,308	2,562,847
Loss on reclassification of property	22	36,500	-	36,500
Fair value loss on investment property		1,900	-	1,900
Derecognition right of use and lease liability	33	38,679	204	38,577
Interest expense on borrowings	26	960,309	1,092,905	960,309
Exchange rate loss/ (gain) on borrowings	26	129,663	(1,287,587)	129,663
Loss on disposal of intangible assets	23	23,695	-	25,362
Exchange rate gains on government securities	15	11,000	564,750	11,000
Working capital changes				
Government securities		(21,186,035)	14,906,531	(21,175,388)
Loans and advances to customers		(14,448,993)	(5,737,573)	(14,448,993)
Other assets		(678,331)	(214,586)	(665,056)
Customer deposits		25,638,858	23,876,649	25,526,304
Provisions and accruals		3,582,384	814,447	3,571,092
Cash used in operations		(13,334,966)	(2,276,363)	(13,607,489)
				(2,269,646)

Notes (continued)

For the year ended 31 December 2025

31 Notes to the statement of cash flows (continued)

(b) Analysis of the balances of cash and cash equivalents as shown in the statement of financial position and notes

	Group		Bank	
	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
Cash in hand	4,831,110	4,668,449	4,831,110	4,668,449
Balances with Central Bank of Kenya	4,970,371	8,179,597	4,970,371	8,179,597
Repo purchases with Central Bank of Kenya	3,900,000	-	3,900,000	-
Balances with other banking institutions	3,974,263	2,163,197	3,974,263	2,163,197
Balances due to other banking institutions	(561,679)	(7,125,532)	(561,679)	(7,125,532)
	17,114,065	7,885,711	17,114,065	7,885,711

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or below, less advances from banks repayable within three months from the dates of the advances.

32 Operating segments

For management purposes, the Bank is organised into two main operating segments based on products and services as follows:

- i) Retail Banking: Includes loans deposits and other transactions and balances with retail customers;
- ii) Wholesale Banking: Includes loans deposits and other transactions and balances with corporate and institutional customers.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Income taxes are managed on a Group basis and are not allocated to operating segments. The Group's management identify the specific segments based on the internal reporting periodically to the executive committee which is the chief operating decision maker(CODM).

The Group's segment operations are all financial with a majority of revenues deriving from interest. The management relies primarily on net interest revenue to assess the performance of the segment. Interest income is reported net as management primarily relies on net interest revenue as a performance measure, not gross income and expenses. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2025 or 2024.

The following table presents income and profit and certain asset and liability information regarding the Group's operating segments,

Notes (continued)

For the year ended 31 December 2025

32 Operating segments (continued)

Statement of profit or loss and other comprehensive income

2025	Wholesale banking	Retail banking	Other	Total
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Interest income	10,067,202	15,100,803	1,990	25,169,995
Interest expense	(3,645,851)	(5,468,776)	70,440	(9,044,187)
Net interest income	6,421,351	9,632,027	72,430	16,125,808
Fee and commission income	1,100,881	1,651,322	-	2,752,203
Fee and commission expense	(273,453)	(410,179)	-	(683,632)
Net Fee and commission income	827,428	1,241,143	-	2,068,571
Investment income	424,498	636,748	-	1,061,246
Foreign exchange gain/(loss)	132,365	198,548	-	330,913
Other income	165,162	247,743	29,331	442,236
Operating income	7,970,804	11,956,209	101,761	20,028,774
Operating Expenses	(4,387,545)	(6,581,316)	(166,714)	(11,135,575)
Credit impairment losses	(1,025,139)	(1,537,708)	-	(2,562,847)
Profit before tax	2,558,120	3,837,185	(66,943)	6,330,352
Tax expense	(345,862)	(518,794)	(87,543)	(952,199)
Profit /Loss after tax	2,212,258	3,318,391	(152,496)	5,378,153
Other OCI income	312,469	468,703	-	781,172
Profit for the year	2,524,727	3,787,094	(152,496)	6,159,325
2024	Wholesale banking	Retail banking	Other	Total
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Interest income	8,383,498	12,575,246	-	20,958,744
Interest expense	(3,948,962)	(5,923,443)	73,422	(9,798,983)
Net interest income	4,434,536	6,651,803	73,422	11,159,761
Fee and commission income	1,081,587	1,622,381	-	2,703,968
Fee and commission expense	(233,642)	(350,463)	-	(584,105)
Net fees and commission income	847,945	1,271,918	-	2,119,863
Investment income	150,022	225,032	-	375,054
Net trading income	244,262	366,392	-	610,654
Other income	146,195	219,292	309,897	675,384
Operating income	5,822,960	8,734,437	383,319	14,940,716
Operating expenses	(3,803,630)	(5,705,442)	(134,999)	(9,644,071)
Credit impairment losses	(552,123)	(828,185)	-	(1,380,308)
Profit before taxation	1,467,207	2,200,810	248,320	3,916,337
Income tax expense	(162,540)	(243,811)	(49,473)	(455,824)
Profit /Loss after tax	1,304,667	1,956,999	198,847	3,460,513
Other comprehensive income	1,007,392	1,511,089	-	2,518,481
Profit for the year	2,312,059	3,468,088	198,847	5,978,994

Notes (continued)

For the year ended 31 December 2025

32 Operating segments (continued)

31 December 2025	Wholesale banking Kshs 000	Retail banking Kshs 000	Others Kshs 000	Total Kshs 000
Assets	83,223,360	124,835,040	630,168	208,688,568
Liabilities and equity:	83,516,786	125,275,180	(103,398)	208,688,568
Inter-segment lending	(205,990)	(308,986)	514,976	-
Total liabilities and equity	83,310,796	124,966,194	411,578	208,688,568
Other disclosures				
Capital expenditure	278,646	417,968	-	696,614

31 December 2024	Wholesale banking Kshs 000	Retail banking Kshs 000	Others Kshs 000	Total Kshs 000
Assets	67,365,497	100,367,300	771,765	168,504,562
Liabilities and equity:	67,578,667	101,368,002	(442,107)	168,504,562
Inter-segment lending	(126,989)	(190,484)	317,473	-
Total liabilities and equity	67,451,678	101,177,518	(124,634)	168,504,562
Other disclosures				
Capital expenditure	197,477	296,216	-	493,693

Notes (continued)

For the year ended 31 December 2025

33 Leases

The Bank as a lessee

(a) Right of use asset

The Bank leases a number of branch and office premises as well as ATM lobby spaces. The leases typically run for a period between 3 and 6 years, with an option to renew the lease after that date. For some leases, payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

Movements in right of use assets in the year is shown below:

	Group		Bank	
	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
Cost				
At start of year	2,670,977	2,538,614	2,668,146	2,538,614
Additions and modifications	115,261	132,567	115,261	129,736
Disposals and terminations	(147,323)	(204)	(147,323)	(204)
At end of year	2,638,915	2,670,977	2,636,084	2,668,146
Accumulated depreciation				
At start of year	(1,985,943)	(1,778,462)	(1,985,471)	(1,778,462)
Charge for the year	(430,223)	(418,134)	(429,751)	(417,661)
Disposals and terminations	122,142	204	122,142	204
Remeasurements	664,429	210,449	664,429	210,449
At end of year	(1,629,595)	(1,985,943)	(1,628,651)	(1,985,471)
Net carrying amount at end of year	1,009,320	685,034	1,007,433	682,675

(i) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
Depreciation charge of right of use as-set	430,223	418,134	429,751	417,661
Interest expense on lease liability	157,226	100,666	157,226	100,666

Notes (continued)

For the year ended 31 December 2025

33 Leases (continued)

(b) The Bank as a lessee

	Group		Bank	
	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
Current within 1 year	75,503	353,343	75,503	352,732
Non-current	1,109,229	499,606	1,107,436	498,032
	1,184,732	852,949	1,182,939	850,764

The movement in the lease liabilities for Group & Bank was as follows:

	2025	2024	2025	2024
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
At start of year	852,949	956,570	850,764	956,570
Additions during the year	115,261	132,095	115,261	129,736
Disposals and terminations	(35,566)	-	(35,566)	-
Interest expense on leases	157,226	100,666	157,226	100,666
Repayment of interest	(157,226)	(100,666)	(157,226)	(100,666)
Repayment of principal	(461,405)	(461,659)	(460,910)	(479,720)
Remeasurements	713,493	225,943	713,390	244,178
At end of year	1,184,732	852,949	1,182,939	850,764

Notes (continued)

For the year ended 31 December 2025

34 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

A number of transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions.

The volumes of related party transactions, outstanding balances at the end of the year and the related expenses and income for the year are as follows:

(a) Loans and advances:

	Group				Bank			
	2025		2024		2025		2024	
	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000
	Directors and associates	Staff	Directors and associates	Staff	Directors and associates	Staff	Directors and associates	Staff
Loans and advances:								
At 1 January	2,874,741	1,519,012	3,373,484	1,505,980	2,874,741	1,519,012	3,373,484	1,505,980
Advanced during the period	5,981,793	856,427	3,812,502	642,392	5,981,793	856,427	3,812,502	642,392
Interest earned	522,679	202,421	309,095	52,081	522,679	202,421	309,095	52,081
Repaid during the period	(3,726,595)	(794,523)	(4,620,340)	(681,441)	(3,726,595)	(794,523)	(4,620,340)	(681,441)
At end of year	5,652,618	1,783,337	2,874,741	1,519,012	5,652,618	1,783,337	2,874,741	1,519,012

As at 31 December 2025 loans and advances to staff amounted to Kshs 1,747,000,000 (2024 Kshs 1,627,000,000). The loans and advances to related parties are performing and adequately secured.

Notes (continued)

For the year ended 31 December 2025

34 Related party transactions (continued)

(b) Deposits – Group & Bank	Directors	Companies associated to directors	Total
	Kshs'000	Kshs '000	Kshs '000
At 1 January 2025	443,817	2,031,634	2,475,451
Deposits	605,504	45,610,247	46,215,751
Withdrawals	(161,687)	(43,578,614)	(43,740,301)
At 31 December 2025	887,634	4,063,267	4,950,901
At 1 January 2024	374,689	1,869,210	2,243,899
Deposits	169,206	45,782,212	45,951,418
Withdrawals	(100,078)	(45,619,788)	(45,719,866)
At 31 December 2024	443,817	2,031,634	2,475,451

Key management compensation

The remuneration of directors and other members of key management during the year were as follows:

Short term benefits	Group		Bank	
	2025 Kshs 000	2024 Kshs 000	2025 Kshs 000	2024 Kshs 000
Key management compensation				
Salaries and other benefits	223,988	212,670	223,988	212,670
Non-executive directors				
Directors' fees	238,248	255,374	228,248	247,514
Other emoluments	27,816	89,529	19,755	75,857
Total	490,052	557,573	471,991	536,041

Notes (continued)

For the year ended 31 December 2025

35 Restatements

In prior periods, the Bank excluded Cash Reserve Ratio (CRR) balances held with the Central Bank of Kenya from cash and cash equivalents in the statement of cash flows. Following a reassessment of IAS 7, the Bank concluded that these balances meet the definition of cash, as they are demand deposits accessible on demand, with restrictions relating to use rather than access. This resulted in a prior-period error under IAS 8, and comparative information has been retrospectively restated accordingly.

	Group			Bank		
	2024		Restated	2024		Restated
	Shs'000	Adjusment	2024 Shs'000	Shs'000	Adjusment	2024 Shs'000
Cash flows from operating activities						
Net cash generated from operations	7,377,967	983,801	8,361,768	7,360,661	983,801	8,344,462
Cash flows from investing activities						
Net cash used in investing activities	(493,693)	-	(493,693)	(476,386)	-	(476,386)
Cash flows from financing activities						
Net cash used in financing activities	(7,495,162)	-	(7,495,162)	(7,495,162)	-	(7,495,162)
Net decrease in cash and cash equivalents	(610,888)	983,801	372,913	(610,887)	983,801	372,914
Cash and cash equivalents at start of year	3,175,176	4,337,622	7,512,798	3,175,175	4,337,622	7,512,797
Cash and cash equivalents at end of year	2,564,288	5,321,423	7,885,711	2,564,288	5,321,423	7,885,711

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Shareholders Information

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AGM Notice

NOTICE IS HEREBY GIVEN THAT the 19th Annual General Meeting ('AGM') of Family Bank Limited will be held via electronic communication on Thursday, 30th April 2026 at 9:00 a.m. to conduct the following business:

Ordinary Business:

1. To table the proxies and note the presence of a quorum.
2. To read the notice convening the meeting.
3. To receive, consider and if thought fit, adopt the Integrated Report, the Audited Financial Statements for the year ended 31st December 2025, together with the Chairman's, Directors' and Auditors' reports thereon.
4. To approve the payment of a first and final dividend of Ksh 1.20 per share, subject to withholding tax where applicable, on the issued and paid up capital of the Company and payable to shareholders registered as at 4th May 2026. To facilitate the payment of the dividend, the register of members will be closed on 4th May 2026.
5. Rotation and Election of Directors in accordance with Article 112 of the Articles of Association:
 - 5.1. Mr. Lazarus Muema retires by rotation and being eligible, offers himself for re-election as a director of the Company.
 - 5.2. Mr. Mark Keriri retires by rotation and being eligible, offers himself for re-election as a director of the Company.
 - 5.3. Mr. Baptista Muriki Kanyaru, having been appointed to fill a casual vacancy, retires by rotation and being eligible, offers himself for re-election as a director of the Company.
6. To receive, consider and if thought fit approve the Directors' remuneration for the year ended 31st December 2025.
7. To re-appoint PricewaterhouseCoopers (PwC) as auditors of the Company in accordance with Sections 721 and 724 of the Companies Act 2015, and to authorise the directors to fix their remuneration.
8. To consider any other business for which due notice has been received.

Special Business

9. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution: In accordance with the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023, Thirteenth Schedule on Continuing Obligations Section 8.21 the following Company policies be and are hereby approved for implementation:
 - i. Board Remuneration Policy
 - ii. Stakeholder Engagement Policy
 - iii. Board Nomination Policy
10. To transact any other business which may be properly transacted at an Annual General Meeting.

By Order of the Board



Eric K. Murai
Company Secretary
 8 April 2026

AGM Notice (Continued)

NOTES

1. The Company has convened and will be conducting the AGM by electronic means as provided for under Article 57A of the Company's Articles of Association.
2. Shareholders wishing to participate in the meeting should register for the AGM by doing the following:
 - a) Dialing the USSD code ***483*809#** for Safaricom, Airtel and Telkom mobile telephone networks and following the various prompts regarding the registration; or
 - b) Send an email request to be registered to familybankagm@image.co.ke
 - c) Shareholders with email addresses will receive a registration link via email through which they can use to register.

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

3. Registration for the AGM opens on Wednesday 8 April 2026 at 9.00a.m. and will close on Tuesday 28 April 2026 at 12.00p.m. Shareholders will not be able to register after 28 April 2026 at 12.00p.m.
4. In accordance with Section 283 (2) of the Companies Act, the following documents may be viewed on the Company's website: www.familybank.co.ke (i) a copy of this Notice and the proxy form; (ii.) the Company's audited financial statements for the year ended 31st December 2025. (iii) copies of the Board Remuneration Policy, Stakeholder's Management Policy, and Board Nominations Policy.

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

5. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
 - i. sending their written questions by email to familybankagm@image.co.ke ; or shares@familybank.co.ke
 - ii. submitting questions by dialing the USSD Code above and following the prompts: or
 - iii. to the extent possible, physically delivering their written questions with a return physical address or email address to the registered office of the Company at 8th Floor, Family Bank Towers, Muindi Mbingu Street, or to Image Registrars Limited offices at 5th floor, Absa Towers (formerly Barclays Plaza), Loita Street; or sending their written questions with a return physical address or email address by registered post to the Company's address at P.O. Box 74145-00200 Nairobi. Shareholders must provide their full details (full names, ID/Passport Number/Share Account Number) when submitting their questions and clarifications.

All questions and clarification must reach the Company on or before Tuesday 28 April 2026 at 12:00p.m. Following receipt of the questions and clarifications, the directors of the Company shall provide written responses to the questions received to the return physical, postal or email address provided by the Shareholder no later than 12 hours before the start of the general meeting. A full list of all questions received, and the answers thereto will be published on the Company's website not later than 12 hours before the start of the general meeting.

6. In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone. A proxy form is available on the Company's website via this link: www.familybank.co.ke/company-profile/investor-relations. Physical copies of the proxy form are also available at the following address: Image Registrars Limited offices, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street. A proxy must be signed by the appointer or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to info@image.co.ke with copy to shares@familybank.co.ke or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, or Family Bank shares Registry Office at Family Bank Towers, 8th Floor, so as to be received not later than 28 April 2026 at 11.00a.m. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than 28 April 2026 at 11.00a.m. Any proxy registration that is rejected will be communicated to the shareholder concerned not later than 29 April 2026 at 11.00a.m. to allow time to address any issues.

AGM Notice (Continued)

7. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time and providing a link to the live stream.
8. Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda. Duly registered shareholders and proxies may vote (when prompted by the Chairman) via the USSD prompts.
9. Results of the AGM shall be published on the Company website within 24 hours following conclusion of the AGM.

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Ilani ya Mkutano Mkuu wa Kila Mwaka

ILANI INATOLEWA HAPA KWAMBA Mkutano Mkuu wa Kila Mwaka ('AGM') wa 19 wa Family Bank Limited utafanyika kwa njia ya mawasiliano ya kielektroniki mnamo Alhamisi, 30 Aprili 2026 kuanzia saa tatu asubuhi (9:00 a.m.), kutekeleza shughuli zifuatazo:

Shughuli za Kawaida:

1. Kuwasilisha fomu za wawakilishi na kuthibitisha uwepo wa idadi ya kutosha ya wenyehis kuandaa mkutano.
2. Kusoma ilani ya kuandaliwa kwa mkutano.
3. Kupokea, kutathmini na iwapo itakubalika, kuidhinisha Ripoti Kamilifu na Taarifa za Kifedha Zilizokaguliwa za mwaka uliokamilika 31 Desemba 2025, pamoja na ripoti za Mwenyekiti, Wakurugenzi na Wakaguzi wa hesabu zilizomo.
4. Kuidhinisha malipo ya mgawo wa faida wa kwanza na wa mwisho wa Kshs. 1.20 kwa kila hisa, ambao utatozwa kodi ya zuio au withholding tax inapofaa, kwa hisa za mtaji wa Kampuni zilizotolewa na kulipiwa, ambapo malipo yatafanywa kwa wenyehis watakaokuwa kwenye sajili kufikia 4 Mei 2026. Kwa ajili ya malipo ya mgawo huo wa faida, sajili ya wanachama itafungwa 4 Mei 2026.
5. Mzunguko na Uchaguzi wa Wakurugenzi kuambatana na Kifungu 112 cha Sheria za Kuundwa kwa Kampuni:
 - 5.1.Bw. Lazarus Muema anastaafu kwa mzunguko na kwa kuwa anahitimu, anajiwasilisha kuomba kuchaguliwa tena kama mkurugenzi wa Kampuni.
 - 5.2.Bw. Mark Keriri anastaafu kwa mzunguko, na kwa kuwa anahitimu, anajiwasilisha kuomba kuchaguliwa tena kama mkurugenzi wa Kampuni.
 - 5.3.Bw. Baptista Muriki Kanyaru, ambaye aliteuliwa kujaza pengo la muda katika bodi, anastaafu kwa mzunguko, na kwa kuwa anahitimu, anajiwasilisha kuomba kuchaguliwa tena kama mkurugenzi wa Kampuni.
6. Kupokea, Kutathmini na iwapo itakubalika, kuidhinisha malipo ya Wakurugenzi kwa mwaka uliomalizika 31 Desemba 2025.
7. Kuwateua tena PricewaterhouseCoopers (PwC) kuhudumu kama wakaguzi wa hesabu wa Kampuni kwa mujibu wa vifungu 721 na 724 vya Sheria ya Kampuni ya 2015, na kuwapa wakurugenzi idhini ya kuamua malipo yao.
8. Kutekeleza shughuli nyingine yoyote ile ambayo ilani yake itakuwa imepokelewa ifaavyo.

Shughuli Maalumu

9. Kutathmini na iwapo itakubalika, kuidhinisha azimio lifuatalo kama Azimio la Kawaida: Kwa mujibu wa Kanuni za Masoko ya Mtaji (Uuzaji wa Hisa kwa Umma, Uorodheshaji wa Hisa na Utoaji wa Habari na Taarifa za Kifedha), 2023, Kiambatisho cha Kumi na Tatu kuhusu Wajibu Unaoendelea Kifungu cha 8.21, sera zifuatazo za Kampuni ziwe na hapa zinaidhinishwa kutekelezwa:
 - i. Sera ya Malipo ya Bodi
 - ii. Sera ya Ushirikishaji wa Wadau
 - iii. Sera ya Uteuzi wa Bodi
10. Kutekeleza shughuli nyingine yoyote ambayo itafuata taratibu za kutekelezwa katika Mkutano Mkuu wa Kila Mwaka.

Kwa Agizo la Bodi



Eric K. Murai

Katibu wa Kampuni

8 Aprili 2026

Ilani ya Mkutano Mkuu wa Kila Mwaka

MAELEZO

1. Kampuni imeitisha na itaandaa mkutano mkuu wa kila mwaka (AGM) kwa njia ya kielektroniki kuambatana na Kifungu 57A cha Sheria za Kuundwa kwa Kampuni.
2. Wenye hisa ambao wangependa kushiriki katika mkutano huu wa AGM wanafaa kujisajili kwa kufanya yafuatayo:
 - a) Kupiga simu kwa nambari ya **USSD *483*809#** kupitia mtandao wa Safaricom, Airtel au Telkom na kufuata maelekezo yatakayotolewa kuhusu usajili; au
 - b) Kutuma ombi la kusajiliwa kwa njia ya barua pepe kwa familybankagm@image.co.ke
- c) Wenye hisa waliowasilisha anwani za barua pepe watapokea kiunganishi, au link, cha kujisajili kupitia barua pepe ambacho wanaweza kukitumia kujisajili.

Ili kukamilisha shughuli ya kujisajili, wenye hisa watahitajika kuwa na nambari ya kitambulisho/pasipoti waliyoitumia kununua hisa zao na/au nambari ya akaunti yao ya hisa. Kwa usaidizi, wenye hisa wanafaa kupiga nambari hii ya simu ya msaada: (+254) 709 170 000 kati ya saa tatu asubuhi (9:00 a.m.) na saa kumi na moja jioni (5:00 p.m.) kuanzia Jumatatu hadi Ijumaa.

3. Shughuli ya kujisajili kwa ajili ya AGM itaanza mnamo Jumatano 8 Aprili 2026 saa tatu asubuhi (9:00 a.m.) na kufungwa Jumanne tarehe 28 Aprili 2026 saa sita mchana (12:00 p.m.). Wenye hisa hawataweza kujiandikisha tena baada ya 28 Aprili 2026 saa sita mchana (12:00 p.m.).
4. Kuambatana na Kifungu 283 (2) cha Sheria za Kampuni, stakabadhi zifuatazo zinaweza kutazamwa katika tovuti ya Kampuni: www.familybank.co.ke (i) nakala ya ilani hii na Fomu ya Uwakilishi; (ii.) taarifa za kifedha za Kampuni zilizokaguliwa za mwaka uliokamilika 31 Desemba 2025. (iii.) nakala za Sera ya Malipo ya Bodi, Sera ya Usimamizi wa Wadau, na Sera ya Uteuzi wa Bodi.

Ripoti hizo zinaweza pia kupatikana kwa kupiga simu nambari ya USSD iliyotolewa hapa juu na kuchagua kiungo cha Ripoti. Ripoti na ajenda zinaweza pia kupatikana kwenye link au kiunganisho cha kupeperusha mkutano moja kwa moja.

5. Wenye hisa wenye nia ya kuuliza maswali au ufafanuzi kuhusu AGM hii wanaweza kufanya hivyo kwa:
 - (i) kutuma maswali yao kwa maandishi kupitia barua pepe kwa familybankagm@image.co.ke; au shares@familybank.co.ke
 - (ii) kutuma maswali yao kwa kupiga simu nambari ya USSD iliyotolewa hapa juu na kufuata maelekezo: au
 - (iii) kwa kadiri inavyowezekana, maswali hayo yakiwa kwa njia ya maandishi na yakiwa na anwani au barua pepe ya kupokelewa majibu yanaweza kuwasilishwa na mtu binafsi kwa afisi zilizosajiliwa za Kampuni katika Ghorofa ya 8, jumba la Family Bank Towers, Muindi Mbingu Street, au katika afisi za Image Registrars Limited katika Ghorofa ya 5, Absa Towers (zamani ikifahamika kama Barclays Plaza), Loita Street; au maswali hayo yakiwa kwa njia ya maandishi na yakiwa na anwani au barua pepe ya kupokelewa majibu yanaweza kutumwa kupitia kampuni salama ya kutuma barua kwa anwani ya Kampuni ambayo ni Sanduku la Posta 74145-00200 Nairobi. Wenye hisa ni sharti waandike maelezo kamili kuwahusu (majina kamili, Nambari ya Kitambulisho/Nambari ya Pasipoti/Nambari ya Akaunti ya Hisa) wanapowasilisha maswali yao au maombi ya ufafanuzi.

Maswali yote na maombi ya ufafanuzi yanafaa kuifikia Kampuni mnamo au kabla ya Jumanne 28 Aprili 2026 saa sita mchana (12:00 p.m.). Baada ya kupokelewa kwa maswali na maombi ya ufafanuzi, wakurugenzi wa Kampuni watatoa majibu kwa njia ya maandishi na kuyatuma kwa anwani, anwani ya posta au barua pepe ya kupokelewa majibu iliyotolewa na Mwenyehisa si chini ya saa 12 kabla ya kuanza kwa mkutano mkuu. Orodha kamili ya maswali yaliyopokelewa na majibu yaliyotolewa, itachapishwa katika tovuti ya Kampuni si chini ya saa 12 kabla ya mkutano mkuu kuanza.

6. Kuambatana na Kifungu 298 (1) cha Sheria za Kampuni, wenye hisa walio na haki ya kuhudhuria na kupiga kura katika AGM wana haki ya kuteua mwakilishi au wawakilishi wa kupiga kura kwa niaba yao. Mwakilishi huyo si lazima awe mwanachama wa Kampuni lakini iwapo Mwakilishi aliyeteuliwa si Mwenyekiti wa AGM, mwakilishi aliyeteuliwa atahitaji kuwa na simu ya mkononi. Fomu ya uwakilishi imeambathishwa kwenye Ilani hii na inapatikana pia katika tovuti ya Kampuni kwa kufuata

Ilani ya Mkutano Mkuu wa Kila Mwaka

kiunganishi hiki cha mtandaoni: www.familybank.co.ke/company-profile/investor-relations. Nakala za karatasi za fomu za uwakilishi pia zinapatikana katika anwani ifuatayo: Afisi za Image Registrars Limited, Ghorofa ya 5, Absa Towers (zamani ikiitwa Barclays Plaza), Loita Street. Fomu ya uwakilishi ni sharti itiwae saina na mwenyehisa anayefanya uteuzi au wakili aliyeidhinishwa na mwenyehisa kwa njia ya maandishi. Iwapo anayeteua mwakilishi ni kampuni au shirika, stakabadhi ya uteuzi inafaa kupigwa mhuri rasmi wa kampuni au kuidhinishwa na afisa au wakili aliyeidhinishwa kuiwakilisha kampuni au shirika hilo. Fomu ya uwakilishi iliyojazwa inafaa kutumwa kwa njia ya barua pepe kwa info@image.co.ke na nakala kwa shares@familybank.co.ke au iwasilishwe kwa Image Registrars Limited, Ghorofa ya 5, Absa Towers (zamani ikiitwa Barclays Plaza), Loita Street, S.L.P. 9287 – 00100 GPO, Nairobi, au Afisi ya Sajili ya Hisa ya Family Bank katika jumba la Family Bank Towers, Ghorofa ya 8, ili ipokelewe kabla ya saa tano asubuhi (11.00a.m) tarehe 28 Aprili 2026. Mtu yeyote aliyeteuliwa kuwa mwakilishi anafaa kutuma nambari yake ya simu ya mkononi kwa Kampuni kabla ya saa tano asubuhi (11.00a.m) tarehe 28 Aprili 2026. Mwenyehisa ambaye usajili wa mwakilishi wake utakataliwa atafahamishwa kabla ya saa tano asubuhi (11.00a.m) tarehe 29 Aprili 2026 kumpa muda wa kushughulikia masuala yatakayoibuka.

7. Matukio ya AGM yatapeperushwa moja kwa moja kupitia kiunganishi (link) ambacho kitatumwa kwa wenyehisa wote watakaokuwa wamejiandikisha kushiriki katika mkutano huo mkuu. Wenyehisa na wawakilishi waliojiandikisha watapokea ujumbe mfupi (SMS/USSD) kwenye namba zao za simu zilizosajiliwa, saa 24 kabla ya AGM kufanyika kuwakumbusha kuhusu AGM. SMS/USSD ya pili itatumwa saa moja kabla ya AGM kufanyika, kuwakumbusha wenyehisa waliojisajili na wawakilishi kwamba AGM itaanza katika muda wa saa moja na ujumbe huo pia utakuwa na kiunganishi cha kufuatilia matukio ya mkutano moja kwa moja.
8. Wenyehisa na wawakilishi waliosajiliwa wanaweza kufuatilia matukio ya AGM wakitumia kiunganishi cha matangazo ya moja kwa moja na wanaweza pia kupata ajenda ya mkutano. Wenyehisa na wawakilishi waliosajiliwa wanaweza kupiga kura (wakiombwa kufanya hivyo na Mwenyekiti) kwa kutumia maelekezo ya huduma ya USSD.
9. Matokeo ya AGM yatachapishwa kwenye tovuti ya Kampuni ndani ya kipindi cha saa 24 baada ya kumalizika kwa AGM.

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PROXY FORM

Shareholder's Name: **ID /Reg. No.**

Share Account No.

The Company Secretary Family
Bank Limited
8th Floor, Family Bank Towers. P. O.
Box 74145-00200,
Nairobi.

PROXY FORM

I/We

of P. O. Box being a shareholder(s) of Family Bank Limited, appoint

Name:

Postal Address:

ID No.:

Mobile Number:

Email Address:

and failing him / her, the chairman of the meeting to be my/our proxy, to vote on my/our behalf at the Annual General Meeting of the Bank to be held on Thursday, 30th April 2026 at 9:00 am via electronic communication and at any adjournment thereof. This form is to be used in favor or against the resolution and unless otherwise instructed the proxy will vote as he/she deems fit.

As witnessed by my/our hand(s) this day of 2026

Signed..... Signed.....

ID No..... IDNo.....

NOTES

1. A member who is unable to attend the virtual meeting is entitled to appoint a proxy to access and vote on his or her behalf.
2. In the case of a corporate body, the proxy must be under its common seal or under the hand of an officer or attorney duly authorized in writing.
3. Joint account holders must state their joint names and sign according to their signing mandates.
4. A completed form of proxy should be emailed to familybankagm@image.co.ke with copy to shares@familybank.co.ke or delivered to Image Registrars Services Ltd, at Absa Towers 5th Floor, or Shares Registry Office at Family Bank Towers, 8th Floor, so as to be received not later than Tuesday 28th April 2026 at 12:00 p.m. When nominating a proxy the ID/Passport No, email and/or mobile number details of the proxy must be submitted no later than 28th April 2026 at 12.00 p.m. to facilitate registration.
5. Any proxy registration that is rejected will be communicated to the Shareholders concerned no later than 28th April 2026 at 12.00 p.m. to allow time to address any issues.
6. Shareholders wishing to raise any questions for the AGM may do so prior to the AGM by sending an email to familybankagm@image.co.ke or shares@familybank.co.ke (during the registration open period)
7. A proxy need not be a member.



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PROXY FORM

Jina la Mwenyehisa: Nambari ya Kitambulisho /Nambari ya Usajili.

.....

Nambari ya Akaunti ya Hisa.

Katibu wa Kampuni, Family Bank
Limited
Ghorofa ya 8, Family Bank Towers. S.L.P.
74145-00200,
Nairobi.

FOMU YA UWAKILISHI

Mimi/Sisi

wa S.L.P. nikiwa/tukiwa mwanachama/wanachama wa Family Bank Limited, nateua/tunateua

Jina:

Anwani ya posta:

Namba ya Kitambulisho:

Simu:

Barua pepe:

na asipopatikana, mwenyekiti wa mkutano aliyeteuliwa, kuwa mwakilishi wangu/wetu na kupiga kura kwa niaba yangu/yetu katika Mkutano Mkuu wa Kila Mwaka wa Benki utakaoandaliwa Alhamisi, 30 Aprili 2026 saa tatu asubuhi (9:00 a.m.) kwa njia ya mawasiliano ya kielektroniki na tarehe nyingine yoyote ile iwapo utaahirishwa. Fomu hii itumike kuunga mkono au kupinga azimio, na, ila tu asipoelekezwa vinginevyo, mwakilishi atapiga kura atakavyoona inastahili.

Kama ilivyoshuhudiwa na saina yangu/yetu mnamo tareheya mwezi 2026

Saini Saini.....

Namba ya Kitambulisho..... Namba ya Kitambulisho.....

MAELEZO

1. Mwanachama asiyeweza kuhudhuria mkutano huu wa njia ya kielektroniki ana haki ya kumteua mwakilishi wa kuhudhuria na kupiga kura kwa niaba yake.
2. Iwapo anayetua mwakilishi ni kampuni au shirika, Fomu ya Uwakilishi inafaa kupigwa mhuri rasmi wa kampuni au kuidhinishwa na afisa au wakili aliyeidhinishwa kwa njia ya maandishi kuiwakilisha kampuni au shirika hilo.
3. Wanachama wenye akaunti kwa pamoja ni sharti waeleze majina yao ya pamoja na watie saini kuambatana na mamlaka yao.
4. Fomu ya uwakilishi iliyojazwa inafaa kutumwa kwa barua pepe kwa familybankagm@image.co.ke na nakala kwa shares@familybank.co.ke au iwasilishe kwa Image Registrars Services Ltd, katika Absa Towers, Ghorofa ya 5, au Afisi ya Usajili wa Hisa katika Family Bank Towers, Ghorofa ya 8, ili ipokelewe kabla ya Jumanne 28 Aprili 2026 saa sita mchana (12:00 p.m). Wakati wa kumteua mwakilishi wako, hakikisha umewasilisha nambari yake ya kitambulisho/pasipoti, anwani ya barua pepe na/au nambari yake ya simu kabla ya 28 Aprili 2026 saa sita aduhuri (12.00 p.m.) ili kufanikisha usajili.
5. Mwenyehisa ambaye usajili wa mwakilishi wake utakataliwa atafahamishwa kabla ya 28 Aprili 2026 saa sita mchana (12.00 p.m.) ili kumpa muda wa kushughulikia masuala yatakayoibuka.
6. Wenyehisa wenye nia ya kuuliza maswali wakati wa AGM wanaweza kufanya hivyo kabla ya AGM yenyewe kwa kutuma barua pepe kwa familybankagm@image.co.ke au shares@familybank.co.ke (wakati kipindi cha kujisajili kitakuwa wazi)
7. Mwakilishi si lazima awe mwanachama.



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Family Bank Towers, Muindi Mbingu Street | P.O. Box 74145 - 00200, Nairobi, Kenya | Tel: 254 2 3252 445 / 0703 095 445 Email: info@familybank.co.ke | Website: www.familybank.co.ke