NCBA

UNIT TRUST FUNDS

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2024

NCBA UNIT TRUST FUNDS

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Table of Contents	**Page No**

NCBA UNIT TRUST FUNDS

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2024

TRUSTEE

KCB Bank Kenya Limited
7th Floor, KCB Towers, Upper Hill
Junction of Hospital and Kenya Road, Upper Hill
P.O. Box 30664 - 00100
Nairobi, Kenya

FUND MANAGER

NCBA Investment Bank Limited
NCBA Annex
3rd Floor, Upper Hill
P.O. Box 44559, 00100
Nairobi, Kenya

CUSTODIAN

NCBA Bank Kenya PLC
NCBA House
3rd Floor, Masaba Road, Upperhill,
P.O. Box 44559 - 00100
Nairobi, Kenya

AUDITOR

Deloitte & Touche LLP
Deloitte Place
Waiyaki Way, Muthangari Drive
P.O. Box 40092, 00100
Nairobi, Kenya

TRUSTEE REPORT

The Trustee submits its report together with the audited financial statements for the year ended 31 December 2024 that disclose the state of affairs of the Funds.

INVESTMENT OBJECTIVES

NCBA Unit Trust Fund is an umbrella with seven sub-Funds each of which is described below:

1. The objective of the **NCBA Equity Fund** is to generate long-term capital growth through investing principally in equities i.e. stocks or shares in corporations' earnings and assets, providing a medium to high-risk profile by investing in stocks of several sectors of the Kenyan economy.

   The guiding principles of the NCBA Equity Fund are:

   - To research and select a solid spread of shares in companies with proven performance and good prospects for growth.
   - To administer the portfolio according to best practice by taking capital profits when appropriate and by spreading shareholding over those economic sectors that meet the criteria of performance and growth.

2. The objective of the **NCBA Fixed Income Fund** is to generate a total return through investing in a range of debt securities, and fixed deposit instruments or near cash holdings in the Kenyan market, while offering maximum security to the investors.

   The guiding principles for the NCBA Fixed Income Fund are:

   - To invest only in first class money market instruments spread between institutions of repute.
   - To administer the portfolio according to best practice.
   - To minimize losses, while maximizing on investment returns, by investing in near cash or cash deposits.
   - To treat the generation of income as a higher priority than capital growth or as the case may be to place equal emphasis on the generation of income and on capital growth and that (in either case) this may accordingly constrain capital growth.

3. The objective of the **NCBA Dollar Fixed Income Fund** is to generate total return through investing in a range of low-risk debt securities, fixed deposit instruments or near cash holdings in the Kenyan market and offshore. These would generate competitive returns on the capital invested and be denominated in US Dollars.

   The guiding principles for the NCBA Dollar Fixed Income Fund are:

   - To only invest in instruments issued by institutions of repute.
   - To manage and administer the portfolio according to best practice.
   - To minimize losses, while maximizing on investment returns, by investing in near cash or cash deposits.
   - To disclose investments on a weighted average basis.

4. The objective of the **NCBA Fixed Income Basket Note (KES and USD) Income Funds** is to offer investors an opportunity to earn a competitive fixed return over pre-determined investment tenors backed by low risk fixed income instruments. The fund provides a short to medium term investment, denominated in either Kenya Shillings or United States Dollars, whereby investors can obtain participation in a diversified portfolio of securities and earn a pre-determined fixed return over the fixed investment period.

5. The objective of the **NCBA Global Equity Special fund and Global Fixed Income Special fund Basket USD Funds** is to offer investors an opportunity to earn a competitive fixed return over pre-determined investment tenors backed by low risk fixed income instruments. The fund provides a short to medium term investment, denominated in dollars.

TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

FUND PERFORMANCE

Fund	Year	Highest Price (based on repurchase price) Kes.	Lowest Price (based on repurchase price) Kes.
NCBA Equity Fund	2024	178.01	132.21
	2023	151.77	127.93
	2022	169.16	138.56
	2021	180.86	151.48
	2020	176.33	133.96

Fund	Year	Highest Yield (based on repurchase price) Kes.	Lowest Yield (based on repurchase price) Kes.
NCBA Fixed Income Fund	2024	12.18%	10.69%
	2023	11.43%	9.25%
	2022	9.89%	8.16%
	2021	8.33%	6.93%
	2020	8.47%	7.03%

Fund	Year	Highest Yield (based on repurchase price) Kes.	Lowest Yield (based on repurchase price) Kes.
NCBA Dollar Fixed Income Fund	2024	4.74%	3.22%
	2023	5.52%	2.36%
	2022	3.75%	2.90%
	2021	3.75%	2.53%
	2020	3.69%	2.81%

FUND GROWTH

Fund	2024	2023	2022	2021	2020
NCBA Equity Fund growth	65.49%	-14.15%	-4.37%	2.05%	-2.43%
NCBA Fixed Income Fund Growth	22.83%	4.00%	12.78%	38.07%	70.26%
NCBA Dollar Fixed Income Fund	3.88%	45.08%	14.29%	78.71%	109.51%
NCBA Fixed Income Basket (KES)	24.94%	24.06%	100%	-	-
NCBA Fixed Income Basket (USD)	246.90%	70.58%	100%	-	-

NCBA UNIT TRUST FUNDS

TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

COMPREHENSIVE INCOME FOR THE YEAR

Year	NCBA Equity Fund (Kes.)	NCBA Fixed Income Fund (Kes.)	NCBA Dollar Fixed Income Fund (Kes.)	NCBA Fixed Income Basket (KES) Fund (Kes.)	NCBA Fixed Income Basket (USD) Fund (Kes.)	NCBA Global Equity Special Fund (Kes.)	NCBA Global Fixed Income Special Fund (Kes.)
2024	25,095,452	3,233,901,674	325,647,845	1,129,675,157	110,075,734	(791,355)	(2,840,549)
2023	(8,950,670)	975,536,196	984,449,066	367,288,723	147,632,633	-	-
2022	(8,746,621)	871,173,452	(116,972,162)	185,023,815	8,394,088	-	-
2021	8,241,539	925,054,977	59,813,100	-	-	-	-
2020	(8,513,625)	651,091,108	26,742,909	-	-	-	-

FUND VALUE AT END OF THE YEAR

Year	NCBA Equity Fund (Kes.)	NCBA Fixed Income Fund (Kes.)	NCBA Dollar Fixed Income Fund (Kes)	NCBA Fixed Income Basket (Kes)	NCBA Fixed Income Basket (Kes)	NCBA Global Equity Special Fund (Kes)	NCBA Global Fixed Income Special Fund (Kes)
2024	113,260,431	21,911,735,953	6,641,303,919	7,265,557,782	3,231,970,372	32,764,791	222,294,198
2023	68,436,691	17,839,964,138	6,393,510,258	5,815,348,204	931,678,081		
2022	78,120,963	17,125,319,409	3,511,414,574	4,416,252,742	274,094,859		
2021	81,433,739	15,149,958,976	2,806,786,288	-	-		
2020	79,797,123	10,972,700,172	1,519,198,440	-	-		

DISCLOSURE TO THE AUDITOR

The Trustee confirms that at the time of approval of this report.

a. there is, no relevant audit information of which the Funds' auditor was unaware of; and

b. the Trustee has taken all steps that ought to have been taken as Trustee so as to be aware of any relevant audit information and to establish that the Funds' auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR

Deloitte & Touche LLP are the appointed auditors in accordance with the Funds' Trust Deed and Section 60 of the Capital Markets (Collective Investment Schemes) Regulations, 2023.

The Trustee monitors the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the unit holders.

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

By order of the Trustee
KCB Bank Kenya Limited

28 Mar 2025

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

STATEMENT OF TRUSTEE RESPONSIBILITY
FOR THE YEAR ENDED 31 DECEMBER 2024

The Kenyan Capital Markets Act requires the Trustee to prepare financial statements for each financial year that give a true and fair view of the financial position of the Funds at the end of the financial year and of its profit or loss for that year. The Trustee is responsible for ensuring that the Funds keeps proper accounting records that are sufficient to show and explain the transactions of the Funds; disclose with reasonable accuracy at any time the financial position of the Fund; and that enables them to prepare financial statements of the Funds that comply with prescribed financial reporting standards and the requirements of the Kenyan Capital Markets Act. They are also responsible for safeguarding the assets of the Funds and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee accepts responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Capital Markets Act. 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 judgements and accounting estimates that are reasonable in the circumstances.

Having made an assessment of the Funds ability to continue as a going concern, the Trustee is not aware of any material uncertainties related to events or conditions that may cast doubt upon the Funds' ability to continue as a going concern.

The Trustee acknowledges that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the Trustee on 28 May 2025 and signed on its behalf by:

By order of the trustee
KCB Bank Kenya Limited

For: KCB BANK KENYA LTD.

....
CORPORATE TRUSTEE

For: KCB BANK KENYA LTD.

....
CORPORATE TRUSTEE

NCBA UNIT TRUST FUNDS

CHAIRMAN'S STATEMENT TO UNIT HOLDERS FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT TO THE NCBA UNIT HOLDERS

Dear Unit holders.

I present to you the annual report and financial statements for the year ended 31 December 2024 of the NCBA Unit Trust Funds ("funds").

We appreciate your continued patronage of the NCBA Unit Trust Funds and trust that the funds meet your investment and service expectations during the year.

1. Composition of the NCBA Unit Trust Scheme.

The scheme comprises various funds as listed below:

Fund	Suitability and Salient Features
NCBA Fixed Income Fund	The fund is denominated in Kenya Shillings, offers daily liquidity and pays interest income determined daily and compounded monthly. The fund is accessible to all investors, subject to a minimum investment, top up and withdrawal amount of Kes 1,000. This is fund is appropriate for investors whose primary objective is to preserve capital whilst generating a regular interest income.
NCBA Dollar Fixed Income Fund	The fund is denominated in US Dollars, offers daily liquidity and pays interest income determined daily and compounded on a monthly basis. The fund is accessible to investors with a minimum investment, top up and withdrawal amount of USD 100. The fund is suitable for investors with dollar cash flows who would like to continue earning dollar returns, or for investors looking to diversify their local currency investments by including some foreign currency exposure.
NCBA Equity Fund	This fund is denominated in Kenya Shillings and is appropriate for investors who are seeking exposure to shares listed on the stock market and wish to create an asset base that offers capital appreciation over a medium to long term. The fund is accessible to investors with a minimum investment, top up and withdrawal amount of Kes 1,000.
NCBA Fixed Income Basket Note (Kes) Fund	The fund is a Fixed Income product that offers clients a competitive yield for a specified period. The solution is suitable for clients who are seeking investment structures akin to fixed deposits with the applicable tenors being 3 months, 6 months, 1 year and 2 years. Clients that seek to exit before maturity will be subject to a penalty on the interest earned. The minimum investment amount is KES 5,000,000.
NCBA Fixed Income Basket Note (Usd)Fund	The fund is a Fixed Income product that offers client a competitive yield for a specified period. The solution is suitable for clients who are seeking for USD denominated investment structures akin to fixed deposits with the applicable tenors being 3 months, 6 months, 1 year and 2 years. Clients that seek to exit before maturity will be subject to a penalty on the interest earned. The minimum investment amount is USD 50,000.
NCBA Global Equities special (Usd)Fund	The Fund was launched on 21 November 2024, it is denominated in US dollars and invests in a diversified portfolio of global equity securities. The fund aims to generate returns primarily through medium- to long-term capital growth. Investment returns are driven by capital gains, determined through changes in net asset value (NAV). The fund is priced daily based on mark-to-market valuation, with subscriptions and redemptions processed monthly upon approved NAV. The fund is accessible to investors, subject to a minimum investment and top-up amount of USD 10,000. It maintains low liquidity, making it suitable for investors with a long-term investment horizon and minimal liquidity needs.

Fund	Suitability and Salient Features
NCBA Global Fixed income special (USD)Fund	The Fund was launched on 21 November 2024, it is denominated in US dollars and invests in a diversified portfolio of global fixed income exchange-traded funds and mutual funds. The fund aims to achieve sustainable medium-term returns. Investment returns are primarily driven by capital gains, determined daily through changes in net asset value (NAV). The fund is priced daily based on mark-to-market valuation, with subscriptions and redemptions processed monthly upon approved NAV. The fund is accessible to investors, subject to a minimum investment and top-up amount of USD 10,000. It maintains approximately 5% liquidity to meet redemptions, ensuring investors can access their units on demand.

2. Economic Review - 2024

In 2024, global markets embraced the narrative of a soft landing as inflation eased to levels that allowed policymakers to initiate rate cuts. In Europe, growth concerns prompted the European Central Bank (ECB) and Bank of England (BOE) to break away from the U.S. Federal Reserve's lead, cutting rates as early as June and August, respectively. The Fed followed suit in September, delivering a 50bps inaugural cut and a total 100bps by year-end. The U.S. economy remained resilient, supported by loosening labour markets and declining inflation. Optimism was further buoyed by post-election anticipation of Trump 2.0's pro-growth policies. However, these could be tempered by the rolling out of tariffs, which present inflationary risks. In response, the Fed has adopted a cautious stance for 2025, scaling back rate cuts to just 50bps for the year.

Meanwhile, China achieved its 5% growth target for 2024, though it remains far from its historical double-digit growth rates. Despite the government's commitment to supporting the economy, its policy stimulus has struggled to fully address prevailing challenges. A significant sectoral mismatch between the stimulus measures and the most affected areas of the economy has limited their effectiveness.

Kenya's macroeconomic environment is summarized as below:

GDP Growth Rate

- Kenya's economy recorded a 4.0% expansion in Q3 of 2024, a deceleration from the 5.9% growth registered in Q3 2023 and 4.6% in Q2 2024. Growth headwinds were particularly pronounced in the construction, mining and quarrying sectors, as well as electricity and water supply, while agriculture and the accommodation and food services sectors provided critical support to overall performance.
- Although a stable macroeconomic environment has been a key driver of growth, leading economic indicators suggest a challenging path to achieving the projected full-year growth target of 5.5%, reflecting persistent structural and sectoral constraints.

Private Sector Conditions

- Private sector business conditions expanded in the final quarter of the year, as evidenced by the PMI reading, which rose to 50.6, from 49.7 in September and 49.8 in January.
- This was supported by easing inflation, increased consumer purchases and improved business conditions in the services sector.
- However, private sector credit growth has remained weak, averaging 5.3% in 2024, compared to 12.2% in a similar period in 2023.

Inflation

- Inflation averaged 2.8% in the final quarter of 2024, reflecting a notable deceleration, with year-on-year inflation hitting a low of 2.7% in October before edging up to 3.0% in December.
- A significant driver of this trend was the sharp contraction in the fuel component, largely driven by a downturn in global oil prices, and further supported by the relative stability of the Shilling, which mitigated inflationary pressures.

Interest Rates - Central Bank Rate

- Overall, the Monetary Policy Committee (MPC) lowered rates from 13% to 11.25% in 2024.

- This decision was driven by the MPC's commitment to support private sector credit growth and progress towards lowering and maintaining inflation within CBK's target range.

Interest Rates - Government Securities

- Reflecting the central bank's monetary policy easing, the yield curve shifted an average 276 basis points downwards year on year.
- Short-term rates maintained a consistent downward trend, with the 91-day, 182-day and 364-day papers all experiencing sharp declines of 609bps, 594bps and 469bps respectively.
- The government signaled a strategic shift away from issuing new sovereign securities, aiming to suppress elevated interest rates.
- Further, the central bank adopted a selective approach by rejecting high-yield bids on reopened medium- and long-term maturities.
- The targeted intervention facilitated a rebalancing of the yield curve, reflecting improved market dynamics.

Exchange Rate

- The Kenyan Shilling demonstrated notable resilience, appreciating by 17.4%, 18.8% and 22.7% against the U.S. dollar, British Pound and Euro respectively.
- This robust performance was primarily underpinned by the easing of debt distress concerns following refinancing of the 2024 Eurobond, as well as the central bank's targeted monetary policy interventions, which bolstered market confidence, in turn, supporting the Shilling.

Equity Markets

- Local equities rebounded in 2024, with NASI, NSE 20 and NSE 25 recording gains of 34.06%, 33.94% and 42.96% respectively.
- This was particularly on account of banking counters such as I&M (+107.14%), KCB (+89.95%), StanChart (+72.69%), Absa (+57.64%) and Equity (+43.54%). Manufacturing stocks also pulled their weight, with EABL at +53.95% and Bamburi at +53.42%. KPLC also shone through with a year-on-year gain of 238.73%.

3. Economic Outlook – 2025

- Global growth is expected to hold steady at 2.7% in 2025-26 (World Bank estimates) as inflation returns closer to targets and monetary policy easing supports activity in both advanced, emerging and developing economies.
- Heighted policy uncertainty relating to adverse trade policy shifts amid tariff implementation from the U.S. primarily, present key downside risks to the outlook.
- Locally, Kenya's economy is projected to grow at 4.6% in 2024, from earlier projections of 5.5%, reflecting deceleration of economic activities in the first three quarters of 2024 and the slowdown in private sector credit growth to key sectors of the economy.
- National Treasury expected growth to pick up to 5.3% in 2025 and retain the same momentum over the medium term.
- We expect heightened investor activity in government securities in Q1 of 2025 on account of the re-opened infrastructure bonds and strategic initiatives by the government to lengthen its maturity profile.
- The government is also looking to frontload from the IFB auctions, aiming to tap into both domestic and foreign flows and accumulate on its reserves to cater for maturities post March. This should ease pressure on rates in the short term. However, given the heavy maturities from April, we expect rates to remain sticky.
- On equities, we expect the current rally to sustain momentum until the release of Q4 banking sector results. This will however be tempered by investor preference for fixed income securities given the attractiveness of the reopened IFBs and expected pressure on interest rates from April.

4. Review of the NCBA Unit Trust Scheme.

4.1 Assets under Management

The assets under management of the Scheme increased from Kes 31Bn in 2023 to Kes 39.4Bn in 2024 (a 26.96 % increase) as summarized in the table below.

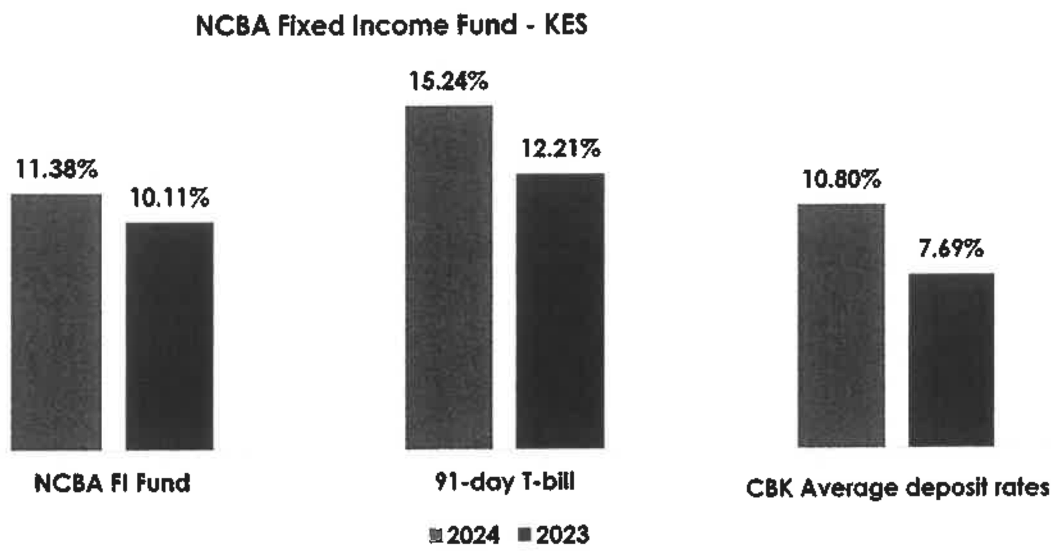
Fund	2023 (Kes.)	2024
NCBA Fixed Income Fund	17,839,964,138	21,913,041,447
NCBA Dollar Fixed Income Fund	6,393,510,258	6,641,303,919
NCBA Fixed Income Basket Note (Kes) Fund	5,815,348,204	7,265,557,782
NCBA Equity Fund	68,436,690	113,260,431
NCBA Fixed Income Basket Note (USD) Fund	931,678,081	3,231,970,372
NCBA Global Equity Special (USD) Fund	-	32,764,791
NCBA Global Fixed Income Special (USD)Fund	-	222,294,198
Total	**31,048,937,371**	**39,420,192,940**

The growth was driven predominantly by the increase in assets under management of the NCBA Fixed Income Fund and the NCBA Fixed Income Basket Note (Kes & USD) Funds.

4.2. Fund's performance

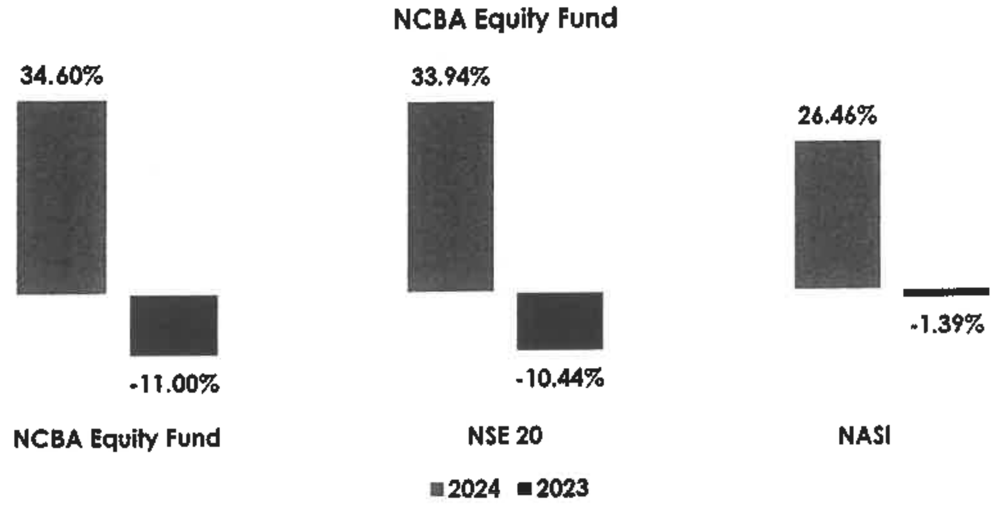
The charts below summarize the performance of the NCBA Unit Trust Scheme funds for the year ended 31 December 2024 with a comparison to the performance in 2023 and against the relevant benchmarks.

4.2.1. NCBA Fixed Income Fund (Kenya Shillings)



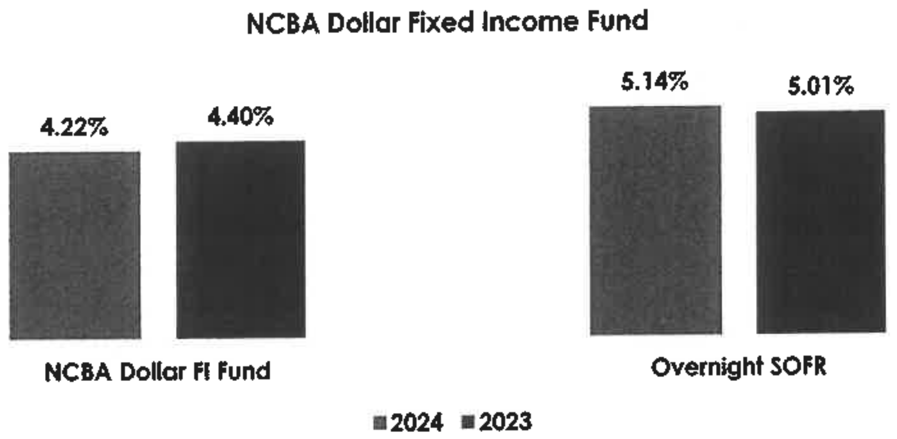
The Fixed Income Fund's average return for 2024 was 11.38%, against a performance of 10.11% in 2023. The Fund's performance trailed the 91-day treasury bill in the high-interest rate environment experienced in 2024 but surpassed the CBK average deposit rate.

4.2.2. NCBA Equity Fund (Kenya Shillings)



The Equity Fund returned an impressive 34.60% return in 2024, from a negative 11.00% position in 2023. This was largely on account of an improvement in the equities market and our security selection that leveraged these gains. Relative to the NASI benchmark 26.46% and NSE 20 index 33.94%, the Fund outperformed.

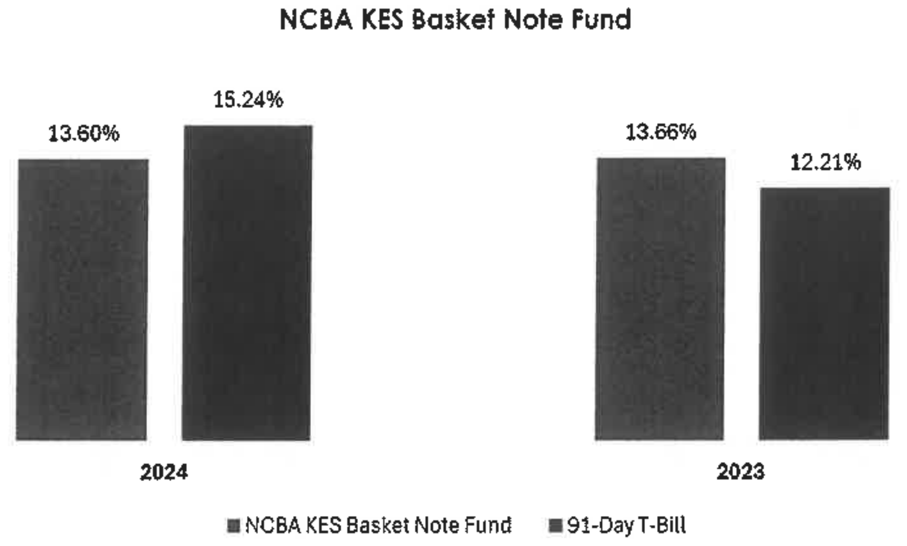
4.2.3. NCBA Dollar Fixed Income Fund



*SOFR – Secured Overnight Financing Rate is a key benchmark interest rate that indicates borrowing costs between banks.

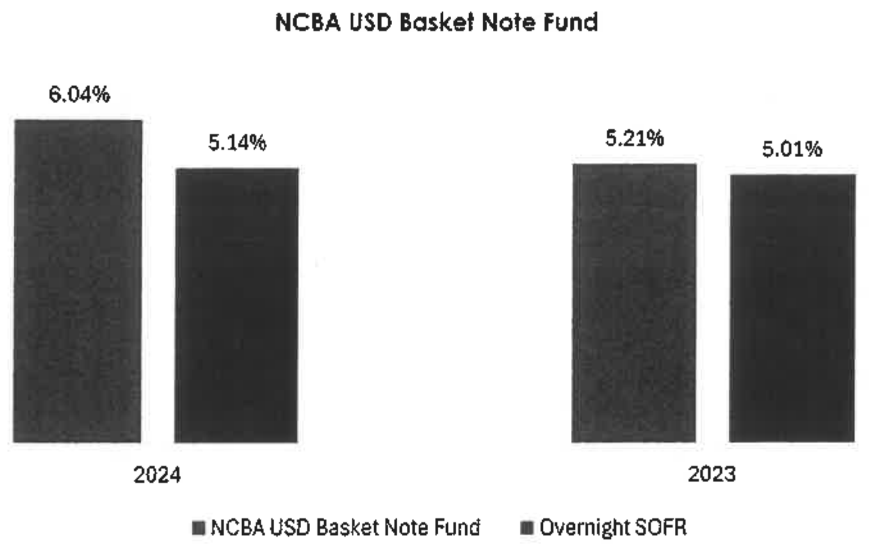
The Dollar Fixed Income Fund's performance was 4.22% in 2024, a slowdown compared to 4.40% in 2023. This trailed the benchmark (Overnight SOFR rate), which posted 5.14% in 2024. In 2023 LIBOR was the key benchmark the fund underperformed at 4.40% against the 3months LIBOR at 5.39%.

4.2.4. NCBA Fixed Income Basket Note (Kes) Fund



The weighted fund net return earned by the NCBA Fixed Income Basket Note (Kes) fund in 2024 was 13.60% against **CBK** benchmark (weighted average T-Bill rate) of 15.24%.

4.2.5. NCBA Fixed Income Basket Note (USD) Fund



The weighted fund return earned by the NCAB Fixed Income Basket Note (USD) fund in 2024 was 6.04% against a benchmark (**Overnight SOFR** of 4.44% during the year.

5.Conclusion

We continue to manage the funds towards delivering competitive and sustainable returns and ensuring the safety of your funds despite the current unpredictable economic and market environment, for your benefit as unitholders.

I take this opportunity to thank the service providers to the funds namely, the Fund Trustee-KCB Bank Kenya Limited, Fund Custodian-NCBA Bank Kenya Plc and the Investment Manager-NCBA Investment Bank Limited for their diligence in ensuring the safety of your investments.

Yours,

John Gachora,
Chairman,
NCBA Unit Trust Scheme.

CUSTODIAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

a) In accordance with the Capital Markets (Collective Investments Schemes) Regulations, 2001 (the regulations) and the Custody Agreement between NCBA Bank Kenya PLC as the custodian and NCBA Investment Bank Limited as the Fund managers, we confirm that we have discharged the duties prescribed for a Custodian under Regulation 35 of the regulations, NCBA Unit Trusts Funds.

For the year 1 January 2024 to 31 December 2024, we have held the assets for the NCBA Unit Trust Funds, including securities and income that accrue thereof, to the order of the Fund managers and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund manager.

b) We confirm having effected the sale, redemption and cancellation of units in accordance with the creation/liquidation instructions received from the Fund manager.

By order of the custodian
NCBA Bank Kenya PLC

NCBA CUSTODIAL SERVICES
P. O. Box 44599 - 00100
NAIROBI, KENYA

Deloitte.

Deloitte & Touche LLP
Deloitte Place
Waiyaki Way
Muthangari
P.O. Box 40092 - GPO 00100
Nairobi
Kenya

Tel: +254 (20) 423 0000
Cell: +254 (0) 719 039 000
Email: admin@deloitte.co.ke
www.deloitte.com

REPORT OF THE INDEPENDENT AUDITORS TO THE UNIT HOLDERS OF NCBA UNIT TRUST FUNDS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the following unit portfolios of NCBA Unit Trust Funds:

i) NCBA Equity Fund for the year ended 31 December 2024, set out on pages 21 to 37.
ii) NCBA Fixed Income Fund for the year ended 31 December 2024, set out on pages 39 to 54; and
iii) NCBA Dollar Fixed Income Fund for the year ended 31 December 2024, set out on pages 56 to 72
iv) NCBA Fixed Income Basket (KES) Fund for the ended 31 December 2024, set on pages 74 to 89
v) NCBA Fixed Income Basket (USD) Fund for the year ended 31 December 2024, set on pages 91 to 107
vi) NCBA Global Equity Special Fund for the year ended 31 December 2024, set on pages 109 to 122
vii) NCBA Global Fixed Income Special Fund for the year ended 31 December 2024, set on pages 124 to 139

(the "Fund(s)") which comprise the respective Funds' statement of financial position on 31 December 2024 and the statements of comprehensive income, changes in unit holder balances and cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of NCBA Unit Trust Funds on 31 December 2024 and of their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB) and the requirements of the Capital Markets Authority (Collective Investment Schemes) Regulations, 2023.

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 Funds in accordance with the International Ethics Standards Board for Accountants (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (the 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 financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

REPORT OF THE INDEPENDENT AUDITORS TO THE UNIT HOLDERS OF NCBA UNIT TRUST FUNDS (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than 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 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 conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustee for the financial statements

The Trustee is responsible the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Capital Markets Authority (Collective Investment Schemes) Regulations, 2023 and for such internal control as the Trustee determines 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 Trustee is responsible for assessing the Funds' 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 Trustee either intends to liquidate the Funds 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 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 based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We are 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 Funds' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' 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 Funds 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.

We communicate with the Trustee 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.

From the matters communicated with the Trustee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal requirements

We confirm that the financial statements have been properly prepared in accordance with the Capital Markets Authority (Collective Investment Schemes) Regulations, 2023.

The Capital Markets Authority (Collective Investments schemes) Regulations, 2023 also requires that in carrying out our audit we consider and report to you on the following matters:

- If the auditor is of the opinion that proper accounting records for the collective investment scheme have not been kept or that the accounts are not in agreement with those records.

- If the auditor has not been given all the information and explanation which, to the best of his knowledge and belief, are necessary for the purpose of his audit; or

- If the auditor is of the opinion that the information given in the report of the Trustee for that period is inconsistent with the accounts.

We confirm that there are no matters to report in respect of the foregoing requirements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Charles Munkonge Luo, Practising certificate No. 2294.

Charles Luo

For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Nairobi

28 March **2025**

NCBA

EQUITY FUND

NCBA EQUITY FUND

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 Kes.	2023 Kes.
INCOME			
Interest and dividend income	5	9,703,884	7,174,877
Fair value gain/ (loss) on financial assets fair value through profit or loss	10	18,589,393	(13,231,598)
Total income from investing activities		**28,293,277**	**(6,056,721)**
EXPENSES			
Service fees and other expenses	6	(3,197,825)	(2,893,949)
Profit/(Loss) for the year		**25,095,452**	**(8,950,670)**

NCBA EQUITY FUND

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 Kes.	2023 Kes.
ASSETS			
Investment balances	9 (i)	112,482,604	68,093,894
Bank balances	9 (iii)	777,827	342,797
TOTAL ASSETS		**113,260,431**	**68,436,691**
EQUITY			
Unit holder balances	10	112,878,075	68,022,936
LIABILITIES			
Accruals and other liabilities	11	382,356	413,755
TOTAL EQUITY AND LIABILITIES		**113,260,431**	**68,436,691**

The financial statements on pages 21 to 37 were approved for issue by the Trustee 28 Mar 2025 **and signed on its behalf by:**

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

Trustee, KCB Bank Kenya Limited

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

NCBA EQUITY FUND

STATEMENT OF CHANGES IN UNIT HOLDER BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Unit-holder balances Kes.
At 1 January 2023		**77,878,956**
Total comprehensive loss		**(8,950,670)**
Transactions with unit holders:		
Additional units purchased	10	97,173,347
Units liquidated	10	(98,078,697)
Total transactions with unit holders		**(905,350)**
At 31 December 2023		**68,022,936**
At 1 January 2024		**68,022,936**
Total comprehensive Income		**25,095,451**
Transactions with unit holders:		
Additional units purchased	10	131,332,534
Units liquidated	10	(111,572,846)
Total transactions with unit holders		**19,759,688**
At 31 December 2024		**112,878,075**

NCBA EQUITY FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 Kes.	2023 Kes.
Operating activities			
Interest and dividend income received		9,844,138	7,835,315
Service fees and other expenses paid		(3,229,224)	(2,636,391)
Net proceeds from sale of investments		(21,583,357)	(3,483,647)
Net cash (used in)/ from operating activities		**(14,968,443)**	**1,715,277**
Cash flows from financing activities			
Net proceeds from sales/ (redemption) of units		13,381,680	(1,053,189)
Net cash from/generated (used in) financing activities		**13,381,680**	**(1,053,189)**
(Decrease)/Increase in cash and cash equivalents		(1,586,763)	662,088
At start of the year		3,364,864	2,702,776
At end of year	9 (iii)	**1,778,101**	**3,364,864**

1 GENERAL INFORMATION

NCBA Equity Unit Trust Fund ('the Fund') is a collective investment scheme which is registered under the Capital Markets Authority Act and is domiciled in Kenya. The Fund was established under a trust deed dated 19 April 2006. The address of its registered office is:

NCBA Investment Bank Limited
NCBA Annex
Mara Road, Upper Hill
P.O Box 30664, 00100
Nairobi.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by IASB and IFRIC interpretations issued by the IFRS Interpretations Committee (the Committee) applicable to companies reporting under IFRS Accounting Standards. The financial statements comply with IFRS Accounting Standards as issued by the IASB.

(i) Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

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 Fund 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 Fund 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 in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those 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).

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(i) Measurement basis (continued)

- 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 Fund 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. It also requires the directors to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(iii) Changes in accounting policy and disclosures

Adoption of new and revised IFRS Accounting Standards

a) Standards and interpretations affecting amounts reported in the current period (and/or prior periods)

Several new and revised standards and interpretations became effective during the year. The Trustees have evaluated the impact of the new standards and interpretations and none of them had a significant impact on the Fund's financial statements.

b) Standards and interpretations issued but not yet effective

Several other standards and interpretations have been issued and are effective for accounting periods beginning on or after 1 January 2024 or later periods. The adoption of these standards and interpretations, when effective, is not expected to have a material impact on the financial statements of the Company.

c) Early adoption

The Fund did not early adopt any new standards and/or interpretation that are in issue but not yet effective

(b) Translation of foreign currencies

(i) Functional and presentation currency

The accounting records are maintained in the currency of the primary economic environment in which the Fund operates (the "Functional Currency"). The financial statements are presented in Kenya Shillings, which the Fund's functional and presentation currency. The figures shown in the financial statements are stated Kenya Shilling (Shs), rounded to the nearest thousand.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses.

2 Summary of material accounting policies (continued)

(c) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective interest rate on the asset. Dividends are recognised as income in the year in which the right to receive payment is established.

The Fund recognises revenue when it satisfies its performance obligations by delivering the services (or portions thereof) to a customer. The amount of revenue recognised is the amount the Fund expects to receive in line with the contractual terms of delivery of services, which are triggered when specific criteria

have been met for each of the Fund's activities as described below. The Fund bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(d) Financial instruments

A financial asset or liability is recognised when the Fund becomes party to the contractual provisions of the instrument.

Financial Assets

The Fund's classification is based on the contractual cash flow characteristics of the asset and the business model for managing the financial assets.

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.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, 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 Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through the profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in "interest income" using the effective interest rate method.

Contractual characteristics of a financial asset / SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Fund 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.

2 Summary of material accounting policies (continued)

(d) Financial instruments (continued)

Financial Assets (continued)

Fund's business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund'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 Fund 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.

Impairment of financial assets

The Fund assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The Fund 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.

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 Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control.

The Fund enters 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 Fund:

(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 Fund under standard repurchase agreements and securities lending and borrowings transactions are not derecognised because the Fund 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 Fund retains a subordinated residual interest.

Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2 Summary of material accounting policies (continued)

(e) Distribution

All income arising from receipts of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution re-invested to form part of the unit holder capital balance.

(f) Unit holder balances

Unit holder balances are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the statement of financial position date if the holder exercised their right to redeem the balances.

Unit holder balances are classified as liabilities.

(g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

(h) Accrued expenses

Accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accrued expenses are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

(i) Provisions

Provisions are recognised when; the Fund has a present legal or constructive obligation because 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 measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(j) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. There were no presentation changes in these financial statements.

3 FINANCIAL RISK MANAGEMENT

The Fund generates revenues for unit holders by investing in various income generating activities which involve trading in the stock exchange and trading in government securities. These activities expose the Fund to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt and equity market prices and interest rates. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the investment managers under direction of the NCBA Investment Bank Limited Board. The NCBA Investment Bank Limited Board works within policies approved by the Fund's Trustee. Investment managers review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against these risks. The NCBA Investment Bank Limited Board provides the investment managers with written guidelines for appropriate investments. These guidelines are reviewed on a regular basis and are within the Collective Investment Scheme regulations issued by the Capital Markets Authority.

Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable units. It therefore invests the majority of its assets in investments that are traded at the Nairobi Securities Exchange. The Fund invests only a limited proportion of its assets in investments that are not actively traded, mainly local commercial paper. The Fund's listed securities are considered readily realizable, as they are listed on the Nairobi Securities Exchange.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position daily and has developed a comprehensive history of the Fund's daily and/or periodic liquidity requirements. Guided by this history, the manager maintains sufficient cash and near cash investments to meet the day-to-day redemption requirements.

The table below illustrates the Fund's typical redemption history and cash/near cash holdings over the past two years:

	2024 Kes.	2023 Kes.
Annual redemption (Note 10)	111,572,846	98,078,697
Annual daily average	429,126	377,226

3. Financial risk management (continued)

Liquidity risk (continued)

Maturity Analysis of financial liabilities and Unit Holders balances (all on demand)

Item	2024 Kes.	2023 Kes.
Unit holder balances (Note 10)	112,878,075	68,022,936
Current liabilities (Note 11)	382,356	413,755
Total	**113,260,431**	68,436,691

Maturity profile of investments in the Equity Fund:

Maturity profile as at 31 December 2024 (Kes)

	On Demand Kes	1- 12 months Kes	Total Kes
Assets			
Bank balance	777,827	-	777,827
Fixed deposits		32,197,205	33,197,479
Call deposits	1,000,274		
Total assets	**1,778,101**	**32,197,205**	**33,975,306**
Liabilities			
Other liabilities	382,356	-	382,356
Total	**382,356**	-	**382,356**

Maturity profile as at 31 December 2023 (Kes)

	On Demand Kes	1- 12 months Kes	Total Kes
Assets			
Bank balance	342,797	-	342,797
Fixed deposits		17,437,459	17,437,459
Call deposits	3,022,067		3,022,067
Total assets	**3,364,864**	**17,437,459**	**20,802,323**
Liabilities			
Other liabilities	413,755	-	413,755
Total	**413,755**	-	**413,755**

Market risk

Price risk

The Fund is exposed to equity securities price risk because of investments in quoted shares. To manage its price risk arising from investments in equity, the Fund diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Fund. All quoted shares held by the Fund are traded on the Nairobi Securities Exchange (NSE).

Foreign exchange risk

The Fund does not invest offshore or in any foreign currency denominated investments and is therefore not exposed to foreign exchange risk.

3. Financial risk management (continued)

Market risk (Continued)

Interest rate risk

The Fund is subject to risk due to fluctuations in the prevailing levels of market interest rates. No limits are placed on the ratio of variable rate financial instruments to fixed rate financial instruments. Fixed interest rate financial instruments expose the Fund to fair value interest rate risk. Variable interest rate financial instruments expose the Fund to cash flow interest rate risk. The Fund's fixed interest rate financial instruments are government securities, deposits with financial institutions, all of which are at fixed rate.

The Fund's investment at 31 December 2024 were all at fixed rates and therefore do not pose interest rate risk.

Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Kenya (GoK) and corporate bonds with various entities.

In assessing whether the credit risk on a financial asset has increased significantly, the Fund compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition.

In doing so, the Fund considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For this purpose, default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Fund does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are, to the extent of materiality, recognised on a collective basis. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about significant financial difficulty of the debtor resulting to long outstanding debt (more than 90 days), a breach of contract etc.

The Government of Kenya has an S&P long term rating of B+ for both long term foreign currency debt and long term local currency debt. The Fund also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

The investment manager, through a centralized, NCBA Group, counterparty review team carries out a quarterly annual due diligence investigation on banks to determine those that qualify for deposits. The criteria used in the due diligence exercise is rigorous and assess such parameters as capital adequacy ratios, liquidity ratios, non-performing loans ratios and other financial ratios. Based on the outcome of this investigation a maximum exposure is set for each financial institution. The latest due diligence approved 20 banks ("Approved Banks") out of 42 financial institutions licensed by the Central Bank of Kenya (CBK) as at 31 December 2021.

The Funds' maximum exposure to credit risk in each of the above categories of assets as at 31 December 2024 and 31 December 2023 is represented by the carrying value of financial assets on the statement of financial position.

None of the balances were past due or impaired as at 31 December 2024 or 31 December 2023. The assessed impairment provision is insignificant.

3. Financial risk management (continued)

Credit risk (continued)

Fair value estimation

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Fund's assets that are measured at fair value at 31 December 2024.

Fair value estimation

The following table presents the Fund's assets that are measured at fair value at 31 December 2024.

Assets	Level 1 Kes	Level 2 Kes	Level 3 Kes	Total balance Kes
Equity securities (Note 9 (i))	72,885,325	-	-	72,885,325
Total	**72,885,325**	-	-	**72,885,325**

The following table presents the Fund's assets that are measured at fair value at 31 December 2023.

Assets	Level 1 Kes	Level 2 Kes	Level 3 Kes	Total balance Kes
Equity securities (Note 9 (i))	47,634,368	-	-	47,634,368
Total	47,634,368	-	-	47,634,368

None of the Fund's liabilities are measured at fair value.

The carrying value of all other financial assets and liabilities represents their fair value due to their short datedness and ability to reprice.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4 Critical accounting estimates and judgements

(i) Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

- Determining criteria for significant increase in credit risk.
- Choosing the appropriate models and assumptions for the measurement of ECL.
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets.

5 Interest and dividend income

	2024 Kes	2023 Kes
Interest income	4,075,256	2,696,044
Dividend income	5,628,628	4,478,833
	9,703,884	**7,174,877**

6 Service fees and other expenses

	2024 Kes	2023 Kes
Fund Management service fee	2,484,396	2,281,102
Custodian fee	202,891	184,331
Trustee fee	348,000	346,458
CMA Levy	593	437
Bank charges	160,601	79,571
AGM fee	1,344	2,050
	3,197,825	**2,893,949**

Fund management fees are paid to NCBA Investment Bank Limited for the professional management of the Fund. These are charged at a rate of 2.53% inclusive of taxes per annum, computed on the daily Fund balances. Total expense ratio was 2.8% in 2024 (2023:4.3%).

7 Taxation

Tax status

The unit trust is registered under the Income Tax Act (Collective Investment Scheme Rules 2002), and is exempt from income tax

8 Distribution

Income is distributed to unit holders semi-annually.

NCBA EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 i) Investment balances

	2024 Kes	2023 Kes
Deposits with financial institutions at amortised cost	33,197,479	20,459,526
Quoted equity securities at FVTPL	72,885,325	47,634,368
Treasury bonds and bills at amortised cost	6,399,800	-
	112,482,604	**68,093,894**

9 ii) Classification of quoted securities per sector

Telecommunication and technology	16,098,440	7,981,241
Banking	41,781,800	29,401,931
Insurance	2,290,301	2,442,075
Industrial and allied	12,714,784	7,809,122
	72,885,325	**47,634,369**

iii) Cash and cash equivalents

Bank balance	777,827	342,797
Deposits on demand	1,000,274	3,022,067
	1,778,101	**3,364,864**

For purposes of the cash-flow statement, cash and cash equivalents are represented by the above balances

iv) Fixed Deposits

Deposits on fixed term	31,900,000	17,000,000
Accrued interest on fixed term deposits	297,205	437,459
	32,197,205	**17,437,459**

v) Average interest rate

Fixed term deposits	12%	15%

10. Unit holder liabilities

	No. of units	2024 Value Kes	No. of units	2023 Value Kes
At start of year	515,088	68,022,936	524,367	77,878,956
Creations	737,785	131,332,533	580,301	97,173,347
Liquidations	(626,781)	(111,572,846)	(589,580)	(98,078,697)
Income available for distribution	-	6,506,059	-	4,280,928
Changes in fair value of investments	-	18,589,393	-	(13,231,598)
At end of the year	**626,092**	**112,878,075**	**515,088**	**68,022,936**

11 Accruals and other payables

	2024 Kes.	2023 Kes.
Service fees payable to NCBA Investment Bank Limited	211,037	291,619
VAT	33,766	46,659
Custodian fee	19,187	13,496
Trustee fee	116,000	58,000
CMA fee	554	1,700
AGM expenses	1,812	2,281
	382,356	**413,755**

12 Related party transactions

NCBA Equity Fund is currently managed by NCBA Investment Bank Limited. The Fund is related to NCBA Group PLC.

a) Purchases of units by related parties

	2024 Kes.	2023 Kes.
Unit holder balances:		
NCBA Group PLC	22,470,069	16,772,646

b) Service fees

Service fees to related parties were as follows:

	2024 Kes.	2023 Kes.
NCBA Investment Bank Limited	2,157,283	1,991,348
NCBA Bank Kenya (Custody)	202,891	184,331

c) Balances due to related parties

	2024 Kes.	2023 Kes.
Service fees payable to NCBA Investment Bank Limited	211,037	291,619

d) Balances due from related parties

	2024 Kes.	2023 Kes.
NCBA Bank Kenya-Bank Balances	777,827	342,797

13 Events after the reporting period

There were no significant adjusting events subsequent to the period end that required adjustment or disclosure.

NCBA FIXED INCOME FUND

NCBA FIXED INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 Kes.	2023 Kes.
Income			
Interest income	5	2,679,376,129	2,374,210,974
Fair value gain/loss on investments at fair value through profit or loss	9(iv)	1,047,836,352	(887,666,375)
Total income from investing activities		3,727,212,481	1,486,544,599
Expenses			
Service fees and other expenses	6	(493,310,807)	(511,008,403)
Profit before tax		3,233,901,674	975,536,196
Profit for year		3,233,901,674	975,536,196
Total comprehensive income for the year		**3,233,901,674**	**975,536,196**

NCBA FIXED INCOME FUND

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

	Notes	2024 Kes.	2023 Kes.
ASSETS			
Investment balances	9 (i)	21,898,604,318	17,822,360,263
Bank balances	9 (ii)	13,131,634	17,603,875
TOTAL ASSETS		**21,911,735,952**	**17,839,964,138**
EQUITY			
Unit holder balances	10	21,855,370,018	17,756,167,490
LIABILITIES			
Accruals and other liabilities	11	56,365,934	83,796,648
TOTAL EQUITY AND LIABILITIES		**21,911,735,952**	**17,839,964,138**

The financial statements on pages 39 to 54 were approved for issue by the Trustee on 28 Mar 2025 **and signed on its behalf by:**

For: KCB BANK KENYA LTD.
CORPORATE TRUSTEE

Trustee, KCB Bank Kenya Limited

For: KCB BANK KENYA LTD.
CORPORATE TRUSTEE

NCBA FIXED INCOME FUND

STATEMENT OF CHANGES IN UNIT HOLDER BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Unit holder balances Kes.
At 1 January 2023		17,086,287,049
Total comprehensive income		975,536,196
Transactions with unit holders:		
Additional units purchased	10	25,785,668,207
Units liquidated	10	(26,091,323,962)
Total transactions with unit holders		(305,655,755)
At 31 December 2023		17,756,167,490
At 1 January 2024		17,756,167,490
Total comprehensive income		3,233,901,674
Transactions with unit holders:		
Additional units purchased	10	28,565,146,767
Units liquidated	10	(27,699,845,913)
Total transactions with unit holders		865,300,854
At 31 December 2024		21,855,370,018

NCBA FIXED INCOME FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 Kes.	2023 Kes.
Cash flows from operating activities			
Interest income received		2,458,386,876	2,227,751,546
Fees paid		(520,741,521)	(461,790,476)
Net proceeds from sale of investments		(2,612,489,674)	(1,397,390,180)
Net cash used in operating activities		(674,844,318)	368,570,890
Cash flows from financing activities			
Net proceeds from sale of units		847,915,460	(292,017,364)
Net cash generated from financing activities		847,915,460	(292,017,364)
Net increase in cash and cash equivalents		173,071,142	76,553,526
Movement in cash and cash equivalents			
At start of year		637,595,287	561,041,761
At end of year	9 (ii)	**810,666,429**	**637,595,287**

1 General information

NCBA Fixed Income Fund is a collective investment scheme which is registered under the Capital Markets Authority Act and is domiciled in Kenya. The Fund was established under a trust deed dated 19 April 2006. The address of its registered office is:

NCBA Investment Bank Limited
NCBA Annex
Hospital road, Upper Hill
P.O Box 44599, 00100
Nairobi.

2 Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards and IFRIC interpretations issued by the IFRIC Interpretations Committee applicable to companies reporting under IFRS Accounting Standards. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

(i) Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

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 Fund 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 Fund 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 in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those 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).
- 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 Fund at the end of the reporting period during which the change occurred.

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(i) Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(ii) Changes in accounting policy and disclosures

Adoption of new and revised International Financial Reporting Standards (IFRSs)

(iii) Standards and interpretations affecting amounts reported in the current period (and/or prior periods)

Several new and revised standards and interpretations became effective during the year. The Trustees have evaluated the impact of their new standards and interpretations and none of them had a significant impact on the Fund's financial statements.

(ii) Standards and interpretations issued but not yet effective

Several other standards and interpretations have been issued and are effective for accounting periods beginning on or after 1 January 2024 or later periods. The adoption of these standards and interpretations, when effective, is not expected to have a material impact on the financial statements of the Company.

(iii) Early adoption

The Fund did not early adopt any new standards and/or interpretation that are in issue but not yet effective

(b) Translation of foreign currencies

(i) Functional and presentation currency

The accounting records are maintained in the currency of the primary economic environment in which the Fund operates (the "Functional Currency"). The financial statements are presented in Kenya Shillings, which the Fund's functional and presentation currency. The figures shown in the financial statements are stated Kenya Shilling (Shs), rounded to the nearest thousand.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses.

(c) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

The Fund recognises revenue when it satisfies its performance obligations by delivering the services (or portions thereof) to a customer. The amount of revenue recognised is the amount the Fund expects to receive in line with the contractual terms of delivery of services, which are triggered when specific criteria have been met for each of the Fund's activities as described below. The Fund bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2 Summary of material accounting policies (continued)

(d) Financial instruments

A financial asset or liability is recognised when the Fund becomes party to the contractual provisions of the instrument.

Financial assets

The Fund's classification is based on the contractual cash flow characteristics of the asset and the business model for managing the financial assets.

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.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, 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 Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through the profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in "interest income" using the effective interest rate method.

Contractual characteristics of a financial asset / SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Fund 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.

Fund's business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund'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 Fund 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

Impairment of financial assets

The Fund assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The Fund 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.

2 Summary of material accounting policies (continued)

(d) Financial instruments (continued)

Financial Assets (continued)

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 Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control.

The Fund enters 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 Fund:

(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 Fund under standard repurchase agreements and securities lending and borrowings transactions are not derecognised because the Fund 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 Fund retains a subordinated residual interest.

(e) Distribution

All income arising from receipt of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution re-invested to form part of the unit holder capital balance.

(f) Unit holder balances

Unit holder balances are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the statement of financial position date if the holder exercised their right to redeem the balances.

Unit holder balances are classified as liabilities.

(g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

(h) Accrued expenses

Accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accrued expenses are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

2 Summary of material accounting policies (continued)

(i) Provisions

Provisions are recognised when; the Fund 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 measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3 Financial risk management

The Fund generates revenues for unit holders by investing in various income generating activities which involve trading in the stock exchange and trading in government securities. These activities expose the Fund to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt and equity market prices and interest rates. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the investment managers under direction of the NCBA Investment Bank Limited Board. The NCBA Investment Bank Limited Board works within policies approved by the Fund's Trustee. Investment managers review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against these risks. The NCBA Investment Bank Limited Board provides the investment managers with written guidelines for appropriate investments. These guidelines are reviewed on a regular basis and are within the Collective Investment Scheme regulations issued by the Capital Markets Authority.

Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable Units. It therefore invests the majority of its assets in bank deposits and treasury bills traded at the Nairobi Securities Exchange. The Fund's listed securities are considered readily realizable, as they are listed on the Nairobi Securities Exchange.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position daily and has developed a comprehensive history of the Fund's daily and/or periodic liquidity requirements. Guided by this history, the manager maintains sufficient cash and near cash investments to meet the day-to-day redemption requirements.

The table below illustrates the Fund's typical redemption history and cash/near cash holdings over the past two years:

	2024 Kes	2023 Kes
Annual redemption (Note 10)	27,699,845,913	26,091,323,962
Annual daily average	106,537,869	100,351,246

The table below shows the Funds' investments in cash and near cash equivalents at 31 December 2024 and 31 December 2023.

Item	2024 Kes	2023 Kes
Cash (Note 9 (ii))	13,131,634	17,603,875
Cash on call and fixed deposits and treasury bills maturing in less than 3 months	6,741,876,823	5,211,040,316
Total	**6,755,008,457**	**5,228,644,191**

3 Financial risk management

Liquidity risk (continued)

Maturity analysis of financial liabilities and Unit Holders Balances (all on demand)

Item	2024 Kes	2023 Kes
Unit holder balances (Note 10)	21,855,370,018	17,756,167,490
Accruals and other payables (Note 11)	56,365,934	83,796,648
Total	**21,911,735,952**	**17,839,964,138**

(i) The maturity profile of investments is as below:

Maturity profile -2024 (Kes)

	On Demand	Due within 3 to 5 months	Due within 6 months and 1 year	Due within 1 and 5 years	Due after 5 years	Total
Assets						
Deposits with financial institutions	797,534,795		5,944,342,029	481,776,233	-	7,223,653,057
Treasury bills and bonds		2,146,849,020			12,175,153,690	14,322,002,711
Corporate bonds	-	-	-	324,654,639	28,293,912	352,948,551
Total	**797,534,795**	**2,146,849,020**	**5,944,342,029**	**806,430,872**	**12,203,447,602**	**21,898,604,318**
Liabilities						
Other liabilities	56,365,934	-	-	-	-	56,365,934
Total	**56,365,934**	-	-	-	-	**56,365,934**

Maturity profile -2023 – Kes)

	On Demand	Due within 3 to 5 months	Due within 6 months & 1 year	Due within 1 & 5 years	Due after 5 years	Total
Assets						
Deposits with financial institutions	619,991,412	4,591,048,904	1,169,602,189	-	-	6,380,642,505
Treasury bills and bonds	-	50,831,084	-	3,082,007,631	7,952,199,521	11,085,038,236
Corporate bonds	-	-	-	324,487,099	32,192,423	356,679,522
Total Assets	**619,991,412**	**4,641,879,988**	**1,169,602,189**	**3,406,494,730**	**7,984,391,944**	**17,822,360,263**
Liabilities						
Accruals and other liabilities	83,796,648	-	-	-	-	83,796,648
Total	**83,796,648**	-	-	-	-	**83,796,648**

3 Financial risk management (continued)

Market risk

Price risk

The Investment Manager moderates this risk through a careful selection and diversification of securities and other financial instruments within specified limits. Total universe of assets in which the Fund could potentially invest are divided into various asset classes namely equities, bonds, deposits and cash. The Fund Manager conducts research on overall economic performance and determines probable sector performances and, therefore, asset allocation. Typically, the choice of investment involves the following steps tailored to minimize the level of exposure to asset classes and specific securities:

1. Strategic Asset Allocation (SAA)

- It is the first step and sets the minimums and maximums for each asset class.
- Long term guideline taking into account investment objectives, asset/liability profile and maturity profile of Funds; and
- Guided in-depth research

Moreover, each asset class is benchmarked against appropriate market indices with the primary objective of outperforming the indices over the medium to longer term

2. Tactical Asset allocation

- Sets the short term (quarterly) ranges for each asset class allowing manager to take advantage of prevailing market conditions.
- Identifies actual assets invested within each investment class but within the overall strategic range;
- Selection of the specific securities invested in is reviewed monthly by an investment committee.

Foreign exchange risk

The Fund does not invest offshore and is therefore not exposed to foreign exchange risk.

Interest rate risk

The majority of the Fund's financial assets are interest bearing. As a result, the Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Fixed interest rate financial instruments expose the Fund to fair value interest rate risk. Variable interest rate financial instruments expose the Fund to cash flow interest rate risk. The Fund's fixed interest rate financial instruments are government securities, deposits with financial institutions.

The Fund's investment at 31 December 2024 were all at fixed rates and therefore do not pose interest rate risk.

3 Financial risk management (continued)

Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Kenya (GOK) and commercial paper and corporate bonds with various entities.

In assessing whether the credit risk on a financial asset has increased significantly, the Fund compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Fund considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort.

There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For this purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Fund does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are, to the extent of materiality, recognised on a collective basis. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about significant financial difficulty of the debtor resulting to long outstanding debt (more than 90 days), a breach of contract etc.

The Government of Kenya has a long term rating of B (Stable) by Standard and Poors (S&P). GoK has not defaulted on debt obligation in the past. The Fund also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

The investment manager carries out a quarterly due diligence investigation on banks to determine those that qualify for deposits. The criteria used in the due diligence exercise is rigorous and assess such parameters as capital adequacy ratios, liquidity ratios, non-performing loans ratios and other financial ratios. Based on the outcome of this investigation a maximum exposure is set for each financial institution. The latest due diligence approved 43 banks ("Approved Banks") out of 47 financial institutions licensed by the Central Bank of Kenya (CBK) as at 31st December 2014.

The Funds' maximum exposure to credit risk in each of the above categories of assets as at 31 December 2024 and 31 December 2023 is represented by the carrying value of financial assets on the statement of financial position.

None of the balances were past due or impaired as at 31 December 2024 or 31 December 2023. The assessed impairment provision is insignificant.

3 Financial risk management (continued)

Fair value estimation

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Fund's assets that are measured at fair value at 31 December 2023

Assets	Level 1 Kes	Level 2 Kes	Level 3 Kes	Total balance Kes
Treasury Bonds (Note 9 (i)	-	11,085,038,236	-	11,085,038,236
Corporate Bonds (Note 9(v)	-	356,679,522	-	356,679,522
Total	-	**11,441,717,758**	-	**11,441,717,758**

The following table presents the Fund's assets that are measured at fair value at 31 December 2024.

	Level 1 Kes	Level 2 Kes	Level 3 Kes	Total balance Kes
Treasury Bonds & Tbills (Note 9(i)	-	14,322,002,711	-	14,322,002,711
Corporate Bonds (Note 9(v)	-	352,948,551	-	352,948,551
Total	-	**14,674,951,262**	-	**14,674,951,262**

The fair value of financial instruments that are not traded in an active market (for example, government bonds) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The Fund had no financial instruments classified as level 3 at 31 December 2024 and 31 December 2023. There were no transfers between levels in 2024 and 2023. The carrying value of all other financial assets and liabilities represents their fair value due to their short datedness and ability to reprice.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4 Critical accounting estimates and judgements (continued)

Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

- Determining criteria for significant increase in credit risk.
- Choosing the appropriate models and assumptions for the measurement of ECL.
- Establishing groups of similar financial assets for the purposes of measuring ECL.
- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets.

5. Interest income

The income of the Fund is derived from liquid assets in the portfolio such as treasury bills, bonds and deposits with financial institutions.

	2024 Kes	2023 Kes
Corporate Bonds	44,860,339	45,294,744
Government Bonds	1,524,830,870	1,494,467,190
Certificate of Deposits	1,030,164,399	741,479,438
Treasury Bills	79,520,521	92,969,602
Interest Income	**2,679,376,129**	**2,374,210,974**

6. Service fees and other expenses

	2024 Kes	2023 Kes
Fund management fees	422,450,463	435,585,057
Custodian fees	43,494,138	43,766,757
Trustee fees	25,208,343	26,229,091
CMA Levy	193,469	57,081
Bank charges	1,701,110	4,566,634
AGM Expenses	263,284	803,783
	493,310,807	**511,008,403**

Fund management fees were paid to NCBA Investment Bank Limited for the professional management of the Fund. They are charged at a rate of 2% inclusive of taxes per annum, computed on the daily Fund balances. Total expense ratio was 2.3% in 2024 (2023: 2.9%).

7 Taxation

Tax status

The unit trust is registered under the Income Tax Act (Collective Investment Scheme Rules 2002) and is exempt from income tax.

NCBA FIXED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 Distribution

All the Fund's income is distributed to unit holders on a monthly basis.

9 (i) Investment balances

	2024 Kes.	2023 Kes.
Deposits with financial institutions	7,223,653,056	6,380,642,505
Treasury bonds	12,175,153,690	11,085,038,236
Treasury Bills	2,146,849,021	-
Corporate bonds	352,948,551	356,679,522
	21,898,604,318	**17,822,360,263**

9 (ii) Cash and cash equivalents

	2024 Kes.	2023 Kes.
Bank balances	13,131,634	17,603,875
Call deposits	797,534,795	619,991,412
	810,666,429	**637,595,287**

9 (iii) Fixed Deposits

	2024 Kes.	2023 Kes.
Deposits on fixed term	6,203,200,000	5,647,300,000
Accrued interest	222,918,262	113,351,093
Deposits on call	793,000,000	618,900,000
Accrued interest deposits on call	4,534,795	1,091,412
	7,223,653,057	**6,380,642,505**

The average rate of the fixed deposits in the year was 14% (2023:15%)

9 (iv) Treasury Bonds

	2024 Kes.	2023 Kes.
At 1 January	11,085,038,236	11,372,178,577
Purchases	989,050,811	626,121,242
Withdrawals/maturities	(946,771,709)	(25,595,208)
Changes in fair value	1,047,836,352	(887,666,375)
At 31 December	**12,175,153,690**	**11,085,038,236**

9 (v) Corporate Bonds

	2024 Kes.	2023 Kes.
At 1 January	356,679,522	360,190,546
Purchases	-	-
Withdrawals/maturities	(3,766,224)	(3,472,400)
Accrued Interest	35,253	(38,624)
At 31 December	**352,948,551**	**356,679,522**

10. Unit holder liabilities

	2024 Kes.	2023 Kes.
At start of year	17,756,167,490	17,086,287,049
Creations	28,565,146,767	25,785,668,207
Liquidations	(27,699,845,913)	(26,091,323,962)
Income available for distribution	3,233,901,674	975,536,196
At end of the year	**21,855,370,018**	**17,756,167,490**

Each unit in the Fixed Income Fund represents one shilling in investment.

11. Accruals and other payables

	2024 Kes.	2023 Kes.
Service fees payable to NCBA Investment Bank Limited	42,532,004	75,200,539
Custodian fee	4,328,905	3,518,765
Trustee fee	8,837,489	4,354,283
CMA fee	144,605	95,740
Audit fee	155,259	155,260
AGM fee	367,672	472,061
	56,365,934	**83,796,648**

12. Related party transactions

The Fund is currently managed by NCBA Investment Bank Limited. The Fund is related to NCBA Group PLC.

(a) Service fees

Service fees to related parties were as follows:

	2024 Kes	2023 Kes
NCBA Investment Bank Limited	**363,389,735**	**378,075,740**
NCBA Bank Kenya Custodian	**43,494,138**	**43,766,757**

	2024	2023
(b) Balances due to related parties		
Service fees payable to NCBA Investment Bank Limited (Note 11)	**35,873,823**	**64,828,051**
(c) Balances due from related parties		
NCBA Bank Kenya- Bank balances	**13,131,634**	**17,603,875**
NCBA Bank Kenya- Call deposits	**160,000,000**	**619,991,412**
NCBA Bank Kenya- Fixed deposits	**840,000,000**	**997,300,000**

13. Events after the reporting period

There were no significant adjusting events subsequent to the period end that required adjustment or disclosure.

NCBA DOLLAR FIXED INCOME FUND

NCBA DOLLAR FIXED INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 Kes.	2023 * Kes.
Income			
Interest income	5	401,266,876	288,522,290
Fair value gain on investments at fair value through profit or loss	9	44,718,187	48,486,840
Total income from investing activities		445,985,063	337,009,130
Expenses			
Service fees and other expenses	6	(106,369,369)	(67,663,571)
Profit for year		339,615,694	269,345,559
Other comprehensive income:			
Items not subsequently reclassified to profit or loss:			
Translation (loss)/gain*	13	(1,048,250,704)	715,103,507
Total comprehensive income for the year		**(708,635,010)**	**984,449,066**

* Comparative figures have been restated. Refer to note 13 for details.

NCBA DOLLAR FIXED INCOME FUND

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 Kes.	2023 Kes.
ASSETS			
Investment balances	9 (i)	6,639,223,954	6,382,281,833
Bank balances	9 (ii)	2,079,965	11,228,425
TOTAL ASSETS		**6,641,303,919**	**6,393,510,258**
EQUITY			
Unit holder balances	10	6,630,819,543	6,381,803,783
LIABILITIES			
Accruals and other liabilities	11	10,484,376	11,706,475
TOTAL EQUITY AND LIABILITIES		**6,641,303,919**	**6,393,510,258**

The financial statements on pages 56 to 72 were approved for issue by the trustee on 28 Mar 2025 and signed on its behalf by:

For: KCB BANK KENYA LTD.
CORPORATE TRUSTEE
Trustee, KCB Bank Kenya Limited

For: KCB BANK KENYA LTD.
CORPORATE TRUSTEE

NCBA DOLLAR FIXED INCOME FUND

STATEMENT OF CHANGES IN UNIT HOLDER BALANCES
FOR THE PERIOD ENDED 31 DECEMBER 2024

	Notes	Unit holder balances Kes	Translation Reserve* Kes	Total Kes
At 1 January 2023		3,506,735,718	-	3,506,735,718
Profit for the year*		269,345,559	-	269,345,559
Translation gain*		-	715,103,507	715,103,507
Transactions with unit holders:				
Additional units purchased	10	6,839,627,776	-	6,839,627,786
Units liquidated	10	(4,949,008,777)	-	(4,949,008,767)
Total transactions with unit holders		1,890,618,999	-	1,890,618,999
At 31 December 2023*		6,381,803,783	715,103,507	6,381,803,783
At 1 January 2024		5,666,700,276	715,103,507	6,381,803,783
Profit for the year		339,615,694	-	339,615,694
Translation loss		-	(1,048,250,704)	(1,048,250,704)
Transactions with unit holders:				
Additional units purchased	10	8,592,756,180	-	8,592,756,180
Units liquidated	10	(7,635,105,410)	-	(7,635,105,410)
Total transactions with unit holders		957,650,770	-	957,650,770
At 31 December 2024		6,630,819,543	(333,147,197)	6,630,819,543

* Comparative figures have been restated. Refer to note 13 for details.

NCBA DOLLAR FIXED INCOME FUND

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2024

	Notes	2024 Kes.	2023 Kes.
Operating activities			
Interest income received		330,661,177	233,632,320
Fees paid		(103,216,666)	(68,685,414)
Net proceeds from sale of investments		(1,432,806,601)	(1,389,365,934)
Net cash (used in) operating activities		(1,205,362,090)	(1,224,419,028)
Cash flows from financing activities			
Net proceeds from sale of units		1,128,778143	1,474,258,474
Net cash generated from financing activities		1,128,778143	1,474,258,474
Decrease/Increase in cash and cash equivalents		(76,583,947)	249,839,445
Movement in cash and cash equivalents			
Cash and cash equivalents as at 1 January		380,419,723	130,580,278
Net Decrease/Increase in cash and cash equivalents		(76,583,947)	249,839,446
Cash and cash equivalents as at 31 December	9 (ii)	303,835,776	380,419,723

1 General information

NCBA Dollar Fixed Income Fund ('the Fund') is a collective investment scheme which is registered under the Capital Markets Authority Act and is domiciled in Kenya. The Fund was established under a trust deed dated 1 October 2019. The address of its registered office is:

NCBA Investment Bank Limited
NCBA Annex
Hospital Road, Upper Hill
P.O. Box 44599, 00100
Nairobi.

2 Summary of material accounting policies

The financial statements have been prepared in accordance with IFRS Accounting Standards. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in US Dollars (USD).

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the trustee to exercise its judgement in the process of applying the Fund's accounting policies.

a) Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards and IFRIC interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS Accounting Standards. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

(i) Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarized below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amount of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

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 Fund 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 Fund 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 consider.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

2 Summary of material accounting policies (continued)

a) Basis of preparation (continued)

(i) Measurement basis (continued)

- Level 2 fair value measurements are those 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).

- 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 Fund 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. It also requires the directors to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

(iii) Changes in accounting policy and disclosures

(i) Standards and interpretations affecting amounts reported in the current period

Several new and revised standards and interpretations became effective during the year. The Trustees have evaluated the impact of their new standards and interpretations and none of them had a significant impact on the Fund's financial statements.

(ii) Standards and interpretations issued but not yet effective

Several other standards and interpretations have been issued and are effective for accounting periods beginning on or after 1 January 2024 or later periods. The adoption of these standards and interpretations, when effective, is not expected to have a material impact on the financial statements of the Company.

(iii) Early adoption

The Fund did not early adopt any new standards and/or interpretation that are in issue but not yet effective

b) Translation of foreign currencies

(i) Functional and presentation currency

The accounting records are maintained in the currency of the primary economic environment in which the Fund operates (the "Functional Currency"). The financial statements are presented in US Dollars (USD), which the Fund's functional and presentation currency. The figures shown in the financial statements are stated in US Dollars (USD), rounded to the nearest thousand.

(ii) Transactions and balances

Other currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses'.

2 Summary of material accounting policies (continued)

c) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. The Fund recognises revenue when it satisfies its performance obligations by delivering the services (or portions thereof) to a customer. The amount of revenue recognised is the amount the Fund expects to receive in line with the contractual terms of delivery of services, which are triggered when specific criteria have been met for each of the Fund's activities as described below. The Fund bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

d) Financial instruments

A financial asset or liability is recognised when the Fund becomes party to the contractual provisions of the instrument.

Financial assets

The Fund's classification is based on the contractual cash flow characteristics of the asset and the business model for managing the financial assets.

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.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, 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 Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through the profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in "interest income" using the effective interest rate method.

Contractual characteristics of a financial asset / SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Fund 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.

Fund's business model: The business model reflects how the Fund manages the assets to generate cash flows. That is, whether the Fund'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 Fund 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.

2 Summary of material accounting policies (continued)

d) Financial instruments

Financial Assets (continued)

Impairment of financial assets

The Fund assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The Fund 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.

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 Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control.

The Fund 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 Fund:

(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 Fund under standard repurchase agreements and securities lending and borrowings transactions are not derecognised because the Fund 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 Fund retains a subordinated residual interest.

Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

(e) Distribution

All income arising from receipt of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution re-invested to form part of the unit holder capital balance.

(f) Unit holder balances

Unit holder balances are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the statement of financial position date if the holder exercised their right to redeem the balances.

Unit holder balances are classified as liabilities.

2 Summary of material accounting policies (continued)

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

h) Accrued expenses

Accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accrued expenses are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

i) Provisions

Provisions are recognised when; the Fund 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 measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

j) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. There were no presentation changes in these financial statements.

3 Financial risk management

The Fund generates revenues for unit holders by investing in various income-generating activities which involve trading in the stock exchange and trading in government securities. These activities expose the Fund to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt and equity market prices and interest rates. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The investment managers under the direction of the NCBA Investment Bank Limited Board carry out risk management. The NCBA Investment Bank Limited Board works within policies approved by the Fund's Trustee. Investment managers review the market trends and information available to evaluate the potential exposures.

They then arrive at strategies to mitigate against these risks. The NCBA Investment Bank Limited Board provides the investment managers with written guidelines for appropriate investments. These guidelines are reviewed on a regular basis and are within the Collective Investment Scheme regulations issued by the Capital Markets Authority.

3. Financial risk management (continued)

a) Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable Units. It therefore invests the majority of its assets in bank deposits and treasury bills traded at the Nairobi Securities Exchange. The Fund's listed securities are considered readily realizable, as they are listed on the Nairobi Securities Exchange.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis and has developed a comprehensive history of the Fund's daily and/or periodic liquidity requirements. Guided by this history, the manager maintains sufficient cash and near cash investments to meet the day-to-day redemption requirements.

The table below illustrates the Fund's typical redemption history and cash/near cash holdings at 31 December 2024:

	2024 Kes.	2023 Kes.
Annual redemption (Note 10)	7,635,105,409	4,949,008,777
Annual daily average	**29,365,790**	**19,034,649**

Maturity Analysis of Financial liabilities and Unit Holders Balances (all on demand)

Item	2024 Kes	2023 Kes
Unit holder balances (Note 10)	6,630,819,543	6,381,803,783
Accruals and other payables (Note 11)	10,484,376	11,706,475
Total	**6,641,303,919**	**6,393,510,258**

(i) The maturity profile of investments is as below:

Maturity profile -2024 (Kes

	On Demand	Due within 3 to 5 months	Due within 6 months and 1 year	Due within 1 and 5 years	Due after 5 years	Total
Assets						
Deposits with Financial Institutions	301,755,811		4,276,857,655	-	-	**4,578,613,466**
Euro bonds	-	-		1,017,935,301	709,281,633	**1,727,216,933**
Offshore Investments	-	-	-	-	117,028,470	**117,028,470**
Bank balances & Interest Receivable	2,079,965	-	24,635,654		-	**26,715,619**
Total	**303,835,776**		**4,301,493,309**	**1,017,935,301**	**826,310,103**	**6,449,574,488**
Liabilities						
Accruals and other payables	10,484,376	-	-	-	-	**10,484,376**
Total	**10,484,376**	-	-	-	-	**10,484,376**

3. Financial risk management (continued)

a) Liquidity risk

Maturity profile -2023 (Kes)

	On Demand	Due within 3 to 5 months	Due within 6 months and 1 year	Due within 1 and 5 years	Due after 5 years	Total
Assets						
Deposits with Financial Institutions	369,191,298	2,374,131,494	1,407,772,214	-	-	**4,151,095,006**
Euro bonds	-	-	618,575,115	734,644,011	700,025,184	**2,053,244,310**
Offshore Investments	-	-	-	-	157,466,617	**157,466,617**
Bank balances & Interest Receivable	11,228,425	-	-	20,475,900	-	**31,704,325**
Total	**380,419,723**	**2,374,131,494**	**2,026,347,329**	**755,119,911**	**857,491,801**	**6,393,510,258**
Liabilities						
Accruals and other payables	11,706,475	-	-	-	-	11,706,475
Total	**11,706,475**	-	-	-	-	**11,706,475**

b) Market risk

Price risk

The Investment Manager moderates this risk through a careful selection and diversification of securities and other financial instruments within specified limits. Total universe of assets in which the Fund could potentially invest are divided into various asset classes namely equities, bonds, deposits and cash.

The Fund Manager conducts research on overall economic performance and determines probable sector performances and, therefore, asset allocation. Typically, the choice of investment involves the following steps tailored to minimize the level of exposure to asset classes and specific securities:

1. Strategic Asset Allocation (SAA)

- It is the first step and sets the minimums and maximums for each asset class.
- Long term guideline taking into account investment objectives, asset/liability profile and maturity profile of Funds; and
- Guided in-depth research

Moreover, each asset class is benchmarked against appropriate market indices with the primary objective of outperforming the indices over the medium to longer term

2. Tactical Asset allocation

- Sets the short term (quarterly) ranges for each asset class allowing manager to take advantage of prevailing market conditions.
- Identifies actual assets invested within each investment class but within the overall strategic range.
- Selection of the specific securities invested in is reviewed monthly by an investment committee.

Foreign exchange risk

The Fund invests in offshore investments in dollars and makes payments to clients in the same currency. The fund is therefore not exposed to foreign exchange risk.

3. Financial risk management (continued)

b) Market risk (continued)

Interest rate risk

The majority of the Fund's financial assets are interest bearing. As a result, the Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Fixed interest rate financial instruments expose the Fund to fair value interest rate risk. Variable interest rate financial instruments expose the Fund to cash flow interest rate risk. The Fund's fixed interest rate financial instruments are government securities and deposits with financial institutions.

At 31 December 2024, an increase/decrease in interest rates of 100 basis points with all other variables held constant would have resulted in a decrease/increase in profit before tax arising substantially from revision of interest rates on underlying investments.

c) Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Kenya (GoK) and commercial paper and corporate bonds with various entities.

In assessing whether the credit risk on a financial asset has increased significantly, the Fund compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Fund considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For this purpose, default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Fund does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are, to the extent of materiality, recognised on a collective basis. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about significant financial difficulty of the debtor resulting to long outstanding debt (more than 90 days), a breach of contract etc.

The Government of Kenya has a long-term rating of B (Stable) by Standard and Poors (S&P). GoK has not defaulted on debt obligation in the past. The Fund also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

The investment manager carries out a quarterly due diligence investigation into banks to determine those that qualify for deposits. The criteria used in the due diligence exercise is rigorous and assesses such parameters as capital adequacy ratios, liquidity ratios, non-performing loans ratios and other financial ratios. Based on the outcome of this investigation a maximum exposure is set for each financial institution. The fund has 19 approved banks out of 38 financial institutions licensed by the Central Bank of Kenya (CBK) as at 31st December 2021.

3. Financial risk management (continued)

c) Credit risk (continued)

The Funds' maximum exposure to credit risk in each of the above categories of assets as at 31 December 2024 is illustrated below:

	2024 Kes.	2023 Kes.
Euro bonds	1,727,216,933	2,053,244,310
Deposits with financial institutions	4,578,613,466	4,151,095,006
Cash and bank balances	2,079,965	11,228,425
Off Shore Investment	117,028,470	157,466,617
Interest Receivable	24,635,654	20,475,900
	6,449,574,488	**6,393,510,258**

d) Fair value estimation

Effective 1 January 2009, the Fund adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement 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 fund does not currently have any investments stated at fair value.

The fair value of financial assets stated at amortised cost is:

Assets	Level 1 Kes	Level 2 Kes	Level 3 Kes	Total balance Kes
Euro Bonds (Note 9 (iv)	-	1,727,216,933	-	1,727,216,933
Total	-	**1,727,216,933**	-	**1,727,216,933**

The fair value of financial instruments that are not traded in an active market (for example, government bonds) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

- Determining criteria for significant increase in credit risk.
- Choosing the appropriate models and assumptions for the measurement of ECL.
- Establishing groups of similar financial assets for the purposes of measuring ECL.
- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets.

5 Interest income

The income of the Fund is derived from liquid assets in the portfolio such as treasury bills, bonds and deposits with financial institutions.

	2024 Kes	2023 Kes
Interest income	**401,266,876**	**288,522,290**

6 Service fees and other expenses

	2024 Kes	2023 Kes
Gross Service fees	81,444,818	50,725,923
Custodian fees	15,578,625	10,894,241
Trustee fees	8,977,602	5,805,803
CMA Fees	54,109	33,484
AGM Fees	314,215	204,120
	106,369,369	**67,663,571**

Services fees were paid to NCBA Investment Bank Limited for the professional management of the Fund. They are charged at a rate of 2% inclusive of taxes per annum, computed on the daily Fund balances. Total expense ratio was 1.6% in 2024 (2023: 1.1%).

7 Taxation

Tax status

The unit trust is registered under the Income Tax Act (Collective Investment Scheme Rules 2002) and is exempt from income tax.

8 Distribution

All of the Fund's income is distributed to unit holders on a monthly basis.

NCBA DOLLAR FIXED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 (i) Investment balances

	2024 Kes.	2023 Kes.
Deposits with financial institutions	4,578,613,466	4,151,095,006
Euro Bonds	1,727,216,933	2,053,244,310
Offshore investment	117,028,470	157,466,617
Interest Receivable	24,635,654	20,475,900
Mutual Fund	191,729,431	-
	6,639,223,954	**6,382,281,833**

9 (ii) Cash and cash equivalents

Cash and bank balances	2,079,965	11,228,425
Demand deposits	301,755,811	369,191,298
	303,835,776	**380,419,723**

9 (iii) Fixed Deposits

Deposits on Fixed Term	4,180,243,082	3,736,504,459
Accrued interest in fixed term deposit	96,614,572	45,399,249
Deposits on call	299,974,140	366,617,728
Accrued interest on call deposit	1,781,672	2,573,570
	4,578,613,466	**4,151,095,006**

The average rate of fixed deposits in the year was 5% (2023:6%)

9 (iv) Euro Bonds

At 1 January	2,053,244,310	1,232,379,321
Purchases	514,402,241	2,650,205,000
Withdrawals/maturities	(885,147,805)	(1,877,826,851)
Changes in fair value	44,718,187	48,486,840
At 31 December	**1,727,216,933**	**2,053,244,310**

9 (v) Offshore

At 1 January	157,466,617	156,477,859
Withdrawals/maturities	(41,168,230)	-
Accrued Interest	730,083	988,758
At 31 December	**117,028,470**	**157,466,617**

10 Unit holder liabilities

	2024 Kes.	2023 Kes.
At start of year	6,381,803,783	3,506,735,718
Creations	8,592,756,179	6,839,627,776
Liquidations	(7,635,105,409)	(4,949,008,777)
Income available for distribution	339,615,694	269,345,559
Translation (loss)/gain	(1,048,250,704)	715,103,507
At end of the year	**6,630,819,543**	**6,381,803,783**

*All fund balances and transactions are in USD. These balances have been translated to KES resulting into a translation loss in 2024 of KES (1,048,250,704) and a gain in 2023 of KES 715,103,507.

11 Accruals and other payables

	2024 Kes.	2023 Kes.
Service fees payable	6,333,698	8,871,433
Custodian fee	1,257,135	1,290,158
Trustee fee	2,719,597	1,387,860
CMA fee	41,682	42,464
AGM fee	132,264	114,560
	10,484,376	**11,706,475**

12 Related party transactions

NCBA Dollar Fixed Income Fund is currently managed by NCBA Investment Bank Limited. The Fund is related to NCBA Group PLC.

	2024 Kes.	2023 Kes.
a) Unit holder balances		
NCBA Group PLC	**36,477,491**	**42,313,934**
b) Service fees		
Service fees to related parties were as follows:		
NCBA Investment Bank Limited	**70,088,099**	**47,047,674**
NCBA Bank Kenya-Custody	**14,937,901**	**10,894,241**
c) Balances due to related parties		
Service fees payable to NCBA Investment Bank Limited.	**5,342,188**	**7,647,780**
d) Balances due from related parties		
NCBA Bank Kenya- Bank Balances	**2,079,965**	**11,228,425**
NCBA Bank Kenya- Call deposits	**2,585,984**	**272,735,706**

13. Restatement Note

i) Statement of Comprehensive income

The comparative figures have been restated to correct an error in presentation of exchange differences arising from translation of NCBA Dollar Fixed Income Fund's financial statement from its functional currency (USD) to presentation currency (KES), which was incorrectly recognised through statement of profit or loss. The restatement has resulted in a decrease in profit for the year by Kshs 715,103,507 and equivalent increase in other comprehensive income.

ii) Statement of changes in unit holder balances

The comparative figures have been restated/represented to include translation reserve column to account for exchange difference arising from translation of NCBA Dollar Fixed Income Fund's financial statement from its functional currency (USD) to presentation currency (KES). The exchange differences were incorrectly accounted for as part of unit holder's balances. The restatement has resulted in a decrease in profit for the year by Kshs 715,103,507 and equivalent increase in translation gain. Further the exchange difference are now being presented under translation reserve.

14. There were no significant adjusting events subsequent to the period end that required adjustment or disclosure.

NCBA FIXED INCOME BASKET KES FUND

NCBA FIXED INCOME BASKET KES FUND

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 Kes.	2023 Kes.
Income			
Interest income	5	897,698,916	753,365,913
Fair value gain/loss on investments at fair value through profit or loss	9	324,161,791	(302,093,255)
Total income from investing activities		1,221,860,707	451,272,658
Expenses			
Service fees and other expenses	6	(92,185,550)	(83,983,935)
Profit for year		1,129,675,157	367,288,723
Total comprehensive income for the year		**1,129,675,157**	**367,288,723**

NCBA FIXED INCOME BASKET KES FUND

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

	Notes	2024 Kes.	2023 Kes.
ASSETS			
Investment balances	9 (i)	7,264,192,956	5,814,656,355
Bank balances	9 (ii)	1,364,826	691,849
TOTAL ASSETS		**7,265,557,782**	**5,815,348,204**
EQUITY			
Unit holder balances	10	7,248,780,787	5,799,329,926
LIABILITIES			
Accruals and other liabilities	11	16,776,995	16,018,278
TOTAL EQUITY AND LIABILITIES		**7,265,557,782**	**5,815,348,204**

The financial statements on pages 74 to 89 were approved for issue by the Trustee on 28 Mar 2025 and signed on its behalf by:

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

Trustee, KCB Bank Kenya Limited

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

NCBA FIXED INCOME BASKET KES FUND

STATEMENT OF CHANGES IN UNIT HOLDER BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Unit holder balances Kes.
At 1 January 2023		4,398,066,807
Total comprehensive income		367,288,723
Transactions with unit holders:		
Units purchased	10	5,081,995,413
Units liquidated	10	(4,063,444,118)
Distributions paid out in cash	10	15,423,101
Total transactions with unit holders		1,033,974,396
At 31 December 2023		5,799,329,926
At 1 January 2024		5,799,329,926
Total comprehensive income		1,129,675,157
Transactions with unit holders:		
Units purchased	10	4,039,052,476
Units liquidated	10	(3,796,353,037)
Distributions paid out in cash	10	77,076,265
Total transactions with unit holders		319,775,705
At 31 December 2024		7,248,780,787

NCBA FIXED INCOME BASKET KES FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 Kes.	2023 Kes.
Operating activities			
Interest income received		851,869,094	675,337,625
Fees paid		(91,426,833)	(85,609,965)
Net proceeds from sale of investments		(1,330,668,351)	(2,244,218,320)
Net cash (used in) operating activities		(570,226,090)	(1,654,490,660)
Cash flows from financing activities			
Net proceeds from sale of units		281,272,877	1,438,944,002
Net cash generated from financing activities		281,272,877	1,438,944,002
Movement in cash and cash equivalents			
As at 1 January		403,345,436	618,892,094
Net Increase/(decrease) in cash and cash equivalents		(288,953,213)	(215,546,658)
Cash and cash equivalents as at 31 December	9 (ii)	114,392,223	403,345,436

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1 General information

NCBA Fixed Income Basket KES Fund is a collective investment scheme which is registered under the Capital Markets Authority Act and is domiciled in Kenya. The Fund was established under a trust deed dated August 2021. The address of its registered office is:

NCBA Investment Bank Limited
NCBA Annex
Hospital road, Upper Hill
P.O Box 44599, 00100
Nairobi.

2 Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards and IFRIC interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS Accounting Standards. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

(i) Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

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 Fund 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 Fund 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 in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those 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).
- 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 Fund at the end of the reporting period during which the change occurred.

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(i) Use of estimates

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(ii) Changes in accounting policy and disclosures

Adoption of new and revised IFRS Accounting Standards

(iii) Standards and interpretations affecting amounts reported in the current period (and/or prior periods)

Several new and revised standards and interpretations became effective during the year. The Trustees have evaluated the impact of their new standards and interpretations and none of them had a significant impact on the Fund's financial statements.

(iv) Standards and interpretations issued but not yet effective

Several other standards and interpretations have been issued and are effective for accounting periods beginning on or after 1 January 2024 or later periods. The adoption of these standards and interpretations, when effective, is not expected to have a material impact on the financial statements of the Company.

(v) Early adoption

The Fund did not early adopt any new standards and/or interpretation that are in issue but not yet effective

(b) Translation of foreign currencies

(iii) Functional and presentation currency

The accounting records are maintained in the currency of the primary economic environment in which the Fund operates (the "Functional Currency"). The financial statements are presented in Kenya Shillings, which the Fund's functional and presentation currency. The figures shown in the financial statements are stated Kenya Shilling (Shs), rounded to the nearest thousand.

(iv) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses.

(c) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

The Fund recognises revenue when it satisfies its performance obligations by delivering the services (or portions thereof) to a customer. The amount of revenue recognised is the amount the Fund expects to receive in line with the contractual terms of delivery of services, which are triggered when specific criteria have been met for each of the Fund's activities as described below. The Fund bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2 Summary of material accounting policies (continued)

(d) Financial instruments

A financial asset or liability is recognised when the Fund becomes party to the contractual provisions of the instrument.

Financial assets

The Fund's classification is based on the contractual cash flow characteristics of the asset and the business model for managing the financial assets.

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.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, 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 Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through the profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in "interest income" using the effective interest rate method.

Contractual characteristics of a financial asset / SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Fund 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.

Fund's business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund'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 Fund 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

Impairment of financial assets

The Fund assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The Fund 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.

2 Summary of material accounting policies (continued)

(d) Financial instruments (continued)

Financial Assets (continued)

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 Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control.

The Fund 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 Fund:

(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 Fund under standard repurchase agreements and securities lending and borrowings transactions are not derecognised because the Fund 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 Fund retains a subordinated residual interest.

(e) Distribution

All income arising from receipt of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution re-invested to form part of the unit holder capital balance.

(f) Unit holder balances

Unit holder balances are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the statement of financial position date if the holder exercised their right to redeem the balances.

Unit holder balances are classified as liabilities.

(g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

(h) Accrued expenses

Accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accrued expenses are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

2 Summary of material accounting policies (continued)

(i) Provisions

Provisions are recognised when; the Fund 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 measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3 Financial risk management

The Fund generates revenues for unit holders by investing in various income generating activities which involve trading in the stock exchange and trading in government securities. These activities expose the Fund to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt and equity market prices and interest rates. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the investment managers under direction of the NCBA Investment Bank Limited Board. The NCBA Investment Bank Limited Board works within policies approved by the Fund's Trustee. Investment managers review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against these risks. The NCBA Investment Bank Limited Board provides the investment managers with written guidelines for appropriate investments. These guidelines are reviewed on a regular basis and are within the Collective Investment Scheme regulations issued by the Capital Markets Authority.

Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable Units. It therefore invests the majority of its assets in bank deposits and treasury bills traded at the Nairobi Securities Exchange. The Fund's listed securities are considered readily realizable, as they are listed on the Nairobi Securities Exchange.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis and has developed a comprehensive history of the Fund's daily and/or periodic liquidity requirements. Guided by this history, the manager maintains sufficient cash and near cash investments to meet the day to day redemption requirements.

The table below illustrates the Fund's typical redemption history and cash/near cash holdings:

	2024 Kes	2023 Kes
Annual redemption (Note 10)	3,796,353,037	4,063,444,118
Annual daily average	14,601,358	15,628,631

The table below shows the Funds' investments in cash and near cash equivalents as at 31 December 2024.

Item	2024 Kes	2023 Kes
Cash Note 9 (ii))	1,364,826	691,849
Cash on call and fixed deposits and treasury bills maturing in less than 3 months (Note 9 (iii)	3,034,596,911	1,464,519,273
Total	3,035,961,737	1,465,211,122

3 **Financial risk management**

Liquidity risk (continued)

Maturity analysis of financial liabilities and Unit Holders Balances (all on demand)

Item	2024 Kes	2023 Kes
Unit holder balances (Note 10)	7,248,780,787	5,799,329,926
Accruals and other payables (Note 11)	16,776,995	16,018,278
Total	**7,265,557,782**	**5,815,348,204**

(i) The maturity profile of investments is as below:

Maturity profile -2024 (Kes)

	On Demand	Due within 3 to 5 months	Due within 6 months and 1 year	Due within 1 and 5 years	Due after 5 years	Total
Assets						
Deposits with financial institutions	113,027,397		2,921,569,514	-		**3,034,596,911**
Treasury bills and bonds				259,896,924	3,831,323,281	**4,091,220,206**
Corporate bonds	-	-	-	53,334,647		**53,334,647**
Mutual Funds Investment						
Bank Balances						
Total Assets	**113,027,397**		**2,921,569,514**	**313,231,571**	**3,831,323,281**	**7,179,151,764**
Liabilities						
Other liabilities	16,776,995	-	-	-	-	**16,776,995**
Total	**16,776,995**	-	-	-	-	**16,776,995**

Maturity profile -2023 (Kes)

	On Demand	Due within 3 to 5 months	Due within 6 months and 1 year	Due within 1 and 5 years	Due after 5 years	Total
Assets						
Deposits with financial institutions	402,653,587	1,374,680,069	-	-	152,035,479	**1,929,369,135**
Treasury bills and bonds		50,645,946	2,005,806	755,890,807	2,982,290,657	**3,790,833,216**
Corporate bonds	-	-	-	36,316,038	19,334,225	**55,650,263**
Mutual Funds Investment	38,803,741					**38,803,741**
Bank Balances	691,849					**691,849**
Total Assets	**442,149,177**	**1,425,326,015**	**2,005,806**	**792,206,845**	**3,153,660,361**	**5,815,348,204**
Liabilities						
Other liabilities	16,018,278	-	-	-	-	**16,018,278**
Total	**16,018,278**	-	-	-	-	**16,018,278**

3 Financial risk management (continued)

Market risk

Price risk

The Investment Manager moderates this risk through a careful selection and diversification of securities and other financial instruments within specified limits. Total universe of assets in which the Fund could potentially invest are divided into various asset classes namely equities, bonds, deposits and cash. The Fund Manager conducts research on overall economic performance and determines probable sector performances and, therefore, asset allocation. Typically, the choice of investment involves the following steps tailored to minimize the level of exposure to asset classes and specific securities:

1. Strategic Asset Allocation (SAA)

- Is the first step and sets the minimums and maximums for each asset class;
- Long term guideline taking to account investment objectives, asset/liability profile and maturity profile of Funds; and
- Guided in-depth research

Moreover, each asset class is benchmarked against appropriate market indices with the primary objective of outperforming the indices over the medium to longer term

2. Tactical Asset allocation

- Sets the short term (quarterly) ranges for each asset class allowing manager to take advantage of prevailing market conditions.
- Identifies actual assets invested within each investment class but within the overall strategic range;
- Selection of the specific securities invested in is reviewed monthly by an investment committee.

Foreign exchange risk

The Fund does not invest offshore and is therefore not exposed to foreign exchange risk.

Interest rate risk

The majority of the Fund's financial assets are interest bearing. As a result, the Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Fixed interest rate financial instruments expose the Fund to fair value interest rate risk. Variable interest rate financial instruments expose the Fund to cash flow interest rate risk. The Fund's fixed interest rate financial instruments are government securities and deposits with financial institutions.

The Fund's investment at 31 December 2024 was all at fixed rates and therefore do not pose interest rate risk.

3 Financial risk management (continued)

Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Kenya (GOK) and commercial paper and corporate bonds with various entities.

In assessing whether the credit risk on a financial asset has increased significantly, the Fund compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Fund considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort.

There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For this purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Fund does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are, to the extent of materiality, recognised on a collective basis. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about significant financial difficulty of the debtor resulting to long outstanding debt (more than 90 days), a breach of contract etc.

The Government of Kenya has a long term rating of B (Stable) by Standard and Poors (S&P). GoK has not defaulted on debt obligation in the past. The Fund also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

The investment manager carries out a quarterly due diligence investigation on banks to determine those that qualify for deposits. The criteria used in the due diligence exercise is rigorous and assess such parameters as capital adequacy ratios, liquidity ratios, non-performing loans ratios and other financial ratios. Based on the outcome of this investigation a maximum exposure is set for each financial institution. The latest due diligence approved 43 banks ("Approved Banks") out of 47 financial institutions licensed by the Central Bank of Kenya (CBK) as at 31st December 2014.

The Funds' maximum exposure to credit risk in each of the above categories of assets as at 31 December 2024 is represented by the carrying value of financial assets on the statement of financial position.

None of the balances were past due or impaired as at 31 December 2024. The assessed impairment provision is insignificant.

3 Financial risk management (continued)

Fair value estimation

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Fund's assets that are measured at fair value at 31 December 2024.

Assets	Level 1 Kes	Level 2 Kes	Level 3 Kes	Total balance Kes
Treasury Bonds (Note 9 (iv)	-	4,091,220,206	-	4,091,220,206
Corporate bonds (Note 9 (v)	-	53,334,647	-	53,334,647
Total	-	**4,144,554,853**	-	**4,144,554,853**

The fair value of financial instruments that are not traded in an active market (for example, government bonds) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The Fund had no financial instruments classified as level 3 at 31 December 2024. There were no transfers between levels in 2024. The carrying value of all other financial assets and liabilities represents their fair value due to their short datedness and ability to reprice.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4 Critical accounting estimates and judgements

Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

- Determining criteria for significant increase in credit risk.
- Choosing the appropriate models and assumptions for the measurement of ECL.
- Establishing groups of similar financial assets for the purposes of measuring ECL.
- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets.

5. Interest income

The income of the Fund is derived from liquid assets in the portfolio such as treasury bills, bonds and deposits with financial institutions.

	2024 Kes	2023 Kes
Interest income	**897,698,916**	**753,365,913**

6. Service fees and other expenses

	2024 Kes	2023 Kes
Fund management fees	71,367,347	66,903,670
Custodian fees	14,444,185	8,561,468
Trustee fees	5,840,946	7,911,724
Bank charges	207,709	541,627
CMA Levy	61,103	65,446
AGM fee	264,260	-
	92,185,550	**83,983,935**

Fund management fees were paid to NCBA Investment Bank Limited for the professional management of the Fund. They are charged at a rate of 1% inclusive of taxes per annum, computed on the daily Fund balances. Total expense ratio was 1.3% in 2024 (2023:1.4%).

7 Taxation

Tax status

The unit trust is registered under the Income Tax Act (Collective Investment Scheme Rules 2002) and is exempt from income tax.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 (i) Investment balances

	2024 Kes.	2023 Kes.
Deposits with financial institutions	3,034,596,911	1,929,369,135
Treasury Bills	-	19,606,742
Kenya Government securities	4,091,220,206	3,771,226,474
Corporate bonds	53,334,647	55,650,263
Mutual Funds Investment	85,041,192	38,803,741
	7,264,192,956	**5,814,656,355**

9 (ii) Cash and cash equivalents

Bank balances	1,364,826	691,849
Demand deposits	113,027,397	402,653,587
	114,392,223	**403,345,436**

9 (iii) Fixed Deposits

Fixed Deposits on Fixed Term	2,842,500,000	1,485,000,000
Accrued interest	79,069,514	41,715,548
Deposits on call	113,000,000	400,200,000
Accrued interest deposits on call	27,397	2,453,587
	3,034,596,911	**1,929,369,135**

The average rate of fixed deposits in the year was 14% (2023:15%)

9 (iv) Treasury Bonds

At 1 January	3,771,226,474	2,119,839,130
Purchases	26,112,487	1,953,480,599
Withdrawals/maturities	(30,277,363)	
Changes in fair value	324,158,608	(302,093,255)
At 31 December	**4,091,220,206**	**3,771,226,474**

9 (v) Corporate Bonds

At 1 January	55,650,263	57,741,449
Withdrawals/maturities	(2,265,136)	(2,030,571)
Accrued Interest	(53,663)	(60,615)
Changes in fair value	3,183	-
At 31 December	**53,334,647**	**55,650,263**

10. Unit holder liabilities

	2024 Kes.	2023 Kes
At start of year	5,799,329,926	4,398,066,807
Creations	4,039,052,476	5,081,995,413
Liquidations	(3,796,353,037)	(4,063,444,118)
Income available for distribution	1,129,675,157	367,288,723
Investment in Mutual Funds	77,076,265	15,423,101
At end of the year	**7,248,780,787**	**5,799,329,926**

Each unit in the Fixed Income Fund represents one shilling in investment.

11 Accruals and other payables

	2024 Kes.	2023 Kes
Service fees payable to NCBA Investment Bank Limited	12,432,209	10,472,739
Custodian fee	1,399,662	1,437,008
Trustee fee	2,766,080	4,075,808
CMA Levy	46,913	32,723
AGM fee	132,131	-
	16,776,995	**16,018,278**

12 Related party transactions

NCBA Fixed Income Basket (KES) is currently managed by NCBA Investment Bank Limited. The Fund is related to NCBA Group PLC.

(a) Service fees
Service fees to related parties were as follows:

	2024 Kes	2023 Kes
NCBA Investment Bank Limited	**61,523,273**	**9,028,525**
NCBA Bank Kenya- Custody	**14,444,184**	**8,561,468**

(b) Balances due to related parties

	2024	2023
Other fees payable to NCBA Investment Bank Limited	**10,717,422**	**6,989,753**

(c) Balances due from related parties

	2024	2023
NCBA Bank Kenya- Bank balances	**1,364,826**	**691,849**
NCBA Bank Kenya- Call deposits	**-**	**50,200,000**
NCBA Bank Kenya- Fixed deposits	**300,000,000**	**450,000,000**

13 There were no significant adjusting events subsequent to the period end that required adjustment or disclosure.

NCBA FIXED INCOME BASKET USD FUND

NCBA FIXED INCOME BASKET USD FUND

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 Kes.	2023* Kes.
Income			
Interest income	5	138,417,023	33,533,619
Fair value gain on investments at fair value through profit or loss	9	10,361,540	64,987,869
Total income from investing activities		148,778,563	98,521,488
Expenses			
Service fees and other expenses	6	(33,981,405)	(6,558,296)
Profit for year		114,797,158	91,963,192
Other Comprehensive Income;			
Items not subsequently reclassified to profit or loss:			
Translation (loss)/gain*		(55,801,823)	55,669,441
Total comprehensive Income for the year		**58,995,335**	**147,632,633**

* Comparative figures have been restated. Refer to note 13 for details.

NCBA FIXED INCOME BASKET USD FUND

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 Kes.	2023 Kes.
ASSETS			
Investment balances	9 (i)	3,215,369,229	931,151,016
Bank balances	9 (ii)	16,601,143	527,065
TOTAL ASSETS		**3,231,970,372**	**931,678,081**
EQUITY			
Unit holder balances	10	3,227,087,276	929,060,484
LIABILITIES			
Accruals and other liabilities	11	4,883,096	2,617,597
TOTAL EQUITY AND LIABILITIES		**3,231,970,372**	**931,678,081**

The financial statements on pages 91 to 107 were approved for issue by the trustee on 28 Mar 2025 and signed on its behalf by:

For: KCB BANK KENYA LTD.

……………………………………

Trustee, KCB Bank Kenya Limited

NCBA FIXED INCOME BASKET USD FUND

STATEMENT OF CHANGES IN UNIT HOLDERS' BALANCES
FOR THE PERIOD ENDED 31 DECEMBER 2024

	Notes	Unit holder balances Kes	Translation Reserve* Kes	Total Kes
At 1 January 2023		272,992,674	-	272,992,674
Profit for the year*		91,963,192	-	91,963,192
Translation gain*		-	55,669,441	55,669,441
Transactions with unit holders:				
Additional units purchased	10	835,257,011	-	835,257,021
Units liquidated	10	(332,539,018)	-	(332,539,008)
Interest gains on mutual funds	10	5,717,184	-	5,717,184
Total transactions with unit holders		508,435,177	-	508,435,177
At 31 December 2023		929,060,484	55,669,441	929,060,484
At 1 January 2024		929,060,484	55,669,441	929,060,484
Profit for the year		114,797,158	-	114,797,158
Translation loss		-	(55,801,823)	(55,801,823)
Transactions with unit holders:				
Additional units purchased	10	3,289,267,388	-	3,289,267,388
Units liquidated	10	(1,050,235,931)	-	(1,050,235,931)
Total transactions with unit holders		2,239,031,457	-	2,239,031,457
At 31 December 2024		3,227,219,658	(132,382)	3,227,087,276

* Comparative figures have been restated. Refer to note 13 for details.

NCBA FIXED INCOME BASKET USD FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 Kes.	2023 Kes.
Operating activities			
Interest income received		81,386,285	22,618,525
Fees paid		(30,318,305)	(5,277,778)
Net proceeds from sale of investments		(2,316,068,982)	(630,679,335)
Net cash (used in) operating activities		(2,265,001,002)	(613,338,588)
Cash flows from financing activities			
Net proceeds from sale of units		2,317,966,872	654,762,616
Net cash generated from financing activities		2,317,966,872	654,762,616
Increase in cash and cash equivalents		52,965,870	41,420,668
Movement in cash and cash equivalents			
As at 1 January		41,443,939	19,911
Net Increase/(decrease) in cash and cash equivalents		52,965,870	41,424,028
Cash and cash equivalents as at 31 December	9 (ii)	94,409,809	41,443,939

1 General information

NCBA Fixed Income Basket USD Fund ('the Fund') is a collective investment scheme which is registered under the Capital Markets Authority Act and is domiciled in Kenya. The Fund was established under a trust deed dated August 2021. The address of its registered office is:

NCBA Investment Bank Limited
NCBA Annex
Hospital Road, Upper Hill
P.O. Box 44599, 00100
Nairobi.

2 Summary of material accounting policies

The financial statements have been prepared in accordance with IFRS Accounting Standards. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in US Dollars (USD).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the trustee to exercise its judgement in the process of applying the Fund's accounting policies.

a) Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards and IFRIC interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS. The financial statements comply with IFRS Account Standards as issued by the International Accounting Standards Board (IASB).

(ii) Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarized below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amount of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

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 Fund 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 Fund 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 in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Measurement basis (continued)

- Level 2 fair value measurements are those 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).
- 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 Fund 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 Accounting Standards requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

(iv) Changes in accounting policy and disclosures

(iv) Standards and interpretations affecting amounts reported in the current period

Several new and revised standards and interpretations became effective during the year. The Trustees have evaluated the impact of their new standards and interpretations and none of them had a significant impact on the Fund's financial statements.

(v) Standards and interpretations issued but not yet effective

Several other standards and interpretations have been issued and are effective for accounting periods beginning on or after 1 January 2024 or later periods. The adoption of these standards and interpretations, when effective, is not expected to have a material impact on the financial statements of the Company.

(vi) Early adoption

The Fund did not early adopt any new standards and/or interpretation that are in issue but not yet effective

(b) Translation of foreign currencies

(i) Functional and presentation currency

The accounting records are maintained in the currency of the primary economic environment in which the Fund operates (the "Functional Currency"). The financial statements are presented in US Dollars (USD), which the Fund's functional and presentation currency. The figures shown in the financial statements are stated in US Dollars (USD), rounded to the nearest thousand.

(ii) Transactions and balances

Other currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses.

2 Summary of material accounting policies (continued)

(c) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. The Fund recognises revenue when it satisfies its performance obligations by delivering the services (or portions thereof) to a customer. The amount of revenue recognised is the amount the Fund expects to receive in line with the contractual terms of delivery of services, which are triggered when specific criteria have been met for each of the Fund's activities as described below. The Fund bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(d) Financial instruments

A financial asset or liability is recognised when the Fund becomes party to the contractual provisions of the instrument.

Financial assets

The Fund's classification is based on the contractual cash flow characteristics of the asset and the business model for managing the financial assets.

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.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, 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 Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through the profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in "interest income" using the effective interest rate method.

Contractual characteristics of a financial asset / SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Fund 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.

Fund's business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund'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 Fund 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.

2 Summary of material accounting policies (continued)

(d) Financial instruments

Financial Assets (continued)

Impairment of financial assets

The Fund assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The Fund 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.

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 Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control.

The Fund 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 Fund:

(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 Fund under standard repurchase agreements and securities lending and borrowings transactions are not derecognised because the Fund 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 Fund retains a subordinated residual interest.

Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

(e) Distribution

All income arising from receipt of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution re-invested to form part of the unit holder capital balance.

(f) Unit holder balances

Unit holder balances are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the statement of financial position date if the holder exercised their right to redeem the balances.

Unit holder balances are classified as liabilities.

2 Summary of material accounting policies (continued)

(g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

(h) Accrued expenses

Accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accrued expenses are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

(i) Provisions

Provisions are recognised when; the Fund 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 measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(j) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. There were no presentation changes in these financial statements.

3 Financial risk management

The Fund generates revenues for unit holders by investing in various income-generating activities which involve trading in the stock exchange and trading in government securities. These activities expose the Fund to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt and equity market prices and interest rates. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The investment managers under the direction of the NCBA Investment Bank Limited Board carry out risk management. The NCBA Investment Bank Limited Board works within policies approved by the Fund's Trustee. Investment managers review the market trends and information available to evaluate the potential exposures.

They then arrive at strategies to mitigate against these risks. The NCBA Investment Bank Limited Board provides the investment managers with written guidelines for appropriate investments. These guidelines are reviewed on a regular basis and are within the Collective Investment Scheme regulations issued by the Capital Markets Authority.

3 Financial risk management

a) Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable Units. It therefore invests the majority of its assets in bank deposits and treasury bills traded at the Nairobi Securities Exchange. The Fund's listed securities are considered readily realizable, as they are listed on the Nairobi Securities Exchange.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position daily and has developed a comprehensive history of the Fund's daily and/or periodic liquidity requirements. Guided by this history, the manager maintains sufficient cash and near cash investments to meet the day-to-day redemption requirements.

The table below illustrates the Fund's typical redemption history and cash/near cash holdings at 31 December 2024:

	2024	2023
	Kes.	Kes.
Annual redemption (Note 10)	1,050,235,931	332,539,018
Annual daily average	4,039,369	1,278,996

Maturity Analysis of Financial liabilities and Unit Holders Balances (all on demand)

Item	2024	2023
	Kes	Kes
Unit holder balances (Note 10)	3,227,087,276	929,060,484
Accruals and other payables (Note 11)	4,883,096	2,617,597
Total	3,231,970,372	931,678,081

i) The maturity profile of investments is as below:

Maturity profile -2024 (Kes

	On Demand	Due within 3 to 5 months	Due within 6 months and 1 year	Due within 1 and 5 years	Due after 5 years	Total
Assets						
Deposits with financial institutions	77,808,666		2,528,405,772			2,606,214,438
Euro bonds	-	-		402,728,329	95,668,337	498,396,666
Offshore Investments	-	-	-	-	-	-
Investment in Mutual Funds	110,758,125					110,758,125
Bank balances	16,601,143	-	-	-	-	16,601,143
Total	205,167,934		2,528,405,771	402,728,329	95,668,337	3,231,970,372
Liabilities						
Accruals and other payables	4,883,096	-	-	-	-	4,883,096
Total	4,883,096	-	-	-	-	4,883,096

3 Financial risk management (Continued)

a) Liquidity risk

Maturity profile -2023 (Kes)

	On Demand	Due within 3 to 5 months	Due within 6 months and 1 year	Due within 1 and 5 years	Due after 5 years	Total
Assets						
Deposits with financial institutions	40,916,874	534,561,324	62,684,830			638,163,029
Euro bonds	-	-	151,205,544	103,607,685	28,669,530	283,482,759
Offshore Investments	-	-	-	-	-	-
Investment in Mutual Funds	9,505,228					9,505,228
Bank balances	527,065	-	-	-	-	527,065
Total	**50,949,167**	**534,561,324**	**213,890,374**	**103,607,685**	**28,669,530**	**931,678,081**
Liabilities						
Accruals and other payables	2,617,597	-	-	-	-	2,617,597
Total	**2,617,597**	-	-	-	-	**2,617,597**

b) Market risk

Price risk

The Investment Manager moderates this risk through a careful selection and diversification of securities and other financial instruments within specified limits. Total universe of assets in which the Fund could potentially invest are divided into various asset classes namely equities, bonds, deposits and cash.

The Fund Manager conducts research on overall economic performance and determines probable sector performances and, therefore, asset allocation. Typically, the choice of investment involves the following steps tailored to minimize the level of exposure to asset classes and specific securities:

1. Strategic Asset Allocation (SAA)

- It is the first step and sets the minimums and maximums for each asset class;
- Long term guideline taking to account investment objectives, asset/liability profile and maturity profile of Funds; and
- Guided in-depth research

Moreover, each asset class is benchmarked against appropriate market indices with the primary objective of outperforming the indices over the medium to longer term

2. Tactical Asset allocation

- Sets the short term (quarterly) ranges for each asset class allowing manager to take advantage of prevailing market conditions.
- Identifies actual assets invested within each investment class but within the overall strategic range.
- Selection of the specific securities invested in is reviewed monthly by an investment committee.

Foreign exchange risk

The Fund invests in offshore investments in dollars and makes payments to clients in the same currency. The fund is therefore not exposed to foreign exchange risk.

3 Financial risk management (Continued)

b) Market risk (continued)

Interest rate risk

The majority of the Fund's financial assets are interest bearing. As a result, the Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Fixed interest rate financial instruments expose the Fund to fair value interest rate risk. Variable interest rate financial instruments expose the Fund to cash flow interest rate risk. The Fund's fixed interest rate financial instruments are government securities and deposits with financial institutions.

c) Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Kenya (GoK) and commercial paper and corporate bonds with various entities.

In assessing whether the credit risk on a financial asset has increased significantly, the Fund compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Fund considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For this purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Fund does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are, to the extent of materiality, recognised on a collective basis. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about significant financial difficulty of the debtor resulting to long outstanding debt (more than 90 days), a breach of contract etc.

The Government of Kenya has a long term rating of B (Stable) by Standard and Poors (S&P). GoK has not defaulted on debt obligation in the past. The Fund also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

The investment manager carries out a quarterly due diligence investigation on banks to determine those that qualify for deposits. The criteria used in the due diligence exercise is rigorous and assess such parameters as capital adequacy ratios, liquidity ratios, non-performing loans ratios and other financial ratios. Based on the outcome of this investigation a maximum exposure is set for each financial institution. The fund has 19 approved banks out of 38 financial institutions licensed by the Central Bank of Kenya (CBK) as at 31st December 2024.

The Funds' maximum exposure to credit risk in each of the above categories of assets as at 31 December 2024 is illustrated below:

	2024 Kes.	2023 Kes.
Euro bonds	498,396,666	283,482,759
Deposits with financial institutions	2,606,214,438	638,163,029
Cash and bank balances	16,601,143	527,065
Investment in Mutual Funds	110,758,125	9,505,228
	3,231,970,372	**931,678,081**

3. Risk management objectives and policies (continued)

d) Fair value estimation

Effective 1 January 2009, the Fund adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement 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 fund does not currently have any investments stated at fair value.

The fair value of financial assets stated at amortised cost 2024

Assets	Level 1 Kes	Level 2 Kes	Level 3 Kes	Total balance Kes
Euro Bonds (Note 9 (iv)	-	498,396,666	-	498,396,666
Total	-	498,396,666	-	498,396,666

The fair value of financial instruments that are not traded in an active market (for example, government bonds) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).
A number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing the appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets.

5 Interest income

The income of the Fund is derived from liquid assets in the portfolio such as treasury bills, bonds and deposits with financial institutions.

	2024 Kes	2023 Kes
Interest income	**138,417,023**	**33,533,619**

6 Service fees and other expenses

Gross Service fees	26,197,757	4,797,190
Custodian fees	4,989,481	1,128,892
Trustee fees	2,663,867	629,226
CMA Fees	11,830	2,988
AGM Fees	118,470	-
	33,981,405	**6,558,296**

Services fees paid to NCBA Investment Bank Limited for the professional management of the Fund are charged at a rate of 2% inclusive of taxes per annum, computed on the daily Fund balances. The expense ratio was 1.1% in 2024 (2023:0.7%).

7 Taxation

Tax status

The unit trust is registered under the Income Tax Act (Collective Investment Scheme Rules 2002) and is exempt from income tax.

8 Distribution

All of the Fund's income is distributed to unit holders on a monthly basis.

9 (i) Investment balances

	2024 Kes.	2023 Kes.
Deposits with financial institutions	2,606,214,438	638,163,029
Euro Bonds	498,396,666	283,482,759
Investments in Mutual Funds	110,758,125	9,505,228
	3,215,369,229	**931,151,016**

9 (ii) Cash and cash equivalents

	2024 Kes.	2023 Kes.
Cash and bank balances	16,601,143	527,065
Demand Deposits	77,808,666	40,916,874
	94,409,809	**41,443,939**

9 (iii) Fixed Deposits

	2024 Kes.	2023 Kes.
Maturing within 364 Days	2,345,195,349	590,674,386
Accrued interest	183,210,422	6,571,769
	2,528,405,771	**597,246,155**

The average rate of fixed deposits in the year was 5% (2023:6%)

9 (iv) Euro Bonds

	2024 Kes.	2023 Kes.
At 1 January	283,482,759	111,282,947
Purchases	396,685,398	358,201,334
Withdrawals/maturities	(192,133,031)	(250,989,391)
Changes in fair value	10,361,540	64,987,869
At 31 December	**498,396,666**	**283,482,759**

10 Unit holder liabilities

	2024 Kes	2023 Kes
At start of year	929,060,484	272,992,674
Creations	3,289,267,388	835,257,011
Liquidations	(1,050,235,931)	(332,539,018)
Income available for distribution	114,797,158	91,963,192
Translation (loss) /gain	(55,801,823)	55,669,441
Investment on mutual funds	-	5,717,184
At end of the year	**3,227,087,276**	**929,060,484**

Each unit in the Dollar Fixed Income Fund represents one dollar in investment.

11 Accruals and other payables

Service fees payable	3,112,265	1,485,398
Custodian fee	593,313	706,605
Trustee fee	1,133,423	423,699
CMA fee	6,187	1,895
AGM fee	37,908	-
	4,883,096	**2,617,597**

12 Related party transactions

NCBA Fixed Income Basket USD Fund is currently managed by NCBA Investment Bank Limited. The Fund is related to NCBA Group PLC.

a) Service fees

Service fees to related parties were as follows:

NCBA Investment Bank Limited	**22,584,272**	**1,280,518**
NCBA Bank Kenya -Custody	**4,989,481**	**1,128,892**

b) Balances due to related parties

Other fees payable to NCBA Investment Bank Limited	**2,682,987**	**1,337,079**

Balances due from related parties

NCBA Bank Kenya- Bank balances	**16,601,143**	**527,065**
NCBA Bank Kenya- Call deposits	**25,859,840**	**40,916,874**

13 Restatement note

i) Statement of comprehensive income

The comparative figures have been restated to correct an error in presentation of exchange differences arising from translation of NCBA Dollar Fixed Income Basket USD Fund's financial statements from its functional currency (USD) to presentation currency (KES), which were incorrectly recognised through statement of profit or loss. The restatement has resulted in a decrease in profit for the year by Kshs 55,669,441 and equivalent increase in other comprehensive income.

ii) Statement of changes in unit holder's balances

The comparative figures have been restated/represented to include translation reserve column to account for exchange difference arising from translation of NCBA Income Basket USD Fund's financial statement from its functional currency (USD) to presentation currency (KES). The exchange differences were incorrectly accounted for as part of unit holder's balances. The restatement has resulted in a decrease in profit for the year by Kshs 55,669,441 and equivalent increase in translation gain. Further, the exchange difference are no being presented under translation reserve.

14 Events after the reporting period

There were no significant adjusting events subsequent to the period end that required adjustment or disclosure.

NCBA GLOBAL EQUTY SPECIAL FUND

NCBA GLOBAL EQUITY SPECIAL FUND

STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2024

	Notes	2024 Kes.
Income		
Interest income	5	125,226
Fair value (loss) on investments at fair value through profit or loss	9(iii)	(832,467)
Total income from investing activities		(707,241)
Expenses		
Service fees and other expenses	6	(84,114)
Profit for year		(791,355)
Total comprehensive income for the year		**(791,355)**

NCBA GLOBAL EQUITY SPECIAL FUND

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 Kes.
ASSETS		
Investment balances	9 (i)	32,045,514
Bank balances	9 (ii)	719,276
TOTAL ASSETS		**32,764,790**
EQUITY		
Unit holder balances	10	32,709,225
LIABILITIES		
Accruals and other liabilities	11	55,565
TOTAL EQUITY AND LIABILITIES		**32,764,790**

The financial statements on pages 109 to 122 were approved for issue by the trustee on 28 May 2025 and signed on its behalf by:

For: KCB BANK KENYA LTD.

....
CORPORATE TRUSTEE

Trustee, KCB Bank Kenya Limited

For: KCB BANK KENYA LTD.

....
CORPORATE TRUSTEE

NCBA GLOBAL EQUITY SPECIAL FUND

STATEMENT OF CHANGES IN UNIT HOLDER BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Unit holder balances Kes
At 1 January 2024		-
Total comprehensive income		(791,355)
Transactions with unit holders:		
Additional units purchased	10	33,500,580
Total transactions with unit holders		33,500,580
At 31 December 2024		32,709,225

NCBA GLOBAL EQUITY SPECIAL FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 Kes.
Operating activities		
Interest income received		125,226
Fees paid		(28,548)
Net proceeds from sale of investments		(31,953,856)
Net cash (used in) operating activities		**(31,857,178)**
Cash flows from financing activities		
Net proceeds from sale of units		32,576,454
Net cash generated from financing activities		32,576,454
Increase in cash and cash equivalents		719,276
Movement in cash and cash equivalents		
As at 1 January		-
Net Increase in cash and cash equivalents		719,276
Cash and cash equivalents as at 31 December	9 (ii)	719,276

1 General information

NCBA Global Equity Special Fund ('the Fund') is a collective investment scheme which is registered under the Capital Markets Authority Act and is domiciled in Kenya. The Fund was established under a trust deed dated August 2024. The address of its registered office is:

NCBA Investment Bank Limited
NCBA Annex
Hospital Road, Upper Hill
P.O. Box 44599, 00100
Nairobi.

2 Summary of material accounting policies

The financial statements have been prepared in accordance with IFRS Accounting Standards. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in US Dollars (USD).

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the trustee to exercise its judgement in the process of applying the Fund's accounting policies.

a) Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

(i) Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amount of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

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 Fund 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 Fund 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 consider.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(i) Measurement basis (continued)

- Level 2 fair value measurements are those 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).
- 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 Fund 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. It also requires the directors to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

(iii) Changes in accounting policy and disclosures

a. *Standards and interpretations affecting amounts reported in the current period*

Several new and revised standards and interpretations became effective during the year. The Trustees have evaluated the impact of their new standards and interpretations and none of them had a significant impact on the Fund's financial statements.

b. *Standards and interpretations issued but not yet effective*

Several other standards and interpretations have been issued and are effective for accounting periods beginning on or after 1 January 2024 or later periods. The adoption of these standards and interpretations, when effective, is not expected to have a material impact on the financial statements of the Company.

c. *Early adoption*

The Fund did not early adopt any new standards and/or interpretation that are in issue but not yet effective

(b) Translation of foreign currencies

(i) Functional and presentation currency

The accounting records are maintained in the currency of the primary economic environment in which the Fund operates (the "Functional Currency"). The financial statements are presented in Kenya Shillings (KES), while the Fund's functional and presentation The figures shown in the financial statements are stated in KES, rounded to the nearest thousand.

(ii) Transactions and balances

Other currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses'.

2 Summary of material accounting policies (continued)

(c) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. The Fund recognises revenue when it satisfies its performance obligations by delivering the services (or portions thereof) to a customer. The amount of revenue recognised is the amount the Fund expects to receive in line with the contractual terms of delivery of services, which are triggered when specific criteria have been met for each of the Fund's activities as described below. The Fund bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(d) Financial instruments

A financial asset or liability is recognised when the Fund becomes party to the contractual provisions of the instrument.

Financial assets

The Fund's classification is based on the contractual cash flow characteristics of the asset and the business model for managing the financial assets.

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.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, 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 Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through the profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in "interest income" using the effective interest rate method.

Contractual characteristics of a financial asset / SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Fund 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.

Fund's business model: The business model reflects how the Fund manages the assets to generate cash flows. That is, whether the Fund'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 Fund in determining the business model for a group of assets include 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.

2 Summary of material accounting policies (continued)

(d) Financial instruments

Financial Assets (continued)

Impairment of financial assets

The Fund assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The Fund 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.

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 Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control.

The Fund enters 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 Fund:

(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 Fund under standard repurchase agreements and securities lending and borrowings transactions are not derecognised because the Fund retains substantially all the risks and rewards based on predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Fund retains a subordinated residual interest.

Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

(e) Distribution

All income arising from receipt of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution re-invested to form part of the unit holder capital balance.

(f) Unit holder balances

Unit holder balances are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the statement of financial position date if the holder exercised their right to redeem the balances.

Unit holder balances are classified as liabilities.

2 Summary of material accounting policies (continued)

(g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

(h) Accrued expenses

Accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accrued expenses are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

(i) Provisions

Provisions are recognised when; the Fund 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 measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(j) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. There were no presentation changes in these financial statements.

3 Financial risk management

The Fund generates revenues for unit holders by investing in various income-generating activities which involve trading in the stock exchange and trading in securities. These activities expose the Fund to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt and equity market prices and interest rates. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The investment managers under the direction of the NCBA Investment Bank Limited Board carry out risk management. The NCBA Investment Bank Limited Board works within policies approved by the Fund's Trustee. Investment managers review the market trends and information available to evaluate the potential exposures.

They then arrive at strategies to mitigate against these risks. The NCBA Investment Bank Limited Board provides the investment managers with written guidelines for appropriate investments. These guidelines are reviewed on a regular basis and are within the Collective Investment Scheme regulations issued by the Capital Markets Authority.

3 Financial risk management

i) Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable Units. It therefore invests most of its assets in bank deposits and treasury bills traded at the various global Securities Exchanges. The Fund's listed securities are considered readily realizable, as they are listed on the reputable listed and regulated global exchanges.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position daily and has developed a comprehensive history of the Fund's daily and/or periodic liquidity requirements. Guided by this history, the manager maintains sufficient cash and near cash investments to meet the day-to-day redemption requirements.

Maturity Analysis of Financial liabilities and Unit Holders Balances (all on demand)

Item	2024 Kes
Unit holder balances (Note 10)	32,709,225
Accruals and other payables (Note 11)	55,565
Total	**32,764,790**

ii) Market risk

Price risk

The Investment Manager moderates this risk through a careful selection and diversification of securities and other financial instruments within specified limits. Total universe of assets in which the Fund could potentially invest are divided into various asset classes namely equities, bonds, deposits and cash.

The Fund Manager conducts research on overall economic performance and determines probable sector performances and, therefore, asset allocation. Typically, the choice of investment involves the following steps tailored to minimize the level of exposure to asset classes and specific securities:

1. Strategic Asset Allocation (SAA)

- Is the first step and sets the minimums and maximums for each asset class.
- Long term guideline taking to account investment objectives, asset/liability profile and maturity profile of Funds; and
- Guided in-depth research

Moreover, each asset class is benchmarked against appropriate market indices with the primary objective of outperforming the indices over the medium to longer term

2. Tactical Asset allocation

- Sets the short term (quarterly) ranges for each asset class allowing manager to take advantage of prevailing market conditions.
- Identifies actual assets invested within each investment class but within the overall strategic range;
- Selection of the specific securities invested in is reviewed monthly by an investment committee.

Foreign exchange risk

The Fund invests in offshore investments in dollars and makes payments to clients in the same currency. The fund is therefore not exposed to foreign exchange risk.

Interest rate risk

The majority of the Fund's financial assets are interest bearing. As a result, the Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Fixed interest rate financial instruments expose the Fund to fair value interest rate risk. Variable interest rate financial instruments expose the Fund to cash flow interest rate risk. The Fund's fixed interest rate financial instruments are government securities and deposits with financial institutions.

3. Financial risk management (continued)

iii) Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Kenya (GoK) and commercial paper and corporate bonds with various entities.

In assessing whether the credit risk on a financial asset has increased significantly, the Fund compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Fund considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For this purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Fund does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are, to the extent of materiality, recognised on a collective basis. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about significant financial difficulty of the debtor resulting to long outstanding debt (more than 90 days), a breach of contract etc.

The Government of Kenya has a long term rating of B (Stable) by Standard and Poors (S&P). GoK has not defaulted on debt obligation in the past. The Fund also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

The investment manager carries out a quarterly due diligence investigation on banks to determine those that qualify for deposits. The criteria used in the due diligence exercise is rigorous and assess such parameters as capital adequacy ratios, liquidity ratios, non-performing loans ratios and other financial ratios. Based on the outcome of this investigation a maximum exposure is set for each financial institution. The fund has 19 approved banks out of 38 financial institutions licensed by the Central Bank of Kenya (CBK) as at 31st December 2024.

The Funds' maximum exposure to credit risk in each of the above categories of assets as at 31 December 2024 is illustrated below:

	2024 Kes.
Cash and bank balances	719,276
Offshore Investment	32,045,514
	32,764,790

3. Risk management objectives and policies (continued)

iv) Fair value estimation

IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement 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 fund does not currently have any investments stated at fair value.

The fair value of financial assets stated at amortised cost is:2024

Assets	Level 1 Kes	Level 2 Kes	Level 3 Kes	Total balance Kes
Offshore Investment (Note (i))	-	32,045,514	-	**32,045,514**
Total	**-**	**32,045,514**	**-**	**32,045,514**

The fair value of financial instruments that are not traded in an active market (for example, government bonds) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).
A few significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

- Determining criteria for significant increase in credit risk.
- Choosing the appropriate models and assumptions for the measurement of ECL.
- Establishing groups of similar financial assets for the purposes of measuring ECL.
- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets.

5 Interest income

The income of the Fund is derived from liquid assets in the portfolio such as treasury bills, bonds and deposits with financial institutions.

	2024 Kes
Interest income	**125,226**

6 Service fees and other expenses

Gross Service fees	12,489
Custodian fees	67,946
Trustee fees	3,679
	84,114

Services fees paid to NCBA Investment Bank Limited for the professional management of the Fund are charged at a rate of 1.4% inclusive of taxes per annum, computed on the daily Fund balances. The expense ratio in 2024 was 0.3%.

7 Taxation

Tax status

The unit trust is registered under the Income Tax Act (Collective Investment Scheme Rules 2002) and is exempt from income tax.

8 Distribution

All of the Fund's income is distributed to unit holders on a monthly basis.

9 (i) Investment balances

	2024 Kes.
Offshore investment	32,045,514
	32,045,514

9 (ii) Cash and cash equivalents

Cash and bank balances	719,276
	719,276

9 (iii) Offshore Investment

At start of the year	-
Investment during the year	32,877,981
Changes in fair value	(832,467)
At 31 December	32,045,514

10 Unit holder liabilities

At start of year	-
Creations	33,500,580
Liquidations	-
Loss/Income available for distribution	(791,355)
At end of the year	**32,709,225**

Each unit in the Dollar Fixed Income Fund represents one shilling in investment.

11 Accruals and other payables

Service fees payable	12,489
Custodian fee	39,397
Trustee fee	3,679
	55,565

12 Related Parties

a) Service fees to related parties

NCBA Investment Bank Limited	**12,489**
NCBA Bank Kenya-Custody	**67,946**

b) Balances due to related parties

Other fees payable to NCBA Investment Bank Limited	**12,489**

13 Events after the reporting period

There were no significant adjusting events subsequent to the period end that required adjustment or disclosure.

NCBA GLOBAL FIXED INCOME SPECIAL FUND

NCBA GLOBAL FIXED INCOME SPECIAL FUND
STATEMENT OF COMPREHENSIVE INCOME
AS AT 31 DECEMBER 2024

	Notes	2024 Kes.
Income		
Interest income	5	43,847
Fair value (loss) on investments at fair value through profit or loss	9(iii)	(2,696,550)
Total income from investing activities		(2,652,703)
Expenses		
Service fees and other expenses	6	(187,846)
Profit for year		(2,840,549)
Total comprehensive income for the year		**(2,840,549)**

NCBA GLOBAL FIXED INCOME SPECIAL FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 Kes.
ASSETS		
Investment balances	9 (i)	217,686,281
Bank balances	9 (ii)	4,607,917
TOTAL ASSETS		**222,294,198**
EQUITY		
Unit holder balances	10	222,140,074
LIABILITIES		
Accruals and other liabilities	11	154,124
TOTAL EQUITY AND LIABILITIES		**222,294,198**

The financial statements on pages 124 to 138 were approved for issue by the trustee on 28 Mar.....2025 and signed on its behalf by:

For: KCB BANK KENYA LTD.
CORPORATE TRUSTEE
Trustee, KCB Bank Kenya Limited

For: KCB BANK KENYA LTD.
CORPORATE TRUSTEE

NCBA GLOBAL FIXED INCOME SPECIAL FUND

STATEMENT OF CHANGES IN UNIT HOLDER BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Unit holder balances Kes
At 1 January 2024		-
Total comprehensive loss		(2,840,549)
Transactions with unit holders:		
Units purchased	10	224,980,623
Total transactions with unit holders		224,980,623
At 31 December 2024		222,140,074

NCBA GLOBAL FIXED INCOME SPECIAL FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 Kes.
Operating activities		
Interest income received		43,847
Fees paid		(33,720)
Net proceeds from sale of investments		(220,384,181)
Net cash (used in) operating activities		(220,374,054)
Cash flows from financing activities		224,981,971
Net proceeds from sale of units		
Net cash generated from financing activities		**224,981,971**
Increase in cash and cash equivalents		4,607,917
Movement in cash and cash equivalents		
As at 1 January		-
Net Increase/(decrease) in cash and cash equivalents		4,607,917
Cash and cash equivalents as at 31 December	9 (ii)	4,607,917

1 General information

NCBA Fixed Income Basket USD Fund ('the Fund') is a collective investment scheme which is registered under the Capital Markets Authority Act and is domiciled in Kenya. The Fund was established under a trust deed dated August 2021. The address of its registered office is:

NCBA Investment Bank Limited
NCBA Annex
Hospital Road, Upper Hill
P.O. Box 44599, 00100
Nairobi.

2 Summary of material accounting policies

The financial statements have been prepared in accordance with IFRS Accounting Standards. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in (KES).

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the trustee to exercise its judgement in the process of applying the Fund's accounting policies.

a) Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards and IFRIC interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS Accounting Standards. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

(i) Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

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 Fund 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 Fund 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 in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Measurement basis (continued)

- Level 2 fair value measurements are those 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).
- 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 Fund 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. It also requires the directors to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

(iii) Changes in accounting policy and disclosures

Standards and interpretations affecting amounts reported in the current period

Several new and revised standards and interpretations became effective during the year. The Trustees have evaluated the impact of their new standards and interpretations and none of them had a significant impact on the Fund's financial statements.

Standards and interpretations issued but not yet effective

Several other standards and interpretations have been issued and are effective for accounting periods beginning on or after 1 January 2024 or later periods. The adoption of these standards and interpretations, when effective, is not expected to have a material impact on the financial statements of the Company.

Early adoption

The Fund did not early adopt any new standards and/or interpretation that are in issue but not yet effective

(b) Translation of foreign currencies

(i) Functional and presentation currency

The accounting records are maintained in the currency of the primary economic environment in which the Fund operates (the "Functional Currency"). The financial statements are presented in US Dollars (USD), which the Fund's functional and presentation currency. The figures shown in the financial statements are stated in Kenya shilling (KES), rounded to the nearest thousand.

(ii) Transactions and balances

Other currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses'.

2 Summary of material accounting policies (continued)

(c) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. The Fund recognises revenue when it satisfies its performance obligations by delivering the services (or portions thereof) to a customer. The amount of revenue recognised is the amount the Fund expects to receive in line with the contractual terms of delivery of services, which are triggered when specific criteria have been met for each of the Fund's activities as described below. The Fund bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(d) Financial instruments

A financial asset or liability is recognised when the Fund becomes party to the contractual provisions of the instrument.

Financial assets

The Fund's classification is based on the contractual cash flow characteristics of the asset and the business model for managing the financial assets.

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.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, 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 Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through the profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in "interest income" using the effective interest rate method.

Contractual characteristics of a financial asset / SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Fund 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.

Fund's business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund'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 Fund 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.

2 Summary of material accounting policies (continued)

(d) Financial instruments

Financial Assets (continued)

Impairment of financial assets

The Fund assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The Fund 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.

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 Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control.

The Fund 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 Fund:

(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 Fund under standard repurchase agreements and securities lending and borrowings transactions are not derecognised because the Fund 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 Fund retains a subordinated residual interest.

Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2 Summary of material accounting policies (continued)

(e) Distribution

All income arising from receipt of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution re-invested to form part of the unit holder capital balance.

(f) Unit holder balances

Unit holder balances are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the statement of financial position date if the holder exercised their right to redeem the balances.

Unit holder balances are classified as liabilities.

(g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

(h) Accrued expenses

Accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accrued expenses are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

(i) Provisions

Provisions are recognised when; the Fund 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 measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(j) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. There were no presentation changes in these financial statements.

3 Financial risk management

The Fund generates revenues for unit holders by investing in various income-generating activities which involve trading in the stock exchange and trading in government securities. These activities expose the Fund to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt and equity market prices and interest rates. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The investment managers under direction of the NCBA Investment Bank Limited Board carry out risk management. The NCBA Investment Bank Limited Board works within policies approved by the Fund's Trustee. Investment managers review the market trends and information available to evaluate the potential exposures.

They then arrive at strategies to mitigate against these risks. The NCBA Investment Bank Limited Board provides the investment managers with written guidelines for appropriate investments. These guidelines are reviewed on a regular basis and are within the Collective Investment Scheme regulations issued by the Capital Markets Authority.

i) Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable Units. It therefore invests the majority of its assets in bank deposits and treasury bills traded at the Nairobi Securities Exchange. The Fund's listed securities are considered readily realizable, as they are listed on the Nairobi Securities Exchange.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis and has developed a comprehensive history of the Fund's daily and/or periodic liquidity requirements. Guided by this history, the manager maintains sufficient cash and near cash investments to meet the day-to-day redemption requirements.

Maturity Analysis of Financial liabilities and Unit Holders Balances (all on demand)

Item	2024 Kes
Unit holder balances (Note10)	222,140,074
Accruals and other payables (Note 11)	154,124
Total	222,294,198

3. Financial risk management (continued)

i) Liquidity risk

The maturity profile of investments is as below:

Maturity profile -2024 (Kes

	On Demand	Due within 3 to 5 months	Due within 6 months and 1 year	Due within 1 and 5 years	Due after 5 years	Total
Assets						
Deposits with financial institutions						
Euro bonds	-	-				
Offshore Investments	217,686,281	-	-	-	-	217,686,281
Investment in Mutual Funds						
Bank balances	4,607,917	-	-	-	-	4,607,917
Total	222,294,198	-	-	-	-	222,294,198
Liabilities						
Accruals and other payables		154,124	-	-	-	154,124
Total		154,124	-	-	-	154,124

ii) Market risk

Price risk

The Investment Manager moderates this risk through a careful selection and diversification of securities and other financial instruments within specified limits. Total universe of assets in which the Fund could potentially invest are divided into various asset classes namely equities, bonds, deposits and cash.

The Fund Manager conducts research on overall economic performance and determines probable sector performances and, therefore, asset allocation. Typically, the choice of investment involves the following steps tailored to minimize the level of exposure to asset classes and specific securities:

1. Strategic Asset Allocation (SAA)

- Is the first step and sets the minimums and maximums for each asset class.
- Long term guideline taking to account investment objectives, asset/liability profile and maturity profile of Funds; and
- Guided in-depth research

Moreover, each asset class is benchmarked against appropriate market indices with the primary objective of outperforming the indices over the medium to longer term

2. Tactical Asset allocation

- Sets the short term (quarterly) ranges for each asset class allowing manager to take advantage of prevailing market conditions.
- Identifies actual assets invested in within each investment class but within the overall strategic range.
- Selection of the specific securities invested in is reviewed monthly by an investment committee.

3. Financial risk management (continued)

Foreign exchange risk

The Fund invests in offshore investments in dollars and makes payments to clients in the same currency. The fund is therefore not exposed to foreign exchange risk.

Interest rate risk

The majority of the Fund's financial assets are interest bearing. As a result, the Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Fixed interest rate financial instruments expose the Fund to fair value interest rate risk. Variable interest rate financial instruments expose the Fund to cash flow interest rate risk. The Fund's fixed interest rate financial instruments are government securities and deposits with financial institutions.

c) Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Kenya (GoK) and commercial paper and corporate bonds with various entities.

In assessing whether the credit risk on a financial asset has increased significantly, the Fund compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Fund considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For this purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Fund does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are, to the extent of materiality, recognised on a collective basis. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about significant financial difficulty of the debtor resulting to long outstanding debt (more than 90 days), a breach of contract etc.

The Government of Kenya has a long-term rating of B (Stable) by Standard and Poors (S&P). GoK has not defaulted on debt obligation in the past. The Fund also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

The investment manager carries out a quarterly due diligence investigation on banks to determine those that qualify for deposits. The criteria used in the due diligence exercise is rigorous and assess such parameters as capital adequacy ratios, liquidity ratios, non-performing loans ratios and other financial ratios. Based on the outcome of this investigation a maximum exposure is set for each financial institution. The fund has 19 approved banks out of 38 financial institutions licensed by the Central Bank of Kenya (CBK) as at 31st December 2024.

The Funds' maximum exposure to credit risk in each of the above categories of assets as at 31 December 2024 is illustrated below:

	2024 Kes.
Cash and bank balances	4,607,917
Offshore Investment	217,686,281
	222,294,198

3. Risk management objectives and policies (continued)

d) Fair value estimation

Effective 1 January 2009, the Fund adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement 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 fund does not currently have any investments stated at fair value.

The fair value of financial assets stated at amortised cost is:2024

Assets	Level 1 Kes	Level 2 Kes	Level 3 Kes	Total balance Kes
Offshore investment	-	217,686,281	-	217,686,281
Total	**-**	**217,686,281**	**-**	**217,686,281**

The fair value of financial instruments that are not traded in an active market (for example, government bonds) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).
A number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

- Determining criteria for significant increase in credit risk.
- Choosing the appropriate models and assumptions for the measurement of ECL.
- Establishing groups of similar financial assets for the purposes of measuring ECL.
- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets.

NCBA GLOBAL FIXED INCOME SPECIAL FUND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Interest income

The income of the Fund is derived from liquid assets in the portfolio such as treasury bills, bonds and deposits with financial institutions.

	2024 Kes
Interest income	43,847

6 Service fees and other expenses

Gross Service fees	76,711
Custodian fees	88,190
Trustee fees	22,945
	187,846

Services fees paid to NCBA Investment Bank Limited for the professional management of the Fund are charged at a rate of 2% inclusive of taxes per annum, computed on the daily Fund balances.

7 Taxation

Tax status

The unit trust is registered under the Income Tax Act (Collective Investment Scheme Rules 2002) and is exempt from income tax. The expense ratio in 2024 was 0.1%.

8 Distribution

All of the Fund's income is distributed to unit holders on a monthly basis.

	2024 Kes.
9 (i) Investment balances	
Offshore Investment	217,686,281
	217,686,281
9 (ii) Cash and cash equivalents	
Cash and bank balances	4,607,917
	4,607,917
9 (iii) Offshore investment	
At start of the year	-
Investment during the year	220,382,831
Change in fair value	(2,696,550
At 31 December	**217,686,281**

10 Unit holder liabilities

	2024 Kes
At start of year	-
Creations	224,980,623
Liquidations	
Income available for distribution	(2,840,549)
At end of the year	**222,140,074**

Each unit in the Dollar Fixed Income Fund represents one shilling in investment.

11 Accruals and other payables

Service fees payable	76,711
Custodian fee	54,470
Trustee fee	22,943
	154,124

12 Related party transactions

NCBA Global Fixed Income Special Fund is currently managed by NCBA Investment Bank Limited. The Fund is related to NCBA Group PLC.

Balances due to related parties

NCBA Investment Bank Limited	**76,711**
NCBA Bank Kenya- Custody	**88,190**

13 Events after the reporting period

There were no significant adjusting events subsequent to the period end that required adjustment or disclosure.