COMMERCIAL INTERNATIONAL BANK (CIB) KENYA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2024

Contents **Pages**

Directors	Tom M Gitogo	- Chairman, Independent Non-Executive Director
	Abhinav Nehra	- CEO & Managing Director (effective 21 January 2025)
	Daphne Maina	- DP CEO & Executive Director (effective 28 June 2024)
	Sheila Kyarisiima	- Independent Non-Executive Director
	Maged Shawky	- Independent Non-Executive Director
	Ali Shaker	- Independent Non-Executive Director
	Ashraf Shah	- Non-Executive Director (effective 14 October 2024)
	Islam Zekry	- Non-Executive Director (effective 04 November 2024)

Secretary	Lynette Kamande Certified Public Secretary (Kenya) P O Box 28958 - 00200 Nairobi, Kenya
Registered Office	L R No. 1870/1/553, KAM House, Westlands P O Box 2051 - 00606, Sarit Centre Nairobi, Kenya
Auditor	PricewaterhouseCoopers LLP Certified Public Accountants (Kenya) PwC tower Waiyaki Way, Chiromo road P O Box 43963 - 00100 Nairobi, Kenya

Corporate Governance

CIB Kenya Limited has been keen on entrenching a sound corporate governance culture across the Bank and within its business to ensure transparency and accountability with all stakeholders. The Bank has a robust corporate governance framework that ensures all applicable laws and regulations are adhered to, in line with CBK requirements and international best practices. Corporate Governance-Best Practices entail defining roles and responsibilities; appointing a qualified board of directors with Executive, Non-Executive, and independent members to ensure objective and fair decision-making, while evaluating their performance. The Bank Governance Framework adopts the international best practices of corporate governance, consisting of a one-tier Board, competent board committees, an experienced management team, and a set of internal policies and processes.

A strong governance framework is essential for a secure and controlled business environment, with a focus on the clear segregation of duties and responsibilities of the Board and senior management. The Bank's governance framework includes Board and Senior Management Oversight, adequate structure, clear lines of responsibility, accountability, effective communication channels between the Management and the Board of Directors, governance controls, and adequate Management Information System (MIS) allows for open, challenging discussion and well-informed decisions making.

A vibrant and dynamic, independent Risk, Audit and Compliance management frameworks and assurance of the disclosure and transparency of material information regarding the Bank, its ownership, board constitution, operations, and financial performance.

The Governance Framework includes Code of Corporate Governance, The Code of Conduct, The Conflict-of-Interest Policy, and the Whistleblowing policy inter alia, that bind all its directors, employees and all its stakeholders to ensure the Bank's business is undertaken with utmost integrity, transparency and in an ethical and fair manner, in keeping with the local and external regulations and global best practices. Adherence to well-defined corporate governance is ensured through training programs for new and existing staff members, encouraging proactive disclosure, resulting in effective internal control, and promoting trust with stakeholders.

The Code of Corporate Governance outlines the role and composition of the Board of Directors, relationships with shareholders and executive management, the role of the internal control departments, reporting transparency, and information disclosure, with an aim of protecting shareholder value and fostering a culture of integrity, accountability, and public trust.

CIB Kenya Limited is committed to maintaining the highest standards of ethical and professional conduct. The bank's Code of Conduct: Providing staff, senior management, and the board of directors with a comprehensive frame of reference regarding their rights and duties. The Code sets out the standards of behavior, business practice, professional and personal conduct expected from all staff and articulates acceptable and unacceptable behaviors.

The Conflict-of-Interest-Policy addresses potential and actual conflicts of interest and governs circumstances in which board members, senior management, or staff may personally benefit from actions that are contrary to the bank's best interests. The policy outlines high-level organizational and control procedures to identify and manage conflicts of interest in the Bank as part of its corporate governance and business activities.

The Whistleblowing Policy encourages employees and other stakeholders to speak up without fear and report in good faith any suspected or actual improper, unethical behavior, breaches of confidentiality, laws, regulations, or policies. It also defines adequate communication channels for Whistleblowers and provides a framework for a transparent, confidential process for dealing with reported incidents.

These collectively shape the governance of a wide range of issues, such as objective setting, corporate values, ethical standards, aligned business objectives, effective risk management, appropriate remuneration, evaluation, and succession planning, resulting in promoting public trust and long-term visibility.

Bank Ownership

CIB Kenya Limited (formerly Mayfair-CIB) is an established commercial bank in the Republic of Kenya and was licensed by the Central Bank of Kenya in June 2017. In April 2020, CIB Egypt acquired 51 % stake in Mayfair Bank Limited. The Bank was rebranded to Mayfair-CIB Bank Limited after the acquisition. In January 2023, CIB Egypt anchored its regional presence with the acquisition of the remaining 49 % stake in Mayfair CIB Bank Limited, making it the first fully owned subsidiary of CIB Egypt.

The Board of Directors

The Board of Directors of CIB Kenya Limited strongly believe that a sound corporate governance framework sets the foundation for sustained growth and maximization of shareholder value. Consequently, a Board Charter guides the Board of Directors, in terms of Corporate Governance, and in line with the Central Bank of Kenya Prudential Guidelines, 2013. The Charter is also subject to the provisions of the Laws of Kenya, the Bank's Articles of Association, and any other applicable laws or regulatory provisions.

The competent and diverse Board of Directors is responsible for all bank activities. The Board effectively oversees the bank, guides its management team and committees, and receives reports from internal control departments and the unbiased assurance performed by its internal and external auditors. The Board liaises with and supports the Bank's internal control functions and constructively uses outcomes and reports received by these functions to take the necessary corrective actions. The Board ensures the clear segregation of the roles and responsibilities of these functions, so that each one can communicate directly and independently with the Board.

CIB Kenya Limited is governed by a Board of Directors, led by an Independent Non-Executive Chairman, and it consists of 8 members elected by the shareholders. The Board comprises 1 Chief Executive Officer, 1 Executive Director, 2 Non-Executive Directors and 4 Independent Non-Executive Directors.

The responsibility of the Board is to ensure strategic direction, management supervision and adequate control of the Bank, with the goal of increasing the long-term value of the Bank.

The Board and Senior Management have distinct duties and obligations, as does the Chairperson and CEO. The CIB Kenya Board maintains an adequate balance and independence. The directors are highly skilled and experienced to exercise good objective judgment. The board composition and independence level are consistent with Central Bank of Kenya guidelines.

Directors	No. of meetings attended 2024				
	BRMC	BAC	BNHRC	BCC	BOARD
Tom M. Gitogo (Chairman)					9/9
Sheila Kyarisiima		4/4	4/4	4/4	9/9
Ashraf Shah	1/1		1/1		2/2
Islam Zekry					2/2
Maged Shawky	4/4	4/4		4/4	9/9
Ali Shaker	4/4	3/3	4/4	4/4	9/9
Daphne Maina					5/5

Board Changes in 2024

Tom M Gitogo	Chairman, Independent Non-Executive Director
Sheila Kyarisiima	Independent Non-Executive Director
Hussein Abaza	Non-Executive Director (Resigned 15 September 2024)
Maged Shawky	Independent Non-Executive Director
Rajeev Kakar	Non-Executive Director (resigned 26 March 2024)
Ali Shaker	Independent Non-Executive Director
Essam El- Wakil	Independent Non-Executive Director (resigned 25 September 2024)
Daphne Maina	Deputy CEO & Executive Director (effective 28 June 2024)
Ashraf Shah	Non-Executive Director (effective 14 October 2024)
Islam Zekry	Non-Executive Director (effective 04 November 2024)

The Board Committees

CIB Kenya Board committees assist the board in fulfilling board's responsibilities. Each Committee Chairperson is responsible for briefing the Board of Directors about the key issues and highlights raised in the respective committees. The terms of reference for each committee are an integral part of each committee's duties.

The Board Audit committee (BAC)

This is a Mandatory Committee of the Board. The BAC meets at least once every quarter, and its main responsibilities is providing oversight over the integrity of the Bank's financial reporting process, the effectiveness of the Bank's internal control systems, and its compliance with all statutory requirements among other duties.

The Board Risk Management committee (BRMC)

This is also a mandatory committee of the Board. The main responsibilities include overseeing and ensuring the effectiveness of the risk management framework, an effective process for identifying, assessing, and mitigating risks, and the adequacy of the risk management methodologies. Oversee senior management's activities in managing strategic, credit, market, liquidity, operational, cyber security, legal, reputational, and other risks facing or might be facing the bank; Concur on risk policies and make necessary recommendations to the board regarding all risk-related responsibilities, including the review of major risk management requirements.

The Board Credit Committee (BCC)

As a mandatory committee of the Board, BCC is responsible for overseeing and monitoring the lending policy of the bank, ensuring adequate provisions for bad and doubtful debts, minimizing credit losses, and maximizing recoveries; ensuring that credit function is professionally and effectively managed for business growth and in compliance with internal policy and external and statutory regulations; formulating the bank's broad credit risk parameters and limits for consideration and approval by the board; Assisting the Board in monitoring the quality of the credit portfolio, overseeing compliance with the regulatory requirements, reviewing credit risk appetite, ensuring it supports the bank's long-term strategy, and considering all issues that may materially impact the bank's credit risk management.

The Board Nomination & Human Resources Committee (BNHRC)

The major responsibilities of the board's Human Resources and Nomination Committee include reviewing the composition of the board to ensure a proper structure, a mix of skills and experience, diversity, and making necessary recommendations; and overseeing the compensation system's design and operation on behalf of the Board of Directors.

Senior Management

The bank's senior management team effectively executes its governance obligations by executing the board's strategy, implementing policies and procedures, and ensuring clear goals and objectives for each line of business function aligned with strategic direction. The senior management is responsible for overseeing the day-to-day activities and ensuring they are in line with the approved risk management framework and board strategy. The management is supported in carrying out its responsibilities through management committees, which provide the vital link between management and directors, serve as important channels of cascading board decisions to management-level staff, and communicate to directors the activities that management staff are engaged in as well as the risks involved. These committees include:

- Executive Committee (ExCo),
- Asset Liability Management Committee (ALCO)
- Management Credit Committee (MCC),
- Executive Credit Committee (ECC),
- Non-Financial Risk and Compliance Committee (NFRCC)

- Information Technology Steering Committee (ITSC)

The management committees are governed by board-approved terms of reference and report to their respective board committees on a quarterly basis.

Enterprise Risk Management

The primary goal of risk management is to ensure that the outcomes of risk-taking activities are consistent with the bank's strategies and risk appetite and that there is an appropriate balance between risk and reward in order to maximize shareholder returns. The bank has a robust and dynamic risk management framework, which provides the foundation for achieving these goals. This framework is subject to constant evaluation to ensure that it meets the changing requirements of the market in which the bank operates, including regulatory, industry standards, and global best practices. Arising from our belief that integrating a strong risk management program into the daily management of business and strategic planning gives the bank a strategic competitive advantage, we have ensured that our integrated risk management framework is applied enterprise-wide across all our branches, departments, and activities. The bank's enterprise-wide risk management policies encompass strategic, credit, market, liquidity, operational, compliance, legal, regulatory, climate-related, model, ICT, retail, fraud, third-party, and reputational risks.

Risk Management Principles

The bank's risk management policies are intended to allow the bank to assess and enhance its approach to managing risk by articulating high-level risk management principles that are comprehensive, proven in practice to be effective, and likely to stand the test of time. These principles include:

- Governance (Board and Senior Management Accountabilities and Responsibilities): Overall risk management policies and risk appetite thresholds and tolerances are set on a comprehensive, bank-wide basis by senior management and reviewed with, and approved by, the board of directors.

- Business Line/Unit Accountability: Business lines and units are the bank's first line of defence and are accountable for managing the risks associated with their respective activities and operations within established tolerances, as well as for the results, both positive and negative, of taking those risks.

- Framework for Risk Management: The bank considers policies and procedures to be necessary for effectively managing and controlling risks. The risk and compliance departments, the bank's second line of defence, exist to implement and monitor the risk management framework established by the Board of Directors and monitor its execution.

- Integration of Risk Management: Ensures that interactions among risks are identified, understood, and managed as appropriate; risks are not evaluated in isolation.

- Risk Evaluation and Measurement: Risks are qualitatively evaluated on a recurring basis, and, wherever practical, the evaluation includes quantitative analysis. Risk assessments consider the effects of both likely and unlikely events based on risk profiling.

- Independent Audits: This third line of defence helps to validate and provide assurance on the effectiveness of the bank's risk management activities, with recommendations for improvements or remedial action being made where necessary.

Risk & Compliance Departments

The Risk Department and Compliance Departments are two distinct independent functions reporting to the Board Risk Management and the Board Audit Committees, respectively. They are a critical part of the bank's risk management framework and are responsible for assessing the risks that the bank is exposed to while continuously giving a report to the board and management on the bank's position in terms of risk exposure, as well as recommending remedial action to ensure adherence to internal and regulatory guidelines.

Effectively managing risks arising from the bank's daily business activities maximizes its opportunities in the market and enhances the bank's competitive position in the industry. Integrating a strong risk and compliance management program into the daily management of business and strategic planning gives the bank a strategic competitive advantage. It helps the bank to protect its reputation, lower the cost of capital, reduce costs, and minimize the risk of investigation, prosecution, and penalties.

Internal Audit Department (IAD)

The Internal Audit Department is a critical and integral part of the CIB Kenya internal control framework. It is an independent function within the bank that directly reports to the Board Audit Committee of the Board of Directors. Through its reviews and audits, IAD gives independent assurance that the risk management framework and the inherent controls therein are effective and working as intended.

External Audit

The Bank has appointed an external auditor to ensure that it adheres to all the regulatory requirements. The external auditor has direct access to the Board Audit Committee and can provide them directly with the interim and annual financial positions and statements. The Board Audit Committee meets with the external auditors at least twice annually without the presence of senior management. The Board of Directors and Senior Management support the role of the external audit and monitor the integrity of the bank’s financial statements to ensure that they reflect the bank’s performance and reveal its bona fide financial position. The relationship between the bank and the external auditors is guided by CBK prudential guidelines.

Compensation Scheme

The Bank's remuneration and reward system is designed to attract, motivate, and retain talent at all levels of the bank in a highly competitive market. Consideration is given to total reward and the appropriate balance between fixed pay and benefits for all employees, depending on their roles. The compensation structure caters for external competitiveness through industry benchmarking and internal equitability, with an emphasis on recognizing and rewarding individual performance.

Tom Gitogo

Chairman

Abhinav Nehra

CEO & Managing Director

The directors present their report together with the audited financial statements of CIB Bank Limited for the year ended 31 December 2024.

Principal Activities

The principal activity of the Bank is the provision of banking, financial and related services as licensed under the Banking Act (Cap 488).

Financial Results

	2024 Ksh'000	2023 Ksh'000
Loss before income tax	(1,019,799)	(279,884)
Income tax credit	281,676	280,503
Net (loss)/ profit for the year	(738,123)	619

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2024. (2023: Ksh Nil).

Business Review

Operating Environment

The Bank has been operational since August 2017.

Below are the key highlights on the Bank's performance:

	2024 Ksh'millions	2023 Ksh'millions
Total assets	17,103	17,543
Customer deposits	13,263	11,495
Loans and advances to customers, net	5,908	5,902
Net interest income	553	788
Non-interest income	114	124
(Loss)/ profit after income tax	(738)	0.6

Overall Economy in 2024

- Kenya's economic performance strengthened further in 2024, with real GDP growth accelerating from 5.6% in 2023 to an estimated 5.8% in 2024. The improved growth performance is attributed to a continued rebound in the agriculture sector, which benefited from favorable weather conditions, and a robust growth in the services sector.
- The inflation rate declined from 6.85% in January to 3.00% in December, attributed to stable exchange rates, fuel prices, and improved agricultural output.
- The Central Bank of Kenya reduced its main lending rate from 12.75% to 11.25% in December to stimulate private sector credit growth.
- The banking sector remains stable and resilient, with strong liquidity and capital adequacy ratios. As of December 2024, the ratio of gross non-performing loans (NPLs) to gross loans was 16.4%. Banks have consistently made adequate provisions for these non-performing loans.

Future outlook

- The World Bank projects Kenya's economic growth to average 5.2% from 2024 to 2026, driven by private sector confidence and public sector scaling back.

- The Business Laws (Amendment) Act 2024, effective December 27, 2024, introduced phased minimum core capital requirements for banks and mortgage finance companies in Kenya, culminating in Kshs. 10 billion by December 31, 2029. The implementation begins with Kshs. 1 billion in 2024, gradually increasing over six years to ensure financial stability and resilience, The implementation timeline is as below. The Bank has a 5-year strategy in place not to breach core capital guidelines as per the CBK.

  December 31, 2024: Kshs. 1 billion
  December 31, 2025: Kshs. 3 billion
  December 31, 2026: Kshs. 5 billion
  December 31, 2027: Kshs. 6 billion
  December 31, 2028: Kshs. 8 billion
  December 31, 2029: Kshs. 10 billion

- The Bank intends to enhance its operational and technological capabilities by investing in new systems, solutions, and human resources. Additionally, there are plans to expand the branch network -5 new branch budgeted for in 2024- and channels, enabling the Bank to reach a broader target market and provide an extended array of products and services.

- The Bank plans to continue to maintain adequate capital buffers and liquidity levels, to enable it to respond to unforeseen shocks, while maintaining regulatory thresholds.

- The Bank's management believes that its five year strategy for the year 2025 - 2029 will drive both growth and profitability, enabling the Bank to turnaround.

Market Description and Branch Networks

The Bank currently has 7 branches in Nairobi (4), Eldoret (1) and Mombasa (2) and Corporates made up 43% of the customer deposits, while retail customers constitute the remaining 57% in terms of value.

The Bank's loan book is dominated by Corporates Clients, who make up 95% of the loan portfolio by value with the largest exposures being in wholesale and retail trade, and finance and insurance.

Products and Services

The Bank's products and services are tailor-made to its customers' needs. The Bank recognizes that customers' needs are dynamic and keep changing according to socioeconomic trends and as such, commits to remain relevant to its clientele. The Bank's product and services range from savings accounts, term accounts, debit and credit cards as well as loans.

Risk Management

The Bank has put in place a robust risk management framework, which encompasses strong corporate governance. The Bank's risk appetite is determined and approved by the Board. The Bank continuously identifies risks it is exposed to, scopes and explains the components of these risks, and employs the relevant mitigation response plans for each risk category. These are clearly communicated to all staff through Bank policies and procedures, and periodic trainings.

The Bank continues to monitor all risks affecting its business, in line with the Board-approved Risk Management Framework, to ensure appropriate actions are taken to reduce potential impact.

The Bank also continues to ensure compliance with existing and new regulations issued by the Central Bank and other regulatory authorities.

Refer to note 4 of the financial statements for a description of the Bank's financial risks and how they are mitigated.

Statement as to disclosure to the Bank's auditor

The directors confirm that with respect to each director at the time of approval of this report:

a) there was, as far as each director is aware, no relevant audit information of which the Bank's auditor is unaware and

b) each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that establish that the Bank auditor is aware of that information.

Terms of appointment of the auditor

PricewaterhouseCoopers LLP continues in office in accordance with the Bank's Articles of Association and Section 719 of the Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

By order of the board

Company secretary

Nairobi, Kenya

13 February 2025

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Bank as at the end of the financial year and of its profit or loss for that year. The directors are also responsible for ensuring that the Bank maintains proper accounting records that are sufficient to show and explain the transactions of the Bank and disclose, with reasonable accuracy, at any time the financial position of the Bank; and that enables them to prepare financial statement's of the Bank that comply with prescribed financial reporting standard requirements of the Companies Act 2015. The are also responsible for safeguarding the assets of the Bank, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with the IFRS Accounting Standards and in the manner required by the Companies Act, 2015. They also accept responsibility for:

(i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
(ii) selecting suitable accounting policies and applying them consistently; and
(iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having assessed the Bank's ability to continue as a going concern, the directors have disclosed in note 3.1 of the financial statements matter to the use of going concern basis of preparation of the financial statements.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 13 February 2025 and signed on its behalf by:

Tom Gitogo

Chairman

Abhinav Nehra

CEO & Managing Director

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF COMMERCIAL INTERNATIONAL BANK (CIB) KENYA LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Commercial International Bank (CIB) Kenya Limited (the Bank) set out on pages 14 to 71 which comprise the statement of financial position at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of Commercial International Bank (CIB) Kenya Limited as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

PricewaterhouseCoopers LLP. PwC Tower, Waiyaki Way/Chiromo Road, Westlands
P O Box 43963 – 00100 Nairobi, Kenya
T: +254 (20)285 5000 F: +254 (20)285 5001 [*www.pwc.com/ke*](http://www.pwc.com/ke)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF COMMERCIAL INTERNATIONAL BANK (CIB) KENYA LIMITED (CONTINUED)

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other matters prescribed by the Companies Act, 2015

In our opinion the information given in the report of the directors on pages 7 to 9 is consistent with the financial statements.

Kang'e Saiti

FCPA Kang'e Saiti, Practicing Certificate Number 1652
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

12 March **2025**

Statement of profit or loss and other comprehensive income for the year ended December 31, 2024

Statement of profit or loss	Notes	Dec. 31, 2024 Ksh '000	Dec. 31, 2023 Ksh '000
Interest and similar income	6	1,879,280	1,562,147
Interest and similar expense	6	(1,326,143)	(774,269)
Net interest income		553,137	787,878
Fees and commission income	7	39,513	21,116
Net trading income	8	74,756	96,518
Other operating income	10	-	6,269
Operating income		667,406	911,781
Administrative expenses	9	(1,563,071)	(1,268,615)
Impairment charge for credit losses	11	(124,134)	76,950
Loss before income tax		(1,019,799)	(279,884)
Income tax credit	12	281,676	280,503
Net (loss)/profit for the year		(738,123)	619
Other comprehensive income			
Net (loss)/profit for the year		(738,123)	619
Items that will be reclassified subsequently to profit or loss:			
Net change in fair value of debt instruments measured at fair value through other comprehensive income		141,741	(247,511)
Deferred tax on fair value gain on government securities through OCI		21,261	-
Net gain on financial assets reclassified to statement of profit or loss		-	14,955
Total other comprehensive income/(loss) for the year		163,002	(232,556)
Total comprehensive loss for the year		(575,121)	(231,937)
(Loss)/profit per share	13	(180.84)	0.15

Statement of financial position at December 31, 2024

	Notes	Dec. 31, 2024 Ksh '000	Dec. 31, 2023 Ksh '000
Assets			
Cash and balances with Central Bank of Kenya	14	**914,873**	1,229,433
Due from banks, net	15	**2,603,805**	2,862,462
Derivative financial instruments	20	**-**	16,530
Financial asset at fair value through OCI	17	**3,178,481**	3,056,662
Financial asset at amortized cost	17	**2,140,770**	2,510,204
Loans and advances to customers, net	16	**5,908,439**	5,901,605
Other assets and prepayments	19	**261,240**	204,734
Property and equipment	21	**352,098**	270,140
Intangible assets	22	**159,339**	192,669
Right of use asset	32	**55,458**	73,059
Deferred income tax	28	**1,528,893**	1,225,955
Total assets		**17,103,396**	17,543,453
Liabilities and equity			
Liabilities			
Due to banks	23	**-**	1,646,048
Customer deposits	24	**13,262,650**	11,494,870
Other liabilities and accrued expenses	25	**158,273**	121,754
Lease liabilities	33	**66,111**	89,298
Total liabilities		**13,487,034**	13,351,970
Equity			
Issued and paid up share capital	26	**4,081,633**	4,081,633
Share premium	27	**1,613,139**	1,613,139
Statutory credit risk reserve		**-**	86,675
Fair value reserve		**(216,585)**	(379,587)
Accumulated deficit		**(1,861,825)**	(1,210,377)
Total equity		**3,616,362**	4,191,483
Total liabilities and equity		**17,103,396**	17,543,453

The financial statements on page 14 to 71 were approved and authorized for issue by the board of directors on 13 February 2025 and were signed on its behalf by:

Tom M. Gitogo
Chairman

Abhinav Nehra
CEO & Managing Director

Lynette W. Kamande
Company Secretary

Statement of changes in equity for the year ended December 31, 2024

Ksh '000

	Issued and paid up share capital	Share premium	Fair value reserve	Accumulated deficit	Statutory credit risk reserve	Total Shareholders Equity
At start of year	**4,081,633**	**1,613,139**	**(379,587)**	**(1,210,377)**	**86,675**	**4,191,483**
Net loss for the year	**-**	**-**	**-**	**(738,123)**	**-**	**(738,123)**
Other comprehensive loss	**-**	**-**	**163,002**	**-**	**-**	**163,002**
Transfer to statutory credit risk reserve	**-**	**-**		**86,675**	**(86,675)**	**-**
At end of year	**4,081,633**	**1,613,139**	**(216,585)**	**(1,861,825)**	**-**	**3,616,362**

Statement of changes in equity for the year ended December 31, 2023

Ksh '000

	Issued and paid up share capital	Share premium	Fair value reserve	Accumulated Deficit	Statutory credit risk reserve	Total Shareholders Equity
At start of year	4,081,633	1,613,139	(147,031)	(1,124,321)	-	**4,423,420**
Net profit for the year	-	-	-	619	-	**619**
Other comprehensive loss	-	-	(232,556)	-	-	**(232,556)**
Transfer to Statutory credit risk reserve	-	-	-	(86,675)	86,675	-
At end of year	4,081,633	1,613,139	(379,587)	(1,210,377)	86,675	4,191,483

Statement of Cash flow for the year ended December 31, 2024

	Notes	Dec. 31, 2024 Ksh '000	Dec. 31, 2023 Ksh '000
Cash flows from operating activities			
Loss before Income tax		**(1,019,799)**	(279,884)
Adjustments for:			
Impairment charge/(write back) for credit losses	*11*	**124,134**	(76,950)
Depreciation of property and equipment	*21*	**96,614**	99,582
Intangible assets amortization	*22*	**78,692**	60,291
Depreciation of right-of-use assets	*32*	**37,113**	35,235
Interest on lease liabilities	*33*	**8,396**	11,395
Operating income before changes in operating assets and liabilities		**(674,850)**	(150,331)
Working capital changes:			
Financial investment securities		**269,004**	(752,264)
Loans and advances to customers	*16*	**(6,834)**	(781,507)
Derivative financial instruments	*20*	**16,530**	(16,530)
Other assets	*19*	**(56,506)**	95,238
Due to banks	*23*	**(1,646,048)**	1,513,238
Customer deposits	*24*	**1,767,780**	3,545,795
Cash reserve ratio balances		**(64,057)**	(179,880)
Other liabilities	*25*	**36,519**	(156,335)
Net cash flow in operating activities		**(358,462)**	3,117,424
Cash flows from investing activities			
Purchase of property and equipment	*21*	**(183,010)**	(65,624)
Purchase of intangible assets	*22*	**(45,362)**	(57,880)
Net cash flows used in investing activities		**(228,372)**	(123,504)
Cash flows from financing activities			
Payment of principal portion of lease liabilities	*33*	**(51,252)**	(48,687)
Net cash flow used in financing activities		**(51,252)**	(48,687)
Net (decrease)/increase in cash and cash equivalents during the year		**(638,086)**	2,945,233
Beginning balance of cash and cash equivalents		**3,529,874**	584,641
Cash and cash equivalents at the end of the year		**2,891,788**	3,529,874
Cash and cash equivalents comprise:			
Cash and balances with the CBK - available for use by the bank	*14*	**278,800**	657,417
Due from banks	*15*	**2,612,987**	2,872,457
Total cash and cash equivalents		**2,891,788**	3,529,874

Notes to the financial statements for the year ended December 31, 2024

1. Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standard, and the requirements of the Companies Act, 2015.

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

2. Incorporation

The Bank is incorporated and domiciled in Kenya under the Companies Act, 2015.

3. 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.

3.1 Basis of preparation

The financial statements are prepared under the historical cost basis of accounting as modified to include the revaluation of financial instruments that are measured at fair value or revalued amounts at the end of each reporting period. The principal accounting policies adopted in the preparation of these financial statements remain unchanged from the previous period.

Going concern

The financial statements of Bank have been prepared on a going concern basis, which assumes that the Bank will continue in operation for the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of business.

The Bank recorded a (loss) before tax of Ksh (1,019,799,000 for the year ended 31 December 2024 (2023: LBT of Ksh 279,884,000) and had negative cash generated from operations of Ksh 358,462,000 for the period ended 31 December 2024 (2023: positive Ksh 3,117,424,000). In addition, the Bank had a closing balance of cash and cash equivalents during the period of Ksh 2,891,788,000 (2023: Ksh 3,529,874,000) and accumulated deficit of Ksh 1,861,825,000 as at 31 December 2024 (2023: negative Ksh 1,210,377,000).

The Bank recorded a net loss after tax of Ksh 738,123,000 (2023: Profit Ksh 619,000). In addition, the Bank had net assets of Ksh 3,616,362,000 at 31 December 2023 (2023: Ksh 4,191,483,000). The Bank maintains sufficient capital and no capital adequacy ratios were breached during the period.

Despite these challenges, the Board of Directors and management have taken proactive measures to improve the Bank's financial standing, including:

- Implementing cost optimization strategies to enhance operational efficiency.
- Exploring potential options or other initiatives to restore profitability i.e. growing revenue segments.
- Setting in place a 5-year strategy to get back the Bank to profitability.

While the Bank has implemented various measures to address its financial difficulties, the existence of continued losses and uncertain future economic conditions indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern.

Considering the aforementioned factors, the Board of Directors believes that the Bank will be able to continue its operations and meet its obligations as they fall due.

3.1.1 Changes in accounting policies and disclosure.

(i) New standards, amendments and interpretations adopted by the Bank.

Number	Effective date	Executive summary
Amendments to IAS 1, 'Presentation of Financial Statements' - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

(i) New standards, amendments and interpretations adopted by the Bank. (continued).

Amendment to IFRS 16, 'Leases' - sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to Supplier Finance Arrangements (IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure')	Annual periods beginning on or after 1 January 2024 (Published May 2023)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The above amendments to standards became effective for the first time in the financial year beginning 1 January 2024 and have been adopted by the Bank. The amendments have not had a material effect on the Company's financial statements.

(ii) Standards, amendments and interpretations issued but not yet effective.

IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026 (Published May 2024)	These amendments: clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.

(ii) Standards, amendments and interpretations issued but not yet effective (continued).

Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026	• clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements. IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.
IFRS 19, 'Subsidiaries without Public Accountability'	Annual periods beginning on or after 1 January 2027 (Published May 2024)	The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements. IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.

None of these new standards have a material a material impact in the Bank's current and future financial statements.

3.2 Revenue recognition

3.2.1 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognized within the profit or loss on accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instruments (or, where appropriate, a shorter period) to the carrying amount of the financial instruments. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

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

Once a financial asset or a portfolio of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest that was used to discount the future cash flows for purposes of measuring the allowance for impairment.

3.2.2 Fees and commissions

In the normal course of business, the Bank earns fees and commission income from a diverse range of services to its customers. Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Fees and commission income, including account servicing fees, investment management fees, placement fees and syndication fees, are recognized as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognized on a straight-line basis over the commitment period.

Fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

3.3 Property and equipment

Property and equipment are stated at historical cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is calculated on the straight-line basis at the following annual rates estimated to write off the cost of property and equipment over its expected useful life as per below.

	Depreciation rates
Leasehold improvements	12.50%
Furniture and fittings	20%
Motor vehicle	20%
Computer equipment	33.33%
Office equipment	20%
Right of use asset	Dependent on lease period/Estimated useful life of asset.
Intangible assets (Core Banking Software)	10%
Intangible assets (Application Software)	33.33%

3.4 Foreign currency translation

3.4.1 Functional and presentation currency

The financial statements are presented in Kenya Shillings (Ksh), which is also the Bank's functional currency.

3.4.2 Transactions and balances in foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Kenyan Shillings (Ksh), which is the Bank's functional and presentation currency.

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 period-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 statement of profit or loss within net foreign exchange gain. All other foreign exchange gains and losses are presented in the statement of profit or loss within 'other income' or 'other expenses'

3.5 Employee entitlements

Entitlements to annual leave are recognized when they accrue to employees. Provision is made for the estimated liability in respect of annual leave accrued at the end of the reporting period.

3.6 Retirement benefits

The Bank operates a defined contribution retirement benefit scheme for its employees. The assets of this scheme are held in a separate trustee administered fund. The scheme is funded by payments from both the employees and the employer. The Bank also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute.

The Bank's contributions in respect of retirement benefit costs are charged to profit or loss in the period to which they relate

3.7 Financial instruments

Financial assets and liabilities

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and, for financial assets, adjusted for any loss allowances.

3.7 Financial instruments (continued)

Measurement methods (continued)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired financial assets – assets that are credit-impaired at initial recognition, the Bank calculates the credit adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Bank revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in the profit or loss account.

Interest income

Interest income and interest expense on interest bearing financial instruments is calculated by applying the effective interest rate to the gross carrying amount, except for:

a) purchased or originated credit impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset; and

b) financial assets that are not "POCI" but have subsequently become credit -impaired, for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e.net of the expected credit loss provision) in subsequent reporting periods.

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date which the Bank commits to purchase or sell the asset.

At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through the profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities at fair value through profit or loss are expensed in profit or loss. Immediately after the initial recognition, an expected credit loss allowance (ECL) is recognized for the financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognized in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Bank recognizes the difference as follows:

a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss; and

b) In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or recognized through settlement

Financial assets

i. Classification and subsequent measurement

The Bank applies IFRS 9 and classifies its financial assets in the following measurement categories:

- fair value through profit or loss (FVPL);
- fair value through other comprehensive income (FVOCI); and
- amortised cost.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse. Classification and subsequent measurement of debt instruments depends on the Bank's business model for managing the asset and the cash flow characteristics of the asset.

Financial instruments (continued)

Debt instruments (Continued)

The Bank classifies its debt instruments into one of the following three measurement categories:

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

- fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flow s 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 instrument's amortised cost which are recognized in profit or loss. When the financial asset is recognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "Net trading income" using the effective interest rate method; and

- fair value through the profit or loss (FVTPL): 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 recognized in profit or loss and presented within "Net trading income" in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in "Net investment income".

Business model: The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank'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 Bank in determining the business model for a bank of assets include past experience on how cash flows for these assets were collected, how the asset's performance is evaluated and reported by key management personnel, how risks are assessed and managed and how managers are compensated. For example, the liquidity portfolio of assets is held by the Bank as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the "other" business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.
Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. The changes are expected to be very infrequent, and none occurred during the period.

i. Impairment

The Bank assesses on a forward-looking basis the expected credit loss ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognizes 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.

ii.Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

3.7 Financial instruments (continued)

Modification of loans (Continued)

- if the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- significant extension of the loan term when the borrower is not in financial difficulty.
- significant change is interest rate.
- change in the currency of the loan.
- insertion of collateral, other security or credit enhancement that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognizes the original financial asset and recognized a "new" asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes including for the purpose of determining whether a significant credit risk has occurred.

However, the Bank also assesses whether the new financial asset recognized is deemed to be credit impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate or credit-adjusted effective interest rate for POCI financial assets.

iii.Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either the Bank transfers substantially all the risks and rewards of ownership, or the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

The Bank 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 Bank:

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 Bank under standard repurchase agreements and securities lending and borrowings transactions are not recognized because the Bank retains substantially all the risks and rewards on the basis of predetermined repurchase price, and the criteria for derecognition are therefore not met.

Financial liabilities

Classification and subsequent measurement

In both the current period and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- financial liabilities at fair value through profit or loss such as derivatives, financial liabilities held for trading (e.g. short positions in the trading book) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair values of the financial liability that is attributable to changes in the credit risk of that liability) and partially profit or loss (the remaining amount of change in the fair value of the liability).
- financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financ ial liability is recognized for the consideration received for the transfer. In subsequent periods, the Bank recognizes any expense incurred on the financial liability; and
- financial guarantee contracts and loan commitments.

Financial liabilities (continued)

ii) Derecognition

Financial liabilities are recognized when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled, or expires).

The exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modification of the terms of the existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If the exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.8 Contingent liabilities

Letters of credit, acceptances, guarantees and performance bonds are generally written by the Bank to support performance by a customer to third parties. The Bank will only be required to meet these obligations in the event of the customer's default. These obligations are accounted for as transactions off the statement of financial position and disclosed as contingent liabilities.

3.9 Income tax

Income tax expense represents the sum of the current income tax and deferred income tax.

3.9.1 Current income tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other period and items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.9.2 Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences are utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from good will or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset recognized, based on tax rates that have been enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred Income tax for the period

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity.

3.10 Leases

The Bank assesses whether a contract is or contains a lease at inception of the contract. The Bank recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Bank recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

3.10 Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprises of fixed lease payments (including the substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Bank re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Bank did not make any such adjustments during the period presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease

The right-of-use assets are presented as a separate line in the statement of financial position.

The Bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

3.11 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

3.12 Derivatives

The Bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favorable to the Bank (i.e., assets with positive fair value), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities, or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Bank market transactions on any single day.

3.13 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are measured at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in profit or loss in the period in which the expenditure is incurred. Intangible assets with finite lives are amortized on a straight-line basis in profit or loss over their estimated useful economic lives, from the date that they are available for use. The amortization method, useful life and the residual value are reviewed at each reporting date and adjusted if appropriate. Changes in the expected useful life, residual value or amortization method are accounted for as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset. The useful lives of intangible assets are assessed to be either finite or indefinite. Costs associated with maintaining computer software programmes are recognized as an expense as incurred. However, expenditure that enhances or extends the benefits of computer software programmes beyond their original specifications and lives is recognized as a capital improvement and added to the original cost of the software. Computer software development costs recognized as assets are amortized using the straight-line method. There are no intangible assets with indefinite useful lives.

3.14 Segment Reporting

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Bank's other components, whose operating results are reviewed regularly by the executive committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

3.15 Share capital and reserve

Ordinary shares are classified as share capital in equity. Any premium received over and above the par value of the shares is classified as share premium.

3.16 Comparatives

Comparative figures have been adjusted to conform with changes in the presentation of the current period where necessary.

Critical accounting judgments and key sources of estimation uncertainty

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.

Critical accounting judgements in applying the Bank's policies.

The Bank 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 impairment requirements of IFRS 9 require management judgement, estimates and assumptions, particularly in the following areas:

- determining the criteria for significant increase in credit risk
- choosing appropriate models and assumptions for the measurement of ECL
- establishing the number and relative weightings for a forward-looking scenarios for each type of product and associated ECL
- establishing groups of similar assets for the purposes of measuring ECL

The expected credit loss allowance on loans and advances is disclosed in more detail in note 4.

4. Financial risk management

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance, and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and rewards and minimize potential adverse effects on the Bank's financial performance. The most important types of financial risks are credit risk, market risk, liquidity risk and other operating risks. Also, market risk includes exchange rate risk, rate of return risk and other prices risks.

The Board Risk and Compliance and the Board Audit Committees are responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. These Committees are assisted in these functions by the Risk and Compliance and Internal Audit units. The units undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board Risk and Compliance and the Board Audit Committees.

All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities. The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

4.1 Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Bank. The Bank's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers and other banks (including related commitments to lend such as loan or credit card facilities), investments in debt securities and derivatives that are in asset position. The Bank considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

4.1.1 Credit risk measurement

The Board of Directors has delegated responsibility for the management of credit risk to the Board Credit Committee. A separate Credit department, reporting to the Board Credit Committee, is responsible for oversight of the Bank's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by Head of Credit, Executive Credit Committee or the Board of Directors as appropriate.
- Reviewing and assessing credit risk. Credit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and receivables), and by issuer, credit rating band, market liquidity and country (for investment securities).
- Categorising Bank's exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of five grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive committee as appropriate. Risk grades are subject to regular reviews by Board Credit Committee.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, and product types. Regular reports are provided to Credit Committee on the credit quality of local portfolios and appropriate corrective action is taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

4.1.2 Significant increase in credit risk

The Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

4.1.3 Incorporation of forward-looking information.

The Bank uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Bank employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Bank applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Bank for strategic planning and budgeting. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Bank has not made changes in the estimation techniques or significant assumptions made during the reporting period.

4.1.4 Measurement of ECL

The Bank measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the Bank is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial instruments such as revolving credit facilities and overdraft facilities that include drawn and an undrawn commitment component, the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. The Bank has ensured that the appropriate methodology is used when calculating ECL for both accounting and regulatory purposes.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a significant increase in credit risk it can be necessary to perform the assessment on a collective basis.

The key inputs used for measuring ECL are:

- probability of default (PD),
- loss given default (LGD), and
- exposure at default (EAD).

4.1.4 Measurement of ECL (continued)

Probability of default

PD is an estimate of the likelihood of default over a given time horizon and is estimated as at a point in time. The calculation is based on statistical rating models and assessed using rating tools tailored to the various categories of counterparties and exposures.

The 12-month PD is modelled at sector level in line with the sectors prescribed by CBK. The Bank collates internal historical data and determines the PDs using a transition matrix by modelling the monthly transition of loans from one risk rating to the next in the subsequent month. This historical time series will be analyzed over an extended period with a wide range of data points to factor in adequate economic cycles and smoothen irregular economic extremities. The transition modelling will be based on count of loans within the respective sectors.

The transition matrices are aggregated to form a basis of the first months' PD rate and a statistical analysis i.e *Markov process,* is applied to obtain the lifetime monthly PDs. Markov chain is a mathematical methodology that can model transitions to estimate future default probabilities using historical data. The marginal PDs are then derived from the cumulative PDs in the transitions and is used to represent the likelihood of a default occurring in a defined period with no experienced default experienced in a prior period.

As per IFRS9 guidelines [B5.5.4], the credit risk information must incorporate not only past due information but also all relevant credit information, including forward-looking macroeconomic information, to approximate the lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition on an individual instrument level. Once the marginal PDs are modelled, the Vasicek methodology is applied to integrate the historical default probabilities and the forward-looking information as a basis for the macro-adjusted PDs. A regression is run across wide range of macroeconomic factors to model the variables that have a statistical significance to the bank's non-performing loans experience. The Vasicek framework is a commonly used framework based on a single risk factor model assumed by the Basel committee on banking supervisions to transform unconditional Point in Time (PiT) PDs into conditional PiT PDs.

The IFRS9 guidelines additionally requires the estimate of expected credit losses to reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. To achieve these scenarios and probability weighted PDs, the bank incorporates the CBK credit survey quarterly report which provides an estimated projection determined within the banking industry on whether the NPL ratio for different sectors will rise, fall, or remain unchanged.

The Bank's estimation of the PD has been reviewed and verified independently and subsequently found to be compliant with the IFRS9 standard.

Loss given default

Loss given default (LGD) is the magnitude of the likely loss if there is a default. This is computed as the loss the Bank would experience after considering the discounted value of all possible cash flows that can be obtained from the borrower. The Bank considers various forms of collateral in making this determination. The LGD models for secured assets consider forecasts of future collateral valuation considering sale discounts and time to realisation of collateral. LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

Exposure at default

Exposure at default (EAD) is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Bank uses EAD models that reflect the characteristics of the portfolios. The ECL is computed on an annual basis, hence a rundown of the current outstanding balance to nil is calculated to determine the EAD at these annual points.

4.1.5 Internal credit risk ratings

In order to minimise credit risk, the Bank has tasked its credit management committee to develop and maintain the Bank's credit risk grading to categorise exposures according to their degree of risk of default. The Bank's credit risk grading framework comprises five categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored, and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure. The following data are typically used to monitor the Bank's exposures:

- delinquency in contractual payments of principal or interest.
- cash flow difficulties experienced by the borrower.
- breach of loan covenants or conditions.
- initiation of bankruptcy proceedings.
- deterioration of the borrower's competitive position.
- deterioration in the value of collateral

The Bank collects performance and default information about its credit risk exposures analysed by type of product and borrower. The table below provides a mapping of the Bank's internal credit grades.

Bank's credit risk grades	Description CBK	Description IFRS 9
Grade 1	Normal risk	Stage 1
Grade 2	Watch risk	Stage 2
Grade 3	Substandard risk	Stage 3
Grade 4	Doubtful risk	Stage 3
Grade 5	Loss	Stage 3

The Bank analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as GDP growth, unemployment, benchmark interest rates and house prices. The Bank generates a 'base case' scenario of the future direction of relevant economic variables for each region as well as a representative range of other possible forecast scenarios. The Bank then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Bank uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative.

The Bank has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due. The Bank performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

CBK Provisioning

Below is a statement of institutional worthiness according to internal ratings, compared to CBK ratings and rates of provisions needed for assets impairment related to credit risk:

CBK Rating	Category	CBK Provision %	Internal rating	Category
Normal	Low risk	1%	Grade 1	Performing loans
Watch	Watch list	3%	Grade 2	Watch list
Substandard	Substandard	20%	Grade 3	Non performing loans
Doubtful	Doubtful	100%	Grade 4	Non performing loans
Loss	Bad debts	100%	Grade 5	Non performing loans

4.1.6. Maximum exposure to credit risk before collateral held

The Bank is exposed to credit risk arising on other financial assets as included in the statement of financial position. As part of the credit risk management system, the Bank's management reviews information on significant amounts. The Bank's management assesses the credit quality of each counterparty, taking into account its financial position, past experience and other factors. The credit risk on amounts due from banking institutions, corporate bonds, government securities and balances with Central Bank of Kenya is limited because the counterparties are banks, the governments and corporations with high credit ratings.

The amount that best represents the Bank's such exposure to credit risk, at the end of the year is made up as follows:

	Dec. 31, 2024	Dec. 31, 2023
On balance sheet items exposed to credit risk	**Ksh '000**	Ksh '000
Cash and balances with central bank	**914,873**	1,229,433
Due from banks	**2,612,987**	2,872,456
Less:Impairment provision	**(9,182)**	(9,994)
Gross loans and advances to customers	**6,438,481**	6,463,369
Individual:		
- Overdraft	**103,781**	27,747
- Personal loans	**160,692**	221,784
- Mortgages	**54,244**	62,774
Corporate:		
- Overdraft	**1,486,812**	1,133,838
- Loans	**4,632,952**	5,017,226
Impairment provision	**(530,042)**	(561,764)
Derivative financial instruments	**-**	16,530
Financial investments:		
- Debt instruments	**5,397,549**	5,624,420
Impairment provision	**(78,298)**	(57,554)
Other assets	**190,105**	158,580
Total	**14,936,473**	**15,735,476**
Off balance sheet items exposed to credit risk		
Other contingent liabilities	**323,375**	858,550
Letters of credit (import and export)	**434,287**	36,174
Letter of guarantee	**1,995,493**	207,394
Total	**2,753,155**	**1,102,118**

The above table represents the Bank's Maximum exposure to credit risk on December 31, 2024, before taking into account any held collateral. For assets recognized on balance sheet, the exposures set out above are based on net carrying amounts as reported in the balance sheet.
As shown above, 43.11% of the total maximum exposure is derived from loans and advances to customers, 17.49% due from banks while investments in debt instruments represent 36.14%
Management is confident in its ability to continue to control and sustain minimal exposure of credit risk resulting from both the bank's loans and advances portfolio and debt instruments based on the following:

- 83.63% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 81.33% of loans and advances portfolio are considered to be neither past due nor impaired.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2024.
- 100% of the investments in debt instruments are Kenyan sovereign instruments.

4.1.7. Classification of loans and other receivables

Stage 1 assets

The Bank classifies loans and receivables under this category if they are up to date and in line with their contractual agreements. Such loans would have demonstrated the meeting of their financial and non-financial conditions and the borrowers would have proven capacity to repay the loans. These exposures will normally be maintained largely within approved facility programs and with no depiction of impairment or distress signs. These exposures are categorised as normal accounts (category 1) in accordance with the Central Bank of Kenya Prudential Guidelines.

Stage 2 assets

Loans and securities where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the stage of collection of amounts owed to the Bank. These loans are categorised as watch accounts (category 2) in accordance with the Central Bank of Kenya Prudential Guidelines.

Stage 3 assets

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These loans are graded substandard, doubtful and loss in accordance with the Central Bank of Kenya Prudential Guidelines.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured under these terms, it remains in this category for six months after which the category is reviewed.

Allowances for impairment

The Bank records an allowance for expected credit loss for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses.

Write-off policy

The Bank writes off a loan / balance (and any related allowances for impairment losses) when the Credit Committee determines that the loans / securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance loans, write off decisions are generally based on specific past due status.

Collateral held

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of restructuring or downgrading of the account, and generally are not updated except when a loan is individually assessed as impaired or where there is a market for the security. Collateral is generally not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral is usually not held against government securities, and no such collateral was held at December.31, 2024 (2023: nil).

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:
Loans and advances to customers:

	Dec. 31, 2024	Dec. 31, 2023
	Ksh '000	Ksh '000
Stage 1 assets		
Property	**7,376,354**	7,411,660
Other	**5,333,572**	5,142,727
Stage 2 assets		
Property	**178,700**	637,420
Other	**30,000**	291,139
Stage 3 assets		
Property	**1,469,688**	1,148,004
Other	**100,230**	305,944
	14,488,544	**14,936,894**

The main types of collateral and the types of assets these are associated with are listed in the table below. The collateral presented relates to instruments that are measured at FVTOCI and amortised cost

	Percentage of Exposure that is subject to collateral		Type of Collateral held
	Dec. 31, 2024	Dec. 31, 2023	
Mortgage lending	100%	100%	Property
Personal lending	69%	80%	Property, equipment & insurance bonds, Guarantees, Cash ,Govt Securities, Shares
Corporate lending	100%	92%	Property, equipment, Stock, insurance bonds, Guarantees, Cash ,Govt Securities, Shares

The Bank holds collateral to mitigate against the credit risk of its financial instruments. Accordingly, where the forced sale value of the collateral is higher than the total credit risk exposure for any financial instrument, after the consideration of the time to realisation of the collateral, no loss allowance is recognised at December.31, 2024. There was no change in the Bank's collateral policy during the year.

4.1.8. Credit quality

Concentrations of risk

The Bank monitors concentrations of credit risk by sector. Details of significant concentrations of the Bank's assets, liabilities and items off the statement of financial position by industry are as detailed below:

Advances to customers

	Dec. 31, 2024 Ksh '000	Dec. 31, 2024 %	Dec. 31, 2023 Ksh '000	Dec. 31, 2023 %
Agriculture	515,497	8%	74,965	1%
Building and Construction	374,340	6%	550,150	9%
Business Services	1,160,137	18%	344,642	5%
Electricity and Water	-	0%	96	0%
Finance and Insurance	1,476,856	23%	1,908,702	30%
Manufacturing	904,640	14%	1,194,576	18%
Mining and Quarrying	42,560	1%	77,752	1%
Other Activities and Enterprises	156,619	2%	209,224	3%
Real Estate	67,415	1%	60,012	1%
Personal/Household	317,310	5%	1,052,482	16%
Transport & Communication	108,809	2%	322,382	5%
Wholesale and Retail Trade	1,314,298	20%	668,386	10%
Total	6,438,481	100%	6,463,369	100%

Customer deposits

	Dec. 31, 2024 Ksh '000	Dec. 31, 2024 %	Dec. 31, 2023 Ksh '000	Dec. 31, 2023 %
Non-profit institutions and individuals	8,037,231	61%	6,288,955	55%
Private enterprises	4,516,014	34%	4,921,025	43%
Insurance companies	709,405	5%	284,890	2%
Total	13,262,650	100%	11,494,870	100%

Off balance sheet items

	Dec. 31, 2024 Ksh '000	Dec. 31, 2024 %	Dec. 31, 2023 Ksh '000	Dec. 31, 2023 %
Agriculture	219,513	8%	-	0%
Building and Construction	1,824,282	66%	146,013	13%
Electricity and Water	-	0%	18,673	2%
Finance and Insurance	-	0%	8,324	1%
Manufacturing	61,592	2%	-	0%
Transport & Communication	81,976	3%	12,098	1%
Wholesale and Retail Trade	242,417	9%	58,460	5%
Other contingent liabilities	323,375	12%	858,550	78%
Total	2,753,155	100%	1,102,118	100%

4.1.9. Loans and advances

Loans and advances are summarized as follows:

	Dec.31, 2024	Dec.31, 2023
	Ksh '000	Ksh '000
	Loans and advances to customers	Loans and advances to customers
Gross Loans and advances	**6,438,481**	6,463,369
Less:		
Impairment provision	**(530,042)**	(561,764)
Net	**5,908,439**	5,901,605

Total balances of loans and advances to customers divided by stages:

Dec.31, 2024

	Stage 1: Expected credit losses over 12 months	**Stage 2: Expected credit losses Over a lifetime that is not creditworthy**	**Stage 3: Expected credit losses Over a lifetime Credit default**	**Total**
Individuals	**285,116**	**9,140**	**24,461**	**318,717**
Corporate and Business Banking	**5,193,097**	**145,984**	**780,683**	**6,119,764**
Total	**5,478,213**	**155,124**	**805,144**	**6,438,481**

Dec.31, 2023

	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Total
Individuals	241,939	14,828	55,538	312,305
Corporate and Business Banking	4,951,335	375,749	823,980	6,151,064
Total	5,193,274	390,577	879,518	6,463,369

Expected credit losses for loans and advances to customers divided by stages:

Dec.31, 2024

	Stage 1: Expected credit losses over 12 months	**Stage 2: Expected credit losses Over a lifetime that is not creditworthy**	**Stage 3: Expected credit losses Over a lifetime Credit default**	**Total**
Individuals	**17,206**	**519**	**20,271**	**37,996**
Corporate and Business Banking	**76,706**	**22,635**	**392,705**	**492,046**
Total	**93,912**	**23,154**	**412,976**	**530,042**

Dec.31, 2023

	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Total
Individuals	16,356	1,828	47,050	65,234
Corporate and Business Banking	58,392	32,425	405,713	496,530
Total	74,748	34,253	452,763	561,764

Expected credit losses for government securiries

Dec.31, 2024

	Stage 1: Expected credit losses over 12 months	**Stage 2: Expected credit losses Over a lifetime that is not creditworthy**	**Stage 3: Expected credit losses Over a lifetime Credit default**	**Total**
Amortized cost	**78,298**	**-**	**-**	**78,298**
Total	**78,298**	**-**	**-**	**78,298**

Dec.31, 2023

	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Total
Amortized cost	57,554	-	-	57,554
Total	57,554	-	-	57,554

The total balances of loans and facilities divided according to the internal classification:

Corporate and Business Banking loans:

Dec.31, 2024	**Scope of probability of default (PD)**	**Stage 1: Expected credit losses over 12 months**	**Stage 2: Expected credit losses Over a lifetime that is not creditworthy**	**Stage 3: Expected credit losses Over a lifetime Credit default**	**Individually impaired**	**Total**
Grade 1: Normal	**1%-14%**	**5,193,097**	**-**	**-**	**-**	**5,193,097**
Grade 2: Watch	**14%-28%**	**-**	**145,984**	**-**	**-**	**145,984**
Grade 3: Substandard	**100%**	**-**	**-**	**132,180**	**-**	**132,180**
Grade 4: Doubtful	**100%**	**-**	**-**	**186,958**	**-**	**186,958**
Grade 5: Loss	**100%**	**-**	**-**	**461,545**	**-**	**461,545**
		5,193,097	**145,984**	**780,683**	**-**	**6,119,764**

Individual Loans:

Dec.31, 2024	**Scope of probability of default (PD)**	**Stage 1: Expected credit losses over 12 months**	**Stage 2: Expected credit losses Over a lifetime that is not creditworthy**	**Stage 3: Expected credit losses Over a lifetime Credit default**	**Individually impaired**	**Total**
Grade 1: Normal	**1%-15%**	**285,116**	**-**	**-**	**-**	**285,116**
Grade 2: Watch	**15%-30%**	**-**	**9,140**	**-**	**-**	**9,140**
Grade 3: Substandard	**100%**	**-**	**-**	**1,310**	**-**	**1,310**
Grade 4: Doubtful	**100%**	**-**	**-**	**-**	**-**	**-**
Grade 5: Loss	**100%**	**-**	**-**	**23,151**	**-**	**23,151**
		285,116	**9,140**	**24,461**	**-**	**318,717**

Corporate and Business Banking loans:

Dec.31, 2023	Scope of probability of default (PD)	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
Grade 1: Normal	1%-14%	4,951,335	-	-	-	4,951,335
Grade 2: Watch	14%-28%	-	375,749	-	-	375,749
Grade 3: Substandard	100%	-	-	234,282	-	234,282
Grade 4: Doubtful	100%	-	-	244,460	-	244,460
Grade 5: Loss	100%	-	-	345,238	-	345,238
		4,951,335	375,749	823,980	-	6,151,064

Individual Loans:

Dec.31, 2023	Scope of probability of default (PD)	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
Grade 1: Normal	1%-15%	241,939	-	-	-	241,939
Grade 2: Watch	15%-30%	-	14,828	-	-	14,828
Grade 3: Substandard	100%	-	-	1,051	-	1,051
Grade 4: Doubtful	100%	-	-	954	-	954
Grade 5: Loss	100%	-	-	53,533	-	53,533
		241,939	14,828	55,538	-	312,305

Expected credit losses divided by internal classification:

Corporate and Business Banking loans:

Dec.31, 2024	**Scope of probability of default (PD)**	**Stage 1: Expected credit losses over 12 months**	**Stage 2: Expected credit losses Over a lifetime that is not creditworthy**	**Stage 3: Expected credit losses Over a lifetime Credit default**	**Individually impaired**	**Total**
Grade 1: Normal	**1%-14%**	**76,706**	**-**	**-**	**-**	**76,706**
Grade 2: Watch	**14%-28%**	**-**	**22,635**	**-**	**-**	**22,635**
Grade 3: Substandard	**100%**	**-**	**-**	**45,467**	**-**	**45,467**
Grade 4: Doubtful	**100%**	**-**	**-**	**146,581**	**-**	**146,581**
Grade 5: Loss	**100%**	**-**	**-**	**200,657**	**-**	**200,657**
		76,706	**22,635**	**392,705**	**-**	**492,046**

Individual Loans:

Dec.31, 2024	**Scope of probability of default (PD)**	**Stage 1: Expected credit losses over 12 months**	**Stage 2: Expected credit losses Over a lifetime that is not creditworthy**	**Stage 3: Expected credit losses Over a lifetime Credit default**	**Individually impaired**	**Total**
Grade 1: Normal	**1%-15%**	**17,206**	**-**	**-**	**-**	**17,206**
Grade 2: Watch	**15%-30%**	**-**	**519**	**-**	**-**	**519**
Grade 3: Substandard	**100%**	**-**	**-**	**127**	**-**	**127**
Grade 4: Doubtful	**100%**	**-**	**-**	**-**	**-**	**-**
Grade 5: Loss	**100%**	**-**	**-**	**20,144**	**-**	**20,144**
		17,206	**519**	**20,271**	**-**	**37,996**

Corporate and Business Banking loans:

Dec.31, 2023	Scope of probability of default (PD)	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
Grade 1: Normal	1%-14%	58,392	-	-	-	58,392
Grade 2: Watch	14%-28%	-	32,425	-	-	32,425
Grade 3: Substandard	100%	-	-	83,943	-	83,943
Grade 4: Doubtful	100%	-	-	149,740	-	149,740
Grade 5: Loss	100%	-	-	172,030	-	172,030
		58,392	32,425	405,713	-	496,530

Individual Loans:

Dec.31, 2023	Scope of probability of default (PD)	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
Grade 1: Normal	1%-15%	16,356	-	-	-	16,356
Grade 2: Watch	15%-30%	-	1,828	-	-	1,828
Grade 3: Substandard	100%	-	-	-	-	-
Grade 4: Doubtful	100%	-	-	954	-	954
Grade 5: Loss	100%	-	-	46,096	-	46,096
		16,356	1,828	47,050	-	65,234

The following table provides information on the quality of financial assets during the financial year:

Dec.31, 2024

Due from banks	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Grade 1: Normal	2,612,987	-	-	2,612,987
Grade 2: Watch	-	-	-	-
Grade 3: Substandard	-	-	-	-
Grade 4: Doubtful	-	-	-	-
Grade 5: Loss	-	-	-	-
Total	2,612,987	-	-	2,612,987
Less:Impairment provision	(9,182)	-	-	(9,182)
Net	2,603,805	-	-	2,603,805

Individual Loans:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Grade 1: Normal	285,116	-	-	285,116
Grade 2: Watch	-	9,140	-	9,140
Grade 3: Substandard	-	-	1,310	1,310
Grade 4: Doubtful	-	-	-	-
Grade 5: Loss	-	-	23,151	23,151
Total	285,116	9,140	24,461	318,717
Less:Impairment provision	(17,207)	(519)	(20,270)	(37,996)
Net	267,909	8,621	4,191	280,721

Corporate and Business Banking loans:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Grade 1: Normal	5,193,097	-	-	5,193,097
Grade 2: Watch	-	145,984	-	145,984
Grade 3: Substandard	-	-	132,180	132,180
Grade 4: Doubtful	-	-	186,958	186,958
Grade 5: Loss	-	-	461,545	461,545
Total	5,193,097	145,984	780,683	6,119,764
Less:Impairment provision	(76,706)	(22,635)	(392,705)	(492,046)
Net	5,116,391	123,349	387,978	5,627,718

Financial Assets at Fair value through OCI	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Grade 1: Normal	3,178,481	-	-	3,178,481
Grade 2: Watch	-	-	-	-
Grade 3: Substandard	-	-	-	-
Grade 4: Doubtful	-	-	-	-
Grade 5: Loss	-	-	-	-
	3,178,481	-	-	3,178,481
Less:Impairment provision	-	-	-	-
Net	3,178,481	-	-	3,178,481

Financial Assets at Amortized cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Grade 1: Normal	2,219,068	-	-	2,219,068
Grade 2: Watch	-	-	-	-
Grade 3: Substandard	-	-	-	-
Grade 4: Doubtful	-	-	-	-
Grade 5: Loss	-	-	-	-
	2,219,068	-	-	2,219,068
Less:Impairment provision	(78,298)	-	-	(78,298)
Net	2,140,770	-	-	2,140,770

The following table provides information on the quality of financial assets during the financial year:

Dec.31, 2023

Due from banks	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Grade 1: Normal	2,872,456	-	-	2,872,456
Grade 2: Watch	-	-	-	-
Grade 3: Substandard	-	-	-	-
Grade 4: Doubtful	-	-	-	-
Grade 5: Loss	-	-	-	-
Total	2,872,456	-	-	2,872,456
Less:Impairment provision	(9,994)	-	-	(9,994)
Net	2,862,462	-	-	2,862,462

Individual Loans:	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Grade 1: Normal	241,939	-	-	241,939
Grade 2: Watch	-	14,828	-	14,828
Grade 3: Substandard	-	-	1,051	1,051
Grade 4: Doubtful	-	-	954	954
Grade 5: Loss	-	-	53,533	53,533
Total	241,939	14,828	55,538	312,305
Less:Impairment provision	(16,356)	(1,828)	(47,050)	(65,234)
Net	225,583	13,000	8,488	247,071

Corporate and Business Banking loans:	Stage 1		Stage 3	Total
Credit rating	12 months	Life time	Life time	
Grade 1: Normal	4,951,335	-	-	4,951,335
Grade 2: Watch	-	375,749	-	375,749
Grade 3: Substandard	-	-	234,282	234,282
Grade 4: Doubtful	-	-	244,460	244,460
Grade 5: Loss	-	-	345,238	345,238
Total	4,951,335	375,749	823,980	6,151,064
Less:Impairment provision	(58,392)	(32,425)	(405,713)	(496,530)
Net	4,892,943	343,324	418,267	5,654,534

Financial Assets at Fair value through OCI	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Grade 1: Normal	3,056,662	-	-	3,056,662
Grade 2: Watch	-	-	-	-
Grade 3: Substandard	-	-	-	-
Grade 4: Doubtful	-	-	-	-
Grade 5: Loss	-	-	-	-
	3,056,662	-	-	3,056,662
Less:Impairment provision	-	-	-	-
Net	3,056,662	-	-	3,056,662

Financial Assets at Amortized cost	Stage 1	Stage 2	Stage 3	Total
Grade 1: Normal	2,567,758	-	-	2,567,758
Grade 2: Watch	-	-	-	-
Grade 3: Substandard	-	-	-	-
Grade 4: Doubtful	-	-	-	-
Grade 5: Loss	-	-	-	-
	2,567,758	-	-	2,567,758
Less:Impairment provision	(57,554)	-	-	(57,554)
Net	2,510,204	-	-	2,510,204

The following table shows changes in expected ECL losses between the beginning and end of the year as a result of these factors:

Dec.31, 2024 Ksh '000

Due from banks	Stage 1	Stage 2	Stage 3	Total
Provision for credit losses on 1 January 2024	9,994	-	-	9,994
New financial assets purchased or issued	9,182	-	-	9,182
Matured or disposed financial assets	(9,994)	-	-	(9,994)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	-	-	-	-
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	9,182	-	-	9,182

Individual Loans:	Stage 1	Stage 2	Stage 3	Total
Provision for credit losses on 1 January 2024	16,356	1,828	47,050	65,234
Impairment during the year	851	(1,309)	3,251	2,793
Write off during the year	-	-	(30,031)	(30,031)
Recoveries	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	17,207	519	20,270	37,996

Corporate and Business Banking loans:	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Provision for credit losses on 1 January 2024	58,392	32,425	405,713	496,530
New financial assets purchased or issued	73,792	22,635	2,218	98,645
Matured or disposed financial assets	(34,939)	(19,932)	(166,410)	(221,281)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	(13,217)	13,217	-
Changes in the probability of default and loss in case of default and the exposure at default	-	-	-	-
Changes to model assumptions and methodology	(20,539)	724	207,177	187,362
Recoveries	-	-	-	-
Write off during the year	-	-	(69,210)	(69,210)
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	76,706	22,635	392,705	492,046

Financial Assets at Fair value through OCI	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
New financial assets purchased or issued	-	-	-	-
Matured or disposed financial assets	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case	-	-	-	-
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	-	-	-	-

Financial Assets at Amortized cost	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Provision for credit losses on 1 January 2024	57,554	-	-	57,554
New financial assets purchased or issued	20,744	-	-	20,744
Matured or disposed financial assets	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	-	-	-	-
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	78,298	-	-	78,298

The following table shows changes in expected ECL losses between the beginning and end of the year as a result of these factors:

Dec.31, 2023

Due from banks	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Provision for credit losses on 1 January 2023	785	-	-	785
New financial assets purchased or issued	9,994	-	-	9,994
Matured or disposed financial assets	(785)	-	-	(785)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	-	-	-	-
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	9,994	-	-	9,994

Individual Loans:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Provision for credit losses on 1 January 2023	5,837	473	52,345	58,655
Impairment during the year	10,519	1,355	(5,295)	6,579
Write off during the year	-	-	-	-
Recoveries	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	16,356	1,828	47,050	65,234

Corporate and Business Banking loans:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	12 months	**Life time**	**Life time**	
Provision for credit losses on 1 January 2023	126,589	44,828	439,760	611,177
New financial assets purchased or issued	52,005	12,231	88,956	153,192
Matured or disposed financial assets	(1,611)	(305)	(135,759)	(137,675)
Transferred to stage 1	3,414	(3,414)	-	-
Transferred to stage 2	(1,577)	1,577	-	-
Transferred to stage 3	(88,775)	(2,814)	91,589	-
Changes in the probability of default and loss in case of default and the exposure at default	-	-	-	-
Changes to model assumptions and methodology	(31,653)	(19,402)	(76,698)	(127,753)
Recoveries	-	-	-	-
Write off during the year	-	(276)	(2,135)	(2,411)
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	58,392	32,425	405,713	496,530

Financial Assets at Fair value through OCI	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	12 months	**Life time**	**Life time**	
Provision for credit losses on 1 January 2023	-	-	-	-
New financial assets purchased or issued	-	-	-	-
Matured or disposed financial assets	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case	-	-	-	-
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	-	-	-	-

Financial Assets at Amortized cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	12 months	**Life time**	**Life time**	
Provision for credit losses on 1 January 2023	39,451	-	-	39,451
New financial assets purchased or issued	18,103	-	-	18,103
New financial assets purchased or issued	-	-	-	-
Matured or disposed financial assets	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	-	-	-	-
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	57,554	-	-	57,554

As discussed in the significant increase in credit risk section, under the Bank's monitoring procedures a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 30 days past due. The table below provides an analysis of the gross carrying amount of loans and advances to customers by past due status.

Loans and advances to customers

	Ksh '000 Gross
Dec.31, 2024	
IFRS 9 Stage 1 (0- 30 days)	**5,478,213**
IFRS 9 Stage 2 (31- 90 days)	**155,124**
IFRS 9 Stage 3(Over 90 days)	**805,144**
Total	**6,438,481**
Dec.31, 2023	
IFRS 9 Stage 1 (0- 30 days)	5,193,274
IFRS 9 Stage 2 (31- 90 days)	390,577
IFRS 9 Stage 3(Over 90 days)	879,518
Total	6,463,369

Restructured loans and advances

Restructuring activities include rescheduling arrangements, applying obligatory management programs, modifying and deferral of payments. The application of restructuring policies are based on indicators or criteria of credit performance of the borrower that is based on the personal judgment of the management, which indicate that payment will most likely continue. Restructured loans at the end of the year were as below:

	Dec.31, 2024	**Dec.31, 2023**
Loans and advances to customer	**Ksh '000**	Ksh '000
Corporates	**35,859**	122,970
Total	**35,859**	122,970

4.1.10. Financial investments:

The following table represents an analysis of financial investment balances by rating agencies at the end of the year based on Standard & Poor's valuation and its equivalent.

Dec.31, 2024 **Ksh '000**

Amortized cost	**Stage 1: Expected credit losses over 12 months**	**Stage 2: Expected credit losses Over a lifetime that is not creditworthy**	**Stage 3: Expected credit losses Over a lifetime Credit default**	**Individually impaired**	**Total**
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A to -A+	-	-	-	-	-
Less than -A	**2,140,770**	-	-	-	**2,140,770**
Not rated	-	-	-	-	-
Total	**2,140,770**	-	-	-	**2,140,770**

Dec.31, 2024 **Ksh '000**

Fair value through OCI	**Stage 1: Expected credit losses over 12 months**	**Stage 2: Expected credit losses Over a lifetime that is not creditworthy**	**Stage 3: Expected credit losses Over a lifetime Credit default**	**Individually impaired**	**Total**
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A to -A+	-	-	-	-	-
Less than -A	**3,178,481**	-	-	-	**3,178,481**
Not rated	-	-	-	-	-
Total	**3,178,481**	-	-	-	**3,178,481**

The following table represents an analysis of financial investment balances by rating agencies at the end of the year based on Standard & Poor's valuation and its equivalent.

Dec.31, 2023 Ksh '000

Amortized cost	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A to -A+	-	-	-	-	-
Less than -A	2,510,204	-	-	-	2,510,204
Not rated	-	-	-	-	-
Total	2,510,204	-	-	-	2,510,204

Dec.31, 2023 Ksh '000

Fair value through OCI	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A to -A+	-	-	-	-	-
Less than -A	3,056,662	-	-	-	3,056,662
Not rated	-	-	-	-	-
Total	3,056,662	-	-	-	3,056,662

The following table shows the analysis of impairment on credit losses of financial investments by rating agencies at the year end based on Standard & Poor's valuation and its equivalent.

Dec.31, 2024 **Ksh '000**

Fair value through OCI	**Stage 1: Expected credit losses over 12 months**	**Stage 2: Expected credit losses Over a lifetime that is not creditworthy**	**Stage 3: Expected credit losses Over a lifetime Credit default**	**Individually impaired**	**Total**
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A to -A+	-	-	-	-	-
Less than -A	-	-	-	-	-
Not rated	-	-	-	-	-
Total	-	-	-	-	-

Dec.31, 2023 Ksh '000

Fair value through OCI	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A to -A+	-	-	-	-	-
Less than -A	-	-	-	-	-
Not rated	-	-	-	-	-
Total	-	-	-	-	-

4.1.11. Concentration of risks of financial assets with credit risk exposure

4.1.11.1. Geographical sectors

Following is a breakdown of the Bank's main credit exposure at their book values categorized by geographical region at the end of the year.

The Bank has allocated exposures to regions based on the region of domicile of its counterparties.

Dec.31, 2024	**Nairobi**	**Coast**	**Rift valley**	**Total**
				Ksh '000
Cash and balances with Central Bank of Kenya	**873,594**	**25,036**	**16,243**	**914,873**
Due from banks	**2,612,987**	-	-	**2,612,987**
Less:Impairment provision	**(9,182)**	-	-	**(9,182)**
Gross loans and advances to customers				
Individual:				
- Overdrafts	**100,903**	**7**	**2,872**	**103,782**
- Personal loans	**130,982**	**19,271**	**10,439**	**160,691**
- Mortgages	**42,726**	**11,518**	**-**	**54,244**
Corporate:				
- Overdrafts	**1,166,522**	**207,205**	**113,085**	**1,486,812**
- Other loans	**3,535,236**	**728,992**	**368,724**	**4,632,952**
Impairment provision	**(271,048)**	**(91,123)**	**(167,871)**	**(530,042)**
Financial investments:				
-Debt instruments	**5,397,549**	**-**	**-**	**5,397,549**
Impairment provision	**(78,298)**	**-**	**-**	**(78,298)**
Total	**13,501,971**	**900,906**	**343,491**	**14,746,368**

Dec.31, 2023	Nairobi	Coast	Rift valley	Total
				Ksh '000
Cash and balances with Central Bank of Kenya	1,208,187	11,309	9,937	1,229,433
Due from banks	2,872,456	-	-	2,872,456
Less:Impairment provision	(9,994)	-	-	(9,994)
Gross loans and advances to customers				
Individual:				
- Overdrafts	27,113	575	59	27,747
- Personal loans	185,738	25,001	11,045	221,784
- Mortgages	48,479	14,295	-	62,774
Corporate:				
- Overdrafts	964,388	57,114	112,336	1,133,838
- Other loans	3,610,140	970,822	436,264	5,017,226
Impairment provision	(363,710)	(66,647)	(131,407)	(561,764)
Derivative financial instruments	16,530	-	-	16,530
Financial investments:				
- Debt instruments	5,624,420	-	-	5,624,420
Impairment provision	(57,554)	-	-	(57,554)
Total	14,126,193	1,012,469	438,234	15,576,896

4.1.11.2. Industry sectors

The following table analyses the Bank's main credit exposure at their book value categorized by the customers activities.

Ksh '000

Dec.31, 2024	**Agriculture**	**Building and Construction**	**Business Services**	**Electricity and Water**	**Finance and Insurance**	**Individual**	**Manufacturing**	**Government sector**	**Mining and Quarrying**	**Other Activities and**	**Real estate**	**Transport and Communication**	**Wholesale and retail trade**	**Total**
Cash and balances with Central Bank of Kenya	-	-	-	-	914,873	-	-	-	-	-	-	-	-	914,873
Due from banks	-	-	-	-	2,612,987	-	-	-	-	-	-	-	-	2,612,987
Less:Impairment provision	-	-	-	-	(9,182)	-	-	-	-	-	-	-	-	(9,182)
Gross loans and advances to customers														
Individual:														
- Overdrafts	-	-	-	-	-	103,782	-	-	-	-	-	-	-	103,782
- Personal loans	-	-	-	-	-	159,285	-	-	-	1,407	-	-	-	160,692
- Mortgages	-	-	-	-	-	54,244	-	-	-	-	-	-	-	54,244
Corporate:														
- Overdrafts	-	201,090	103,990	-	484,934	-	166,512	-	-	40,838	7,625	952	480,870	1,486,811
- Loans	515,497	173,249	1,056,147	-	991,921	-	738,128	-	42,560	114,374	59,791	107,857	833,428	4,632,952
Impairment provision	(1,062)	(47,631)	(109,577)	-	(22,769)	(37,995)	(24,315)	-	-	(21,936)	(30,676)	(54,375)	(179,706)	(530,042)
Net loans and advances to customers	514,435	326,708	1,050,560	-	1,454,086	279,316	880,325	-	42,560	134,683	36,740	54,434	1,134,592	5,908,439
Financial investments:														
-Debt instruments	-	-	-	-	-	-	-	5,397,549	-	-	-	-	-	5,397,549
Impairment provision	-	-	-	-	-	-	-	(78,298)	-	-	-	-	-	(78,298)
Total	514,435	326,708	1,050,560	-	4,972,764	279,316	880,325	5,319,251	42,560	134,683	36,740	54,434	1,134,592	14,746,368

Ksh '000

Dec.31, 2023	Agriculture	Building and Construction	Business Services	Electricity and Water	Finance and Insurance	Individual	Manufacturing	Government sector	Mining and Quarrying	Other Activities and	Real estate	Transport and Communication	Wholesale and retail trade	Total
Cash and balances with Central Bank of Kenya	-	-	-	-	1,229,433	-	-	-	-	-	-	-	-	1,229,433
Due from banks	-	-	-	-	2,872,456	-	-	-	-	-	-	-	-	2,872,456
Less:Impairment provision	-	-	-	-	(9,994)	-	-	-	-	-	-	-	-	(9,994)
Gross loans and advances to customers														
Individual:														
- Overdrafts	-	-	-	-	-	27,747	-	-	-	-	-	-	-	27,747
- Personal loans	-	-	-	-	-	221,784	-	-	-	-	-	-	-	221,784
- Mortgages	-	-	-	-	-	62,774	-	-	-	-	-	-	-	62,774
Corporate:														-
- Overdrafts	-	267,212	46,272	-	254,637	-	55,307	-	-	45,935	5,423	207,698	251,354	1,133,838
- Loans	74,965	282,938	298,370	96	1,654,065	740,175	1,139,270	-	77,752	163,289	54,589	114,684	417,033	5,017,226
Impairment provision	-	(16,409)	(114,154)	-	(28,545)	(65,395)	(50,523)	-	-	(23,925)	(17,853)	(96,061)	(148,899)	(561,764)
Net loans and advances to customers	74,965	533,741	230,488	96	1,880,157	987,085	1,144,054	-	77,752	185,299	42,159	226,321	519,488	5,901,605
Financial investments:														-
-Debt instruments	-	-	-	-	-	-	-	5,624,420	-	-	-	-	-	5,624,420
	-	-	-	-	-	-	-	(57,554)	-	-	-	-	-	(57,554)
Total	74,965	533,741	230,488	96	5,972,052	987,085	1,144,054	5,566,866	77,752	185,299	42,159	226,321	519,488	15,560,366

4.2. Market risk

The objective of market risk management process is to manage and control market risk exposures in order to optimise return on risk while maintaining a market profile as a provider of financial products and services. Market risk is the risk that movement in market factors, including interest rates and foreign currency exchange rates, will reduce income or value of portfolio.

The Bank's Risk and Compliance Department is responsible for the development of detailed market risk management policies and for the day to day implementation of those policies.

4.2.1. Market risk measurement techniques

As part of the management of market risk, the Bank undertakes various strategies and enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt instrument and loans to which the fair value option has been applied .

4.2.2. Foreign exchange risk

The Bank operates in Kenya and its assets and liabilities are carried in Kenya shilling. The Bank maintains trade with correspondent banks and takes deposits and lends in foreign currencies.

The Bank's currency position and exposure are managed within the exposure guideline of 10% of the core capital as stipulated by the Central Bank of Kenya. This position is reviewed on a daily basis by the management. The table below summarises the Bank's exposure to foreign exchange rate risk as at December 31, 2024. Included in the table are the Bank's financial instruments at carrying amounts categorised by currency.

Ksh '000

Dec.31, 2024	Ksh	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances with central bank	827,740	62,384	10,651	14,098	-	914,873
Gross due from banks	1,864,379	734,581	10,016	3,820	191	2,612,987
Gross loans and advances to customers	5,090,965	1,347,516	-	-	-	6,438,481
Other assets	261,232	8	-	-	-	261,240
Financial investments						
Gross financial investment securities	4,796,446	601,103	-	-	-	5,397,549
Total financial assets	12,840,762	2,745,592	20,667	17,918	191	15,625,130
Financial liabilities						
Due to banks	-	-	-	-	-	-
Due to customers	10,770,958	2,451,407	21,412	18,873	-	13,262,650
Other liabilities	158,157	65	51	-	-	158,273
Lease liabilities	66,111	-	-	-	-	66,111
Total financial liabilities	10,995,226	2,451,472	21,463	18,873	-	13,487,034
Net on-balance sheet financial position	1,845,536	294,120	(796)	(955)	191	2,138,096

Dec.31, 2023	Ksh	USD	EUR	GBP	Other	Ksh '000 Total
Financial assets						
Cash and balances with central bank	969,250	244,446	11,283	4,454	-	1,229,433
Gross due from banks	679	2,854,413	15,757	1,357	250	2,872,456
Gross loans and advances to banks						-
Gross loans and advances to customers	5,310,652	1,152,717	-	-	-	6,463,369
Other assets	203,565	10	189	970	-	204,734
Financial investments						
Gross financial investment securities	4,509,803	1,114,617	-	-	-	5,624,420
Total financial assets	10,993,949	5,366,203	27,229	6,781	250	16,394,412
Financial liabilities						
Due to banks	552,350	1,093,698	-	-	-	1,646,048
Due to customers	6,315,606	5,145,254	27,229	6,781	-	11,494,870
Derivative financial instruments	-	-	-	-	-	-
Other liabilities	121,754	-	-	-	-	121,754
Lease liabilities	89,298	-	-	-	-	89,298
Total financial liabilities	7,079,008	6,238,952	27,229	6,781	-	13,351,970
Net on-balance sheet financial position	3,914,940	(872,749)	-	-	250	3,042,442

Foreign exchange risk – Appreciation/Depreciation of KSh against other currencies by 10%.

The Foreign Exchange risks sensitivity analysis is based on the following assumptions;
•Foreign exchange exposures represent net currency positions of all currencies other than Kenya Shillings.
•The currency risk sensitivity analysis is based on the assumption that all net currency positions are highly effective.
•The base currency in which the Bank's business is transacted is Kenya Shillings.

The table below sets out the impact on earnings of an incremental 10% parallel fall or rise in all foreign currencies at the beginning of each quarter during the year from 1 January 2024.

Assuming no management actions, a series of such rises and falls would impact the earnings and capital as illustrated in the table below;

Dec.31, 2024	Amount	Scenario 1 10% appreciation	Ksh '000 Scenario 2 10% depreciation
Core Capital	**2,366,979**	**2,354,227**	**2,379,732**
Total Capital	**2,366,979**	**2,354,227**	**2,379,732**
Risk Weighted Assets (RWA)	**14,003,957**	**14,003,957**	**14,003,957**
Adjusted Core Capital to RWA	**16.90%**	**16.81%**	**16.99%**
Adjusted Total Capital to RWA*	**16.90%**	**16.81%**	**16.99%**

*all variables are constant except for movement of the foreign exchange rate under each scenario

4.2.3. Interest rate risk

The Bank is exposed to the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The maturities of asset and liabilities and the ability to replace at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the Bank's exposure to changes in interest rates and liquidity. Interest rates on advances to customers and other risk assets are either pegged to the Bank's base lending or the treasury bill rate. The base rate is adjusted from time to time to reflect the cost of deposits.

The Risk and Compliance Committee closely monitors the interest rate trends to minimize the potential adverse impact of interest rate changes.

The table below summarizes the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of repricing or contractual maturity dates.

Ksh '000

Dec.31, 2024	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non- Interest Bearing	Total
Financial assets							
Cash and balances with central bank	-	-	-	-	-	914,873	914,873
Gross due from banks	1,776,587	762,253	-	-	-	74,146	2,612,986
Gross loans and advances to customers	6,438,481	-	-	-	-	-	6,438,481
Financial investments	-	-	-	-	-	-	
Gross financial investment securities	-	71,312	71,311	430,943	4,823,983	-	5,397,549
Total financial assets	8,215,068	833,565	71,311	430,943	4,823,983	989,019	15,363,889
Financial liabilities							
Due to banks	-	-	-	-	-	-	-
Due to customers	1,787,223	3,360,605	4,319,780	586,510	-	3,208,532	13,262,650
Total financial liabilities	1,787,223	3,360,605	4,319,780	586,510	-	3,208,532	13,262,650
Total interest re-pricing gap	6,427,845	(2,527,040)	(4,248,469)	(155,567)	4,823,983	(2,219,513)	2,101,239

Ksh '000

Dec.31, 2023	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non- Interest Bearing	Total
Financial assets							
Cash and balances with central bank	-	-	-	-	-	1,229,433	1,229,433
Gross due from banks	1,435,109	1,335,725	-	-	-	101,622	2,872,456
Gross loans and advances to customers	6,463,369	-	-	-	-	-	6,463,369
Financial investments							
Gross financial investment securities	-	-	-	918,234	4,648,632	-	5,566,866
Total financial assets	7,898,478	1,335,725	-	918,234	4,648,632	1,331,055	16,132,124
Financial liabilities							
Due to banks	1,646,048	-	-	-	-	-	1,646,048
Due to customers	1,963,053	4,674,206	2,315,681	223,940	-	2,317,989	11,494,870
Total financial liabilities	3,609,101	4,674,206	2,315,681	223,940	-	2,317,989	13,140,918
Total interest re-pricing gap	4,289,377	(3,338,481)	(2,315,681)	694,294	4,648,632	(986,934)	2,991,206

Interest rate risks – Increase/Decrease of 10% in Net Interest Margin

The interest rate risks sensitivity analysis is based on the following assumptions:

•Changes in the market interest rates affect the interest income or expenses of variable interest financial instruments.
•Changes in market interest rates only affect interest income or expenses in relation to financial instruments with fixed interest rates if these are recognized at their fair value.
•The interest rate changes will have a significant effect on interest sensitive assets and liabilities and hence simulation modelling is applied to net interest margins.
•The interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged.
•The projections make other assumptions including that all positions run to maturity.
The table below sets out the impact on net interest income of an incremental 10% parallel fall or rise in all yield curves at the beginning of each quarter from 1 January 2024.

Dec.31, 2024			**Ksh '000**
	Amount	**Scenario 1 Increase net interest margin by 10%**	**Scenario 2 Decrease net interest margin by 10%**
Profit before tax	**(1,019,799)**	**(971,967)**	**(1,067,632)**
Core Capital	**2,366,979**	**2,414,812**	**2,319,147**
Total Capital	**2,366,979**	**2,414,812**	**2,319,147**
Risk Weighted Assets (RWA)	**14,003,957**	**14,003,957**	**14,003,957**
Adjusted Core Capital to RWA	**16.90%**	**17.24%**	**16.56%**
Adjusted Total Capital to RWA	**16.90%**	**17.24%**	**16.56%**

*all variables are constant except for movement of the interest rate under each scenario.

4.3. Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.
The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

Liquidity Risk Management Organization and Measurement Tools

Liquidity risk is governed by Asset and Liability Committee (ALCO) and Board Risk Committee (BRC) subject to provisions of Treasury Policy Guide (TPG).
Board Risk Committee (BRC): Provides oversight of risk management functions and assesses compliance to the set risk strategies and policies approved by the Board of Directors (BoD) through periodic reports submitted by the Risk Group. The committee makes recommendations to the BoD with regards to risk management strategies and policies (including those related to capital adequacy, liquidity management, various types of risks: credit, market, operation, compliance, reputation and any other risks the Bank may be exposed to).

Asset & Liability Committee (ALCO): Optimises the allocation of assets and liabilities, taking into consideration expectations of the potential impact of future interest rate fluctuations, liquidity constraints, and foreign exchange exposures. ALCO monitors the Bank's liquidity and market risks, economic developments, market fluctuations, and risk profile to ensure ongoing activities are compatible with the risk/ reward guidelines approved by the BoD.

4.3.1. Liquidity risk management process

The Bank's liquidity management process is carried by the Treasury Department and monitored independently by the Risk Management Department, and includes projecting cash flows by major currency under various stress scenarios and considering the level of liquid assets necessary in relation thereto:
-Maintaining an active presence in global money markets to enable this to happen.
-Maintaining a diverse range of funding sources with back-up facilities
-Monitoring balance sheet liquidity and advances to core funding ratios against internal and CBK regulations.
-Managing the concentration and profile of debt maturities.
Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

4.3.2. Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers with the minimum ratio required by the regulator being 20%. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from Banks, debt securities issued, other borrowings and commitments maturing within the next month. Details of the reported Bank ratio of net liquid assets to deposits from customers at the reporting date and during the reporting year were as follows:

	Dec.31, 2024	Dec.31, 2023
At year end	**64.2%**	65.4%
Average for the year	**70.0%**	86.1%
Maximum for the year	**77.9%**	91.4%
Minimum for the year	**63.1%**	65.4%

4.3.3. Undiscounted cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities and the maturities assumption for non contractual products on the basis of their behaviour studies, at balance sheet date.

Ksh '000

Dec.31, 2024	**Up to 1 month**	**One to three months**	**Three months to one year**	**One year to five years**	**Over five years**	**Total**
Financial liabilities						
Due to banks	-	-	-	-	-	-
Due to customers	**5,096,814**	**4,135,983**	**5,843,252**	**773,787**	**-**	**15,849,836**
Lease liabilities	**4,437**	**13,154**	**17,719**	**38,213**	**1,753**	**75,275**
Total liabilities (contractual and non contractual maturity dates)	**5,101,251**	**4,149,136**	**5,860,971**	**812,000**	**1,753**	**15,925,111**
Total financial assets (contractual and non contractual maturity dates)	**8,215,068**	**833,565**	**71,312**	**430,943**	**5,813,002**	**15,363,890**
Net liquidity gap	**3,113,817**	**(3,315,571)**	**(5,789,659)**	**(381,057)**	**5,811,249**	**(561,221)**

Ksh '000

Dec.31, 2023	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total
Financial liabilities						
Due to banks	1,649,091	-	-	-	-	1,649,091
Due to customers	2,330,615	4,811,717	4,246,123	472,958	-	11,861,413
Lease liabilities	3,545	22,513	24,076	51,252	-	101,385
Total liabilities (contractual and non contractual maturity dates)	3,983,251	4,834,230	4,270,199	524,210	-	13,611,889
Total financial assets (contractual and non contractual maturity dates)	7,898,478	1,335,725	-	918,234	5,979,687	16,132,124
Net liquidity gap	3,915,227	(3,498,505)	(4,270,199)	394,024	5,979,687	2,520,235

4.3.3. Undiscounted cash flows (continued)

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from CBK and due from banks, treasury bills, other government notes , loans and advances to banks and customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt instrument and treasury bills and other governmental notes have been pledged to secure liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

Off balance sheet items				**Ksh '000**
Dec.31, 2024	**Up to 1 year**	**1-5 years**	**Over 5 years**	**Total**
Other contingent liabilities	**323,375**	**-**	**-**	**323,375**
Letters of credit, guarantees and other commitments	**2,112,340**	**317,440**	**-**	**2,429,780**
Total	**2,435,715**	**317,440**	**-**	**2,753,155**

Off balance sheet items				Ksh '000
Dec.31, 2023	Up to 1 year	1-5 years	Over 5 years	Total
Other contingent liabilities	858,550	-	-	858,550
Letters of credit, guarantees and other commitments	232,994	10,574	-	243,568
Total	**1,091,544**	**10,574**	**-**	**1,102,118**

4.4. Fair value of financial assets and liabilities

4.4.1. Financial instruments not measured at fair value

Quantitative disclosures fair value measurement hierarchy for assets as at December 31, 2024:

instruments:

Level 1 - Quoted prices in active markets for the same instrument (i.e. without modification or repacking);

Level 2 - Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3 - Valuation techniques for which any significant input is not based on observable market data.

The table below summarizes the book value and fair value of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	Level	Book value		Fair value	
		Dec.31, 2024	Dec.31, 2023	**Dec.31, 2024**	Dec.31, 2023
Financial assets					
Due from banks		**2,603,805**	2,862,462	**2,603,805**	2,862,462
Net loans and advances to customers		**5,908,439**	5,901,605	**5,908,439**	5,901,605
- Individual		**280,722**	247,071	**280,722**	247,071
- Corporate		**5,627,717**	5,654,534	**5,627,717**	5,654,534
Financial investments:					
Amortized cost	**1**	**2,140,770**	2,510,204	**2,027,449**	2,334,730
Total financial assets		**10,653,014**	11,274,271	**10,539,693**	11,098,797
Financial liabilities					
Due to banks		-	1,646,048	-	1,646,048
Due to customers		**13,262,650**	11,494,870	**13,262,650**	11,494,870
Total financial liabilities		**13,262,650**	13,140,918	**13,262,650**	13,140,918

The fair value is considered in the previous note from the second and third level in accordance with the fair value standard

Due from banks

The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of floating interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and similar maturity date.

Fair values of financial instruments

The following table provides the fair value measurement hierarchy of the assets and liabilities.

Dec.31, 2024	**Date of Valuation**	**Total**	**Fair value measurement using** Quoted prices in active markets (Level 1)	**Significant observable inputs (level 2)**	**Valuation techniques (level 3)**
Measured at fair value:					
Financial assets					
Financial Assets at Fair value through OCI	**31-Dec-24**	**3,178,481**	**3,178,481**	**-**	**-**
Total		**3,178,481**	**3,178,481**	**-**	**-**

Dec.31, 2023	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (level 2)	Valuation techniques (level 3)
Measured at fair value:					
Financial assets					
Financial Assets at Fair value through OCI	31-Dec-23	3,056,662	3,056,662	-	-
Total		3,056,662	3,056,662	-	-

Fair value of financial assets and liabilities

Loans and advances to banks
The expected fair value of the loans and advances represents the discounted value of future cash flows expected to be collected. Cash flows are discounted using the current market rate of interest to determine fair value.

Loans and advances to customers
Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Financial investments
Investment securities include only interest-bearing assets, financial assets at amortized cost, and fair value through OCI.
Fair value for amortized cost assets is based on market prices or broker/dealer price quotations.

Due to other banks and customers
The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar maturity date.

4.5 Capital management
The Bank's objectives when managing capital are:

- to safeguard the Bank's ability to continue as a going concern in order to provide acceptable returns to the shareholders and benefits for other stakeholders while maintaining an optimal capital structure.
- to comply with capital requirements set by the Central Bank of Kenya.
- to maintain a strong capital base to support continued business development.
- to create an acceptable buffer catering for unexpected losses that the Bank may incur in adverse market scenarios during the course of its business

Regulatory capital

The Bank's objective when managing regulatory capital is broadly covered as follows:

Banking

In line with our industry, the broader concept of capital and its adequacy is based on guidelines developed by the Basel Committee's Accords and implemented for supervisory purposes by the Central Bank of Kenya (CBK).
CBK largely segregate the total regulatory capital into two tiers;

- Tier 1 Capital (Core Capital), means permanent shareholders equity in the form of issued and fully paid-up shares plus all disclosed reserves, less goodwill or any intangible assets. It includes ordinary share capital, share premium and retained earnings.
- Tier 2 Capital (Supplementary Capital) includes among others, property revaluation reserves (up to a certain level subject to regulatory approval) and collective impairment allowances.

Various limits are applied to elements of the capital base. The amount of innovative tier 1 securities cannot exceed 15 percent of total tier 1 capital; qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital. There also are restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of Banks and certain other regulatory items.

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-statement of financial position exposures.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

In implementing current capital requirements, the Central Bank of Kenya requires each Bank to maintain;

- a minimum level of regulatory capital of Shs 1 billion.
- a ratio of core capital to the risk–weighted assets plus risk-weighted off-statement of financial position assets at or above the required minimum of 10.50%.
- core capital of not less than 8% of total deposit liabilities.
- total capital of not less than 14.50% of risk-weighted assets plus risk-weighted off-statement of financial position items.

The Bank has complied with all externally imposed capital requirements throughout the year.

There have been no material changes in the Bank's management of capital during the year.

The Bank's regulatory capital position at 31 December was as follows as per Central Bank of Kenya:

1-The capital adequacy ratio	Dec.31, 2024	Dec.31, 2023
	Ksh '000	Ksh '000
Tier 1 capital		
Ordinary share capital	**4,081,633**	4,081,633
Share premium	**1,613,139**	1,613,139
Accumulated deficit	**(1,920,161)**	(1,210,376)
Less: Deferred tax asset	**(1,407,632)**	(1,225,955)
Total qualifying tier 1 capital	**2,366,979**	3,258,441
Tier 2 capital		
Statutory Loan Loss Reserve	**58,337**	86,675
Total qualifying tier 2 capital	**58,337**	86,675
Total capital 1+2	**2,425,316**	3,345,116
Risk weighted assets		
On balance sheet items	**7,508,605**	7,703,794
Off balance sheet items	**1,879,641**	378,029
Market risk	**2,898,621**	3,245,360
Operational risk	**1,717,090**	1,493,470
Total Risk-weighted assets	**14,003,957**	12,820,653
Core capital to Total Risk Weighted assets ratio	**16.90%**	25.42%
Total capital to Total Risk Weighted Assets ratio	**17.32%**	26.09%

Total regulatory capital expressed as a percentage of total risk-weighted assets (Minimum requirement 14.50%)

Total tier 1 capital expressed as a percentage of risk-weighted assets (Minimum requirement 10.50%)

The risk weighted assets are as follows:

	Dec.31, 2024			Dec.31, 2023		
	Amount	**Weight**	**Risk Weighted**	Amount	Weight	Risk Weighted
On balance sheet assets	**Ksh '000**	**%**	**Ksh '000**	Ksh '000	%	Ksh '000
Cash (including foreign notes and coins)	**117,482**	**0%**	**-**	119,369	0%	-
Balances with Central Bank of Kenya	**797,391**	**0%**	**-**	1,110,064	0%	-
Kenya Government Treasury Bills	**142,623**	**0%**	**-**	-	0%	-
Kenya Government Treasury Bonds	**5,176,628**	**0%**	**-**	5,566,866	0%	-
Deposits and balances due from local institutions	**1,858,953**	**20%**	**371,791**	1,355,696	20%	271,139
Deposits and balances due from foreign institutions	**744,852**	**20%**	**148,970**	1,506,766	20%	301,353
Lending fully secured by cash	**1,255,134**	**0%**	**-**	727,684	0%	-
Loans and receivables Secured by residential property	**34,599**	**35%**	**12,110**	39,548	35%	13,842
Other Loans and advances (net of provisions)	**4,618,706**	**100%**	**4,618,706**	5,134,374	100%	5,134,374
Fixed Assets(net of depreciation)	**566,895**	**100%**	**566,895**	535,868	100%	535,868
Other assets	**1,790,133**	**100%**	**1,790,133**	1,447,218	100%	1,447,218
Total	**17,103,396**		**7,508,605**	17,543,453		7,703,794
Local Financial Institutions (Notional amount of swap deals)	**323,375**	**20%**	**64,675**	858,550	20%	171,710
Off balance sheet assets						
Transactions Secured by Cash	**614,814**	**0%**	**-**	37,249	0%	-
Others	**1,814,966**	**100%**	**1,814,966**	206,319	100%	206,319
Total	**2,429,780**		**1,814,966**	243,568		206,319

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.
The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by Risk and Compliance and Credit.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank's longer term strategic objectives. The Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

5. Segment analysis

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Bank's other components, whose operating results are reviewed regularly by the executive committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

5.1. Classification by business segment

The Bank is divided into three main business segments:

- corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products.
- investment – incorporating financial instruments Trading.
- retail banking – incorporating private banking services, private customer current accounts, savings and deposits.

Transactions between the business segments are on normal commercial terms and conditions.

Major Customers - The Bank does not have major customers contributing to 10% or more of the Bank's income.

Ksh '000

	Corporate banking	Investments	Retail banking	Total
Dec.31, 2024				
Interest income	**983,454**	**854,022**	**41,804**	**1,879,280**
Interest expense	**(699,851)**	**(503,185)**	**(123,107)**	**(1,326,143)**
Net interest income	**283,603**	**350,837**	**(81,303)**	**553,137**
Net fees and commission income	**58,247**	**53,374**	**2,648**	**114,269**
Other income	**-**	**-**	**-**	**-**
Depreciation and amortization	**(84,967)**	**(74,347)**	**(53,104)**	**(212,418)**
Impairment	**(98,999)**	**(11,837)**	**(13,298)**	**(124,134)**
Operating expenses	**(431,495)**	**(724,391)**	**(194,767)**	**(1,350,653)**
Profit before tax	**(273,611)**	**(406,363)**	**(339,825)**	**(1,019,799)**
Tax expense	**18,343**	**263,333**	**-**	**281,676**
(Loss)/Profit for the year	**(255,268)**	**(143,030)**	**(339,825)**	**(738,123)**

	Corporate banking	Investments	Retail banking	Total
Dec.31, 2023				
Interest income	492,507	879,463	190,176	1,562,146
Interest expense	(321,066)	(397,597)	(55,606)	(774,269)
Net interest income	171,441	481,866	134,570	787,877
Net fees and commission income	33,854	55,753	13,072	102,679
Other income	-	21,224	-	21,224
Depreciation and amortization	(78,043)	(68,288)	(48,776)	(195,107)
Impairment	41,717	14,073	21,160	76,950
Operating expenses	(550,067)	(247,522)	(275,918)	(1,073,507)
Profit before tax	(381,098)	257,106	(155,892)	(279,884)
Tax expense	28,136	247,938	4,429	280,503
(Loss)/Profit for the year	(352,962)	505,044	(151,463)	619

Ksh '000

	Corporate banking	Investments	Retail banking	Total
Dec.31, 2024				
Cash and Bank balances	**-**	**8,720,447**	**117,482**	**8,837,929**
Loans and advances	**5,627,717**	**-**	**280,722**	**5,908,439**
Other Assets	**-**	**2,035,349**	**321,679**	**2,357,028**
Funding Centre	**(1,524,298)**	**(7,022,037)**	**8,546,335**	**-**
Total assets	**4,103,419**	**3,733,759**	**9,266,218**	**17,103,396**
Customer deposits	**4,103,419**	**-**	**9,159,231**	**13,262,650**
Dues to banks	**-**	**-**	**-**	**-**
Other liabities	**-**	**117,397**	**106,987**	**224,384**
Equity	**-**	**3,616,362**	**-**	**3,616,362**
Total liabilities and shareholders' funds	**4,103,419**	**3,733,759**	**9,266,218**	**17,103,396**

	Corporate banking	Investments	Retail banking	Total
Dec.31, 2023				
Cash and Bank balances	-	9,539,393	119,369	9,658,762
Loans and advances	5,127,101	-	774,504	5,901,605
Other Assets	-	1,607,012	376,074	1,983,086
Funding Centre	(1,018,612)	(5,643,604)	6,662,216	-
Total assets	4,108,489	5,502,801	7,932,163	17,543,453
Customer deposits	4,108,489	-	7,386,381	11,494,870
Dues to banks	-	1,646,048	-	1,646,048
Other liabities	-	(334,730)	545,782	211,052
Equity	-	4,191,483	-	4,191,483
Total liabilities and shareholders' funds	4,108,489	5,502,801	7,932,163	17,543,453

5.2. Classification by geographical segment

Dec.31, 2024	**Nairobi**	**Coast**	**Rift valley**	**Total**
				Ksh '000
Interest income	**1,701,438**	**150,921**	**26,921**	**1,879,280**
Interest expense	**(1,066,884)**	**(167,058)**	**(92,201)**	**(1,326,143)**
Net interest income	**634,555**	**(16,137)**	**(65,280)**	**553,137**
Net fees and commission income	**103,732**	**9,690**	**847**	**114,269**
Other income	**-**	**-**	**-**	**-**
Depreciation and amortization	**(196,686)**	**(11,370)**	**(4,362)**	**(212,418)**
Impairment	**(114,526)**	**(16,972)**	**7,364**	**(124,134)**
Operating expenses	**(1,118,515)**	**(177,555)**	**(54,583)**	**(1,350,653)**
Profit before tax	**(691,441)**	**(212,344)**	**(116,014)**	**(1,019,799)**
Tax expense	**281,676**	**-**	**-**	**281,676**
(Loss)/Profit for the year	**(409,765)**	**(212,344)**	**(116,014)**	**(738,123)**

Dec.31, 2023	Nairobi	Coast	Rift valley	Total
				Ksh '000
Interest income	1,315,023	158,803	88,320	1,562,146
Interest expense	(625,060)	(108,900)	(40,309)	(774,269)
Net interest income	689,963	49,903	48,011	787,877
Net fees and commission income	95,574	6,057	1,048	102,679
Other income	21,224	-	-	21,224
Depreciation and amortization	(181,957)	(8,485)	(4,665)	(195,107)
Impairment	(48,523)	24,733	100,740	76,950
Operating expenses	(917,103)	(114,371)	(42,033)	(1,073,507)
Profit before tax	(340,822)	(42,163)	103,101	(279,884)
Tax expense	280,503	-	-	280,503
(Loss)/Profit for the year	(60,319)	(42,163)	103,101	619

Dec.31, 2024	**Nairobi**	**Coast**	**Rift valley**	**Total**
				Ksh '000
Cash and Bank balances	**8,796,650**	**25,036**	**16,243**	**8,837,929**
Loans and advances	**4,704,561**	**876,163**	**327,715**	**5,908,439**
Other Assets	**2,213,161**	**139,070**	**4,797**	**2,357,028**
Net inter branch	**(553,274)**	**310,104**	**243,170**	**-**
	15,161,098	**1,350,373**	**591,925**	**17,103,396**
Customer deposits	**10,929,105**	**1,556,850**	**776,695**	**13,262,650**
Dues to banks	**-**	**-**	**-**	**-**
Other liabities	**184,543**	**25,567**	**14,274**	**224,384**
Equity	**4,047,450**	**(232,044)**	**(199,044)**	**3,616,362**
Total liabilities and shareholders' funds	**15,161,098**	**1,350,373**	**591,925**	**17,103,396**

Dec.31, 2023	Nairobi	Coast	Rift valley	Total
				Ksh '000
Cash and Bank balances	9,640,991	19,746	14,554	9,675,291
Loans and advances	4,470,891	1,002,422	428,292	5,901,605
Other Assets	1,751,328	206,626	8,603	1,966,557
Net inter branch	(735,443)	631,689	103,754	-
Total assets	15,127,767	1,860,483	555,203	17,543,453
Customer deposits	8,893,745	1,986,859	614,266	11,494,870
Dues to banks	1,646,048	-	-	1,646,048
Other liabities	153,761	14,146	43,145	211,052
Equity	4,434,213	(140,522)	(102,208)	4,191,483
Total liabilities and shareholders' funds	15,127,767	1,860,483	555,203	17,543,453

6 . Interest income

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Interest and similar income		
- Banks	**191,926**	235,588
- Clients	**1,025,257**	682,683
Total	**1,217,183**	918,271
Government securities – treasury bills	**1,384**	-
Government securities – treasury bonds	**660,713**	643,876
Total	**662,097**	643,876
Total interet income	**1,879,280**	1,562,147
Interest and similar expense		
- Banks	**(29,042)**	(21,783)
- Clients	**(1,288,705)**	(741,091)
Lease liability interest expense	**(8,396)**	(11,395)
Total	**(1,326,143)**	(774,269)
Net interest income	**553,137**	787,878

7 . Fees and commission income

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Fees and commission income		
Fees and commissions related to trade finance	**23,423**	8,407
Other fees	**16,090**	12,709
Total	**39,513**	21,116

8 . Net trading income

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Gain from foreign exchange	**74,756**	81,564
Gain from bond trading	**-**	14,954
Total	**74,756**	96,518

9 . Administrative expenses

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Employee benefits*	926,265	729,175
Depreciation - property and equipment (Note 21)	96,614	99,582
Depreciation - right of use assets (Note 31)	37,113	35,235
Amortization - intangible assets (Note 22)	78,692	60,291
Audit fees	6,582	6,029
Directors' emoluments - fees	13,971	6,668
Other operating expenses	403,834	331,635
Total	1,563,071	1,268,615

* Employee benefits

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Staff costs		
Salaries and allowances	824,564	647,821
Retirement benefits costs:		
Defined contribution benefits scheme	20,536	15,443
National social security fund	6,025	1,135
Housing levy	7,918	4,596
Staff insurance	45,649	34,828
Other staff expenses	21,573	25,352
Total	926,265	729,175
The average number of employee during the year	161	134

10 . Other operating income

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Other income	-	6,269
Total	-	6,269

11 . Impairment charge for credit losses

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Write back/(charge) on loans	31,722	104,693
Write offs during the year	(140,276)	-
Recoveries during the year	4,501	-
Charge on government securities	(20,744)	(18,103)
Charge/(write back) on due from banks	812	(9,209)
Charge/(write back) on off balance sheet items	(149)	(431)
Total	(124,134)	76,950

12 . Current income tax

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Income tax expense		
Charge to profit or loss for the year	-	573
Deferred income tax		
Deferred income tax credit	281,676	279,930
Total income tax credit for the year	281,676	280,503

13 . Earnings per share

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Net (loss)/ profit for the year, available for distribution	(738,122)	619
(Loss)/profit attributable to owners of the Bank	(738,122)	619
Weighted average number of shares	4,081,633	4,081,633
Basic (loss)/earnings per share	(180.84)	0.15

14 . Cash and balances with Central Bank of Kenya

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Cash	**117,482**	119,369
Balances with the CBK - available for use by the Bank	**161,318**	538,048
Cash and balances with the CBK - available for use by the Bank	**278,800**	657,417
Cash reserve ratio*	**636,073**	572,016
Total	**914,873**	1,229,433
Non-interest bearing balances	**914,873**	1,229,433
Total	**914,873**	1,229,433

* The cash reserve ratio requirement is non-interest bearing and is based on the customer deposits held by the Bank as per the Central Bank of Kenya (CBK) requirements. At December 31, 2024 the cash reserve ratio requirement for Kenya was 4.25% of all customer deposits (December 31, 2023 4.25%). These funds are not available for the day to day operations of the Bank.

15 . Due from banks

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Current accounts	**83,328**	111,616
Deposits	**2,529,659**	2,760,840
Expected credit losses	**(9,182)**	(9,994)
Total	**2,603,805**	2,862,462
Local banks	**1,858,953**	1,355,696
Foreign banks	**744,852**	1,506,766
Total	**2,603,805**	2,862,462
Non-interest bearing balances	**83,328**	111,616
Fixed interest bearing balances	**2,520,477**	2,750,846
Total	**2,603,805**	2,862,462
Current balances	**2,603,805**	2,862,462

Due from banks

	Stage 1	Stage 1
Gross due from banks	**2,612,987**	2,872,456
Expected credit losses	**(9,182)**	(9,994)
Net due from banks	**2,603,805**	2,862,462

The weighted average effective interest rate at December 31, 2024 for deposits due from Banking institutions was (LCY 8.73%, FCY 6.19%) (Dec.31, 2023 (LCY 8.64%, FCY 6.12%)

16 . Loans and advances to customers, net

	Dec.31, 2024	Dec.31, 2023
	Ksh '000	Ksh '000
Individual		
- Overdraft	**103,781**	27,747
- Personal loans	**160,692**	221,784
- Mortgages	**54,244**	62,774
Total 1	**318,717**	312,305
Corporate		
- Overdraft	**1,486,812**	1,133,838
- Loans	**4,632,952**	5,017,226
Total 2	**6,119,764**	6,151,064
Total loans and advances to customers (1+2)	**6,438,481**	6,463,369
Less:		
Impairment provision	**(530,042)**	(561,764)
Net loans and advances to customers	**5,908,439**	5,901,605

The weighted average effective interest rate on LCY loans and advances to customers as at December 31, 2024 was 16.35% (2023 15.63%).
The weighted average effective interest rate on FCY loans as at December 31, 2024 was 9.17% (2023 9.14%).

Analysis of gross advances by maturity:	**Dec.31, 2024**	Dec.31, 2023
	Ksh '000	Ksh '000
Maturing within one month	**1,149,496**	567,948
Maturing within 90 days	**525,414**	418,015
Maturing after 90 days and within one year	**2,066,159**	2,133,054
Maturing after one to five years	**2,599,123**	2,450,507
Maturing after 5 years	**98,289**	893,845
Total	**6,438,481**	6,463,369

Analysis of the expected credit losses on loans and advances to customers by type during the year was as follows:

Ksh '000

	Dec.31, 2024			
Individual Loans:	**Overdrafts**	**Personal loans**	**Mortgages**	**Total**
Beginning balance	**12,423**	**46,457**	**6,354**	**65,234**
Impairment charge during the year	**509**	**(25,624)**	**(2,123)**	**(27,238)**
Ending balance	**12,932**	**20,833**	**4,231**	**37,996**

	Dec.31, 2024		
Corporate and Business Banking loans:	**Overdraft**	**Loans**	**Total**
Beginning balance	**107,511**	**389,019**	**496,530**
Write back during the year	**(68,525)**	**64,041**	**(4,484)**
Ending balance	**38,986**	**453,060**	**492,046**

Ksh '000

	Dec.31, 2023			
Individual Loans:	Overdrafts	Personal loans	Mortgages	Total
Beginning balance	24,939	28,927	4,789	58,655
Impairment charge/(write back) during the year	(12,516)	17,530	1,565	6,579
Ending balance	12,423	46,457	6,354	65,234

	Dec.31, 2023		
Corporate and Business Banking loans:	Overdraft	Loans	Total
Beginning balance	88,960	522,218	611,178
Impairment charge during the year	18,551	(133,199)	(114,648)
Ending balance	107,511	389,019	496,530

17 . Financial investments securities

Dec.31, 2024 — Ksh '000

	Fair value through OCI	Amortized cost	Total
Investments listed in the market			
Treasury bonds	3,178,481	1,998,147	5,176,628
Treasury bills and other governmental notes	-	142,623	142,623
Total	3,178,481	2,140,770	5,319,251

Dec.31, 2023 — Ksh '000

	Financial Assets at Fair value through OCI	Amortized cost	Total
Investments listed in the market			
Treasury bonds	3,056,662	2,510,204	5,566,866
Total	3,056,662	2,510,204	5,566,866

Dec.31, 2024 — Ksh '000

	Fair value through OCI	Amortized cost *	Total
Beginning balance	3,056,662	2,567,758	5,624,420
Additions during the year	-	142,623	142,623
Disposals/ maturities during the year	-	(355,025)	(355,025)
Movement in premium /discount during the year	(4,866)	(45,558)	(50,424)
Movement in interest receivable during the year	1,961	595	2,556
Movement in fair value loss during the year	141,741	-	141,741
Foreign exchange movement during the year	(17,017)	(91,325)	(108,342)
Total	3,178,481	2,219,068	5,397,549
Expected credit losses	-	(78,298)	(78,298)
Ending Balance as of December 31, 2024	3,178,481	2,140,770	5,319,251

* Bonds pledged as security with balances with Bank's is Ksh 260m as a result of an LC line with a local Bank

Ksh '000

Dec.31, 2023	Fair value through OCI	Amortized cost	Total
Beginning balance	3,347,073	1,760,089	5,107,162
Additions during the year	94,400	868,575	962,975
Disposals/maturities during the year	(185,100)	-	(185,100)
Movement in premium /discount during the year	32,533	(65,445)	(32,912)
Movement in interest receivable during the year	313	4,539	4,852
Movement in fair value loss during the year	(232,557)	-	(232,557)
Total	3,056,662	2,567,758	5,624,420
Expected credit losses	-	(57,554)	(57,554)
Ending Balance as of Dec.31, 2023	3,056,662	2,510,204	5,566,866

18 . Disclosure and measurement of financial assets and financial liabilities:

The following table shows the financial assets and the net financial commitments according to the business model classification:

Ksh '000

Dec.31, 2024	Amortized cost	Debt financial Assets at Fair value through OCI	Equity financial Assets at Fair value through OCI	Financial Assets at Fair value through P&L	Total book value
Cash and balances with central bank	914,873	-	-	-	914,873
Due from banks	2,603,805	-	-	-	2,603,805
Financial Assets at Amortized cost	2,140,770	-	-	-	2,140,770
Loans and advances to customers, net	5,908,439	-	-	-	5,908,439
Derivative financial instruments	-	-	-	-	-
Financial assets at fair value through OCI	-	3,178,481	-	-	3,178,481
Total 1	11,567,887	3,178,481	-	-	14,746,368
Due to banks	-	-	-	-	-
Due to customers	13,262,650	-	-	-	13,262,650
Total 2	13,262,650	-	-	-	13,262,650

19 . Other assets	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Prepaid expenses	71,135	46,154
Prepaid staff benefit	16,964	8,212
Accounts receivables and other assets	173,141	150,368
Total	261,240	204,734

20.0 . Derivative financial instruments

20.1 . Derivatives

The Bank uses the following financial derivatives for non hedging purposes.

Forward contracts represent commitments to buy foreign and local currencies including unexecuted spot transactions, future contracts for foreign currencies and/or interest rates represent contractual commitments to receive or pay net on the basis of changes foreign exchange rates or interest rates, and/or to buy/sell foreign currencies or financial instruments in a future date with a fixed contractual price under active financial market.

Credit risk is considered low, and future interest rate contract represents future exchange rate contracts negotiated for case by case, These contracts require financial settlements of any differences in contractual interest rates and prevailing market interest rates on future interest rates on future dates based on contractual amount (nominal value) pre agreed upon.

Foreign exchange and/or interest rate swap represents commitments to exchange cash flows, resulting from these contracts are exchange of currencies or interest (fixed rate versus variable rate for example) or both (meaning foreign exchange and interest rate contracts). Contractual amounts are not exchanged except for some foreign exchange contracts.

Credit risk is represented in the expected cost of foreign exchange contracts that takes place if other parties default to fulfill their liabilities. This risk is monitored continuously through comparisons of fair value and contractual amount, and in order to control the outstanding credit risk, the Bank evaluates other parties using the same methods as in borrowing activities.

Options contracts in foreign currencies and/or interest rates represent contractual agreements for the buyer (issuer) to the seller (holders) a right not an obligation whether to buy (buy option) or sell (sell option) at a certain day or within certain year for a predetermined amount in foreign currency or interest rate. Options contracts are either traded in the market or negotiated between The Bank and one of its clients (Off balance sheet). The Bank is exposed to credit risk for purchased options contracts only and in the line of its book cost which represent its fair value.

The contractual value for some derivatives options is considered a base to analyze the realized financial instruments on the balance sheet, but it doesn't provide an indicator for the projected cash flows of the fair value for current instruments, and those amounts don't reflects credit risk or interest rate risk.

Derivatives in the Bank's benefit that are classified as (assets) are conversely considered (liabilities) as a result of the changes in foreign exchange prices or interest rates related to these derivatives. Contractual / expected total amounts of financial derivatives can fluctuate from time to time as well as the range through which the financial derivatives can be in benefit for the Bank or conversely against its benefit and the total fair value of the financial derivatives in assets and liabilities. Hereunder are the fair values of the booked financial derivatives:

20.1.1 . For trading derivatives

			Ksh '000			Ksh '000
	Dec.31, 2024			Dec.31, 2023		
Foreign currencies derivatives	**Notional amount**	**Assets**	**Liabilities**	Notional amount	Assets	Liabilities
- Forward foreign exchange contracts	-	-	-	-	-	-
- Currency swap	**323,375**	-	-	858,550	16,530	-
- Options	-	-	-	-	-	-
Total (1)	**323,375**	-	-	858,550	16,530	-

21 . Property and equipment

Ksh '000

Dec. 31, 2024

	Computer equipment	Motor vehicles	Leasehold Improvements	Office equipment	Furniture, and fittings	Capital work in progress*	Total
Beginning gross assets (1)	130,472	39,200	231,508	405,069	36,263	6,393	848,905
Additions during the year	7,745	17,420	24,739	128,024	4,296	786	183,010
Disposals during the year	-	-	-	-	-	(4,438)	(4,438)
Transfer from work in progress	-	-	-	1,955	-	(1,955)	-
Ending gross assets (2)	138,217	56,620	256,247	535,048	40,559	786	1,027,477
Accumulated depreciation at beginning of the year (3)	91,928	21,496	138,093	301,301	25,947	-	578,765
Current year depreciation	15,575	9,523	28,961	38,981	3,574	-	96,614
Accumulated depreciation at end of the year (4)	107,503	31,019	167,054	340,282	29,521	-	675,379
Ending net assets (2-4)	30,714	25,601	89,193	194,766	11,038	786	352,098
Beginning net assets (1-3)	38,544	17,704	93,415	103,768	10,316	6,393	270,140
Depreciation rates	33.33%	20.00%	12.50%	20.00%	20.00%		

** Capital work in progress relates to IT projects and Office fit out not yet complete as at the reporting date.*

Ksh '000

Dec.31, 2023

	Computer equipment	Motor vehicles	Leasehold Improvements	Office equipment	Furniture, and fittings	Capital work in progress	Total
Beginning gross assets (1)	118,902	39,200	183,183	366,953	26,707	48,336	783,281
Additions during the year	11,570	-	21,042	23,639	4,670	4,703	65,624
Disposals during the year	-	-	-	-	-	-	-
Transfer from work in progress	-	-	27,283	14,477	4,886	(46,646)	-
Ending gross assets (2)	130,472	39,200	231,508	405,069	36,263	6,393	848,905
Accumulated depreciation at beginning of the year (3)	79,043	14,296	111,307	251,881	22,656	-	479,183
Current year depreciation	12,885	7,200	26,786	49,420	3,291	-	99,582
Accumulated depreciation at end of the year (4)	91,928	21,496	138,093	301,301	25,947	-	578,765
Ending net assets (2-4)	38,544	17,704	93,415	103,768	10,316	6,393	270,140
Beginning Net Assets	39,859	24,904	71,876	115,071	4,051	48,336	304,097
Depreciation rates	33.33%	20.00%	12.50%	20.00%	20.00%		

22 . Intangible assets

	Dec. 31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Computer software		
Cost		
At 1 January	**450,574**	337,630
Additions during the year	**40,095**	48,851
Transfer from Work in progress	**13,630**	64,093
Total 1	**504,299**	450,574
Work In Progress		
At 1 January	**13,630**	68,694
Additions during the year	**5,267**	9,029
Transfer from Work in progress	**(13,630)**	(64,093)
Total 2	**5,267**	13,630
Amortisation		
At 1 January	**271,535**	211,244
Current year amortization	**78,692**	60,291
Total 3	**350,227**	271,535
Net book value at year end (1+2-3)	**159,339**	192,669

23 . Due to banks

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Current accounts	-	-
Deposits	-	1,646,048
Total	-	1,646,048
Local banks	-	552,350
Foreign banks	-	1,093,698
Total	-	1,646,048
Non-interest bearing balances	-	-
Floating interest bearing balances	-	-
Fixed interest bearing balances	-	1,646,048
Total	-	1,646,048
Current balances	-	1,646,048
Non-current balances	-	-
Total	-	1,646,048

The weighted average effective interest rate of LCY balances due to banks at December 31, 2024 was 6.91% (2023 6.93%) and the rate for FCY 6.52% (2023 5.21%).

24 . Due to customers

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Demand deposits	**1,127,027**	725,055
Time deposits	**10,054,100**	9,227,963
Saving deposits	**1,324,491**	1,352,748
Other deposits (Call)	**757,032**	189,104
Total	**13,262,650**	11,494,870
Corporate deposits	**5,643,884**	5,476,003
Individual deposits	**7,618,766**	6,018,867
Total	**13,262,650**	11,494,870
Non-interest bearing balances	**1,127,027**	725,055
Floating interest bearing balances	**1,324,491**	1,352,748
Fixed interest bearing balances	**10,811,132**	9,417,067
Total	**13,262,650**	11,494,870
Current balances	**12,676,140**	11,270,930
Non-current balances	**586,510**	223,940
Total	**13,262,650**	11,494,870

The weighted average effective interest rate on LCY customer deposits at December 31, 2024 was 13.20% (2023 9.00%) and the rate for FCY was 4.61% (2023 3.71%).

25 . Other liabilities

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Accrued expenses	**45,513**	31,031
Accounts payable	**33,486**	18,650
Others	**79,274**	72,073
Total	**158,273**	121,754

26 . Share capital

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Authorised:		
4,081,633 ordinary shares of Sh 1,000 each (2023:4,081,633)	**4,081,633**	4,081,633
Issued and fully paid:		
4,081,633 ordinary shares of Sh 1,000 each (2023:4,081,633)	**4,081,633**	4,081,633

27 . Share premium

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Share Premium	**1,613,139**	1,613,139

28 . Deferred income tax assets/(liabilities)

Deferred income tax is calculated on all temporary differences under the liability method using the enacted rate of 30%. (2023:30%)

Deferred tax assets and liabilities are attributable to the following:

	Assets (Liabilities) Dec.31, 2024 Ksh '000	Assets (Liabilities) Dec.31, 2023 Ksh '000
Fixed assets	**21,050**	29,304
Tax losses carried forward	**1,304,042**	946,453
Other deductible differences	**182,540**	193,260
Deferred tax on fair value gain on government securities through OCI	**21,261**	56,938
Deferred tax asset	**1,528,893**	1,225,955

The deferred tax asset has been recognised in the financial statements on the basis that the since the Bank has generated profit in the past and will be able to generate sufficient taxable profits in the subsequent year.

Movements in temporary differences during the year

Ksh '000

	At start of year	Movement in the year	Other comprehensive income	At end of year
Dec.31, 2024				
Property and equipment	**(29,304)**	**8,254**	**-**	**(21,050)**
Unrealised exchange gains	**16,950**	**(9,088)**	**-**	**7,862**
ROU (negative)	**21,918**	**(5,281)**	**-**	**16,637**
Deferred tax on fair value gain on government securities through OCI	**(56,938)**	**56,938**	**(21,261)**	**(21,261)**
Provisions	**(205,339)**	**18,133**	**-**	**(187,206)**
Tax losses	**(946,453)**	**(357,589)**	**-**	**(1,304,042)**
Lease Liability	**(26,789)**	**6,956**	**-**	**(19,833)**
Net asset	**(1,225,955)**	**(281,677)**	**(21,261)**	**(1,528,893)**
Deferred tax asset recognised	**(1,225,955)**	**(281,677)**	**(21,261)**	**(1,528,893)**
Dec.31, 2023				
Property and equipment	(14,373)	(14,931)	-	(29,304)
Unrealised exchange gains	2,695	14,255	-	16,950
ROU (negative)	31,600	(9,682)	-	21,918
Deferred tax on fair value gain on government securities through OCI	(22,054)	(34,884)	-	(56,938)
Provisions	(220,014)	14,675	-	(205,339)
Tax losses	(686,791)	(259,662)	-	(946,453)
Lease Liability	(37,088)	10,299	-	(26,789)
Net asset	(946,025)	(279,930)	-	(1,225,955)

29 . Contingent liabilities and commitments including off Balance Sheet items

29.1 . Legal claims

- There are no legal claims against the Bank as at December 31, 2024,(2023:Nil).

29.2 . Capital commitments

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Authorised and contracted for	**3,478**	118,764

29.3 . Letters of credit, guarantees and other commitments

	Dec.31, 2024 Ksh '000	Dec.31, 2023 Ksh '000
Letters of credit (import and export)	**434,287**	36,174
Letters of guarantee	**1,995,493**	207,394
Other contingent liabilities	**323,375**	858,550
Total	**2,753,155**	1,102,118

30 . Transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Commercial International Bank (CIB) Kenya is a fully owned subsidiary of Commercial International Bank (CIB) Egypt. There are other entities related to the Bank through shareholding or directorship.

Placements at 31 December 2024 include placements made in the Bank by directors, their associates and companies associated to directors. Advances to customers and deposits at 31 December 2024 include loans and advances to companies associated to directors, employees of the Bank and, also deposits held with related parties respectively.

The table below outlines these balances as included in the loans and advances and deposits balances at year end:

	Directors' associated companies		Employees/staff	
	Dec.31, 2024	Dec.31, 2023	**Dec.31, 2024**	Dec.31, 2023
	Ksh '000	Ksh '000	**Ksh '000**	Ksh '000
Movement in related party balances was as follows:				
Loans and advances:				
At 1 January	**-**	1,504,184	**145,233**	77,928
Net movement during the year	**1,729**	(1,504,184)	**5,805**	67,305
At year end	**1,729**	-	**151,038**	145,233
Interest earned during the year	**174**	-	**18,425**	16,864
Letter of credit, guarantees	**-**	-	**-**	-
Deposits:				
At 1 January	**-**	3,356,485	**59,245**	56,648
Net movement during the peiod	**5,746**	(3,356,485)	**(1,598)**	2,597
At year end	**5,746**	-	**57,647**	59,245
Interest paid during the year	**119**	-	**5,123**	2,315

Key management compensation

The remuneration of directors and other members of key management during the year were as follows:

	Dec.31, 2024	Dec.31, 2023
	Ksh '000	Ksh '000
Key management salaries and other benefits	**251,196**	235,272
Directors' emoluments - fees	**13,971**	6,668
	265,167	241,940

The remuneration of directors and key executives is determined by the board of directors having regard to the performance of the individuals and market trends.

	Dec.31, 2024	Dec.31, 2023
	Ksh '000	Ksh '000
Other transactions with related parties		
Balances due from CIB Bank	**701,392**	1,492,753
Balances due to CIB Bank	**-**	1,093,698

31 . Main currencies positions

	Dec.31, 2024	Dec.31, 2023
	Ksh '000	Ksh '000
US dollar	**(125,968)**	144,662
Sterling pound	**(1,006)**	971
Euro	**(745)**	189
Other	**191**	250

32 . Right of use asset

The Bank leases office space and IT equipment for its use. Information about the leases in which the Bank is a lessee is presented below:

	2024	
	Office space Ksh '000	Total Ksh '000
Amounts recognised in the statement of financial position		
Cost		
At 1 January	**201,416**	**201,416**
Additions/lease asset recognized during the year	**19,669**	**19,669**
Derecognition of lease	**(12,660)**	**(12,660)**
At 30 December	**208,425**	**208,425**
Accumulated Depreciation		
At 1 January	**128,357**	**128,357**
Derecognition of lease	**(12,503)**	**(12,503)**
Current year depreciation	**37,113**	**37,113**
At 30 December	**152,968**	**152,968**
Net book value at end of the year	**55,458**	**55,458**
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	**37,113**	**37,113**
Interest expense on lease liabilities	**8,396**	**8,396**
Total	**45,509**	**45,509**

The Bank is not committed to any arrangements that are short term as at December 31,2024, (2023:nil)
The total cash outflow for leases amounted to Ksh 51 million for the year ended 31 December 2024 (2023: Ksh 49 million).
There are no restrictions or covenants imposed by lessors and the Bank did not enter into any sale and leaseback transactions during the year (2023 Nil)

	2023	
	Ksh '000	Ksh '000
	Office space	Total
Amounts recognised in the Statement of financial position		
Cost		
At 1 January	198,455	198,455
Additions/lease asset recognized	2,961	2,961
Derecognition of lease	-	-
At 31 December	201,416	201,416
Accumulated Depreciation		
At 1 January	93,123	93,123
Derecognition of lease	-	-
Current year depreciation	35,234	35,234
At 31 December	128,357	128,357
Net book value at end of year	73,059	73,059
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	35,235	35,235
Interest expense on lease liabilities	11,395	11,395
Total	46,630	46,630

33 . Lease liabilities

	Dec. 31, 2024 Ksh '000	Dec. 31, 2023 Ksh '000
The movement in the lease liabilities is as follows:		
Balance at 1 January	**89,298**	123,628
Payment of lease liabilities	**(51,252)**	(48,687)
Interest on lease liabilities	**8,396**	11,395
Additions/lease asset recognized	**19,669**	2,962
Derecognition of lease	**-**	-
At year end	**66,111**	89,298
Amounts due for settlement within 12 months	**31,855**	41,222
Amounts due for settlement after 12 months	**34,256**	48,076
Total	**66,111**	89,298
Maturity Analysis of undiscounted cashflows	**Ksh '000**	Ksh '000
Year 1	**35,309**	50,134
Year 2	**18,489**	31,911
Year 3	**11,328**	10,724
Year 4	**5,474**	8,337
Year 5	**2,921**	280
Above 5 years	**1,753**	-
Total	75,275	101,386

The Bank does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Bank's treasury function.

34 . Events after the reporting date

The Board of Directors approved the financial statements on 13 February 2025 and authorised that the financial statements be issued. On this date, the Directors were not aware of any other matters or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements, which would significantly affect the financial position of the Bank and results of its operations as laid out in these financial statements.

THE BANK TO TRUST