CIB BANK KENYA LIMITED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2025

Contents

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.

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
Commercial International Bank (CIB) Kenya Limited
Mezzanine Floor, KAM House
Mwanzi Road, Westlands
P.O Box 2051-00606
Nairobi, Kenya

Dear Sirs,

Report on interim financial statements for the three-months period ended 31 March 2025

Introduction

We have reviewed the accompanying interim statement of financial position of Commercial International Bank (CIB) Kenya Limited (the "Bank") as at 31 March 2025 and the related interim statements of profit or loss and comprehensive income, changes in equity and cash flows for the three-month period then ended and notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with IFRS Accounting Standards.

Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *'Review of interim financial information performed by the independent auditor of the entity'*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IFRS Accounting Standards.

Kang'e Saiti

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

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

29 May 2025

Statement of profit or loss and other comprehensive income for the period ended March 31, 2025

Statement of profit or loss	Notes	Mar. 31, 2025 Ksh '000	Mar. 31, 2024 Ksh '000
Interest and similar income	6	498,753	437,649
Interest and similar expense	6	(330,258)	(289,026)
Net interest income		168,495	148,623
Fees and commission income	7	8,423	6,885
Net trading income	8	8,054	(2,093)
Operating income		184,972	153,415
Administrative expenses	9	(400,664)	(350,001)
Impairment charge for credit losses	10	(28,082)	(9,903)
Loss before income tax		(243,774)	(206,489)
Income tax credit	11	87,947	75,618
Net (loss)/profit for the period		(155,827)	(130,871)
Other comprehensive income			
Loss for the period		(155,827)	(130,871)
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		51,465	9,019
Deferred tax on fair value gain on government securities through OCI		7,720	-
Total other comprehensive income/(loss) for the period		59,185	9,019
Total comprehensive loss for the period		(96,642)	(121,852)
(Loss)/profit per share	12	(38.18)	(32.06)

Statement of financial position at March 31, 2025

	Notes	Mar. 31, 2025 Ksh '000	Dec. 31, 2024 Ksh '000
Assets			
Cash and balances with Central Bank of Kenya	13	**2,801,182**	914,873
Due from banks, net	14	**73,185**	2,603,805
Financial asset at fair value through OCI	16	**3,199,057**	3,178,481
Financial asset at amortized cost	16	**3,131,369**	2,140,770
Loans and advances to customers, net	15	**5,309,252**	5,908,439
Other assets and prepayments	18	**330,306**	261,240
Property and equipment	20	**325,819**	352,098
Intangible assets	21	**141,864**	159,339
Right of use asset	32	**46,260**	55,458
Deferred income tax	28	**1,624,559**	1,528,893
Total assets		**16,982,854**	17,103,396
Liabilities and equity			
Liabilities			
Due to banks	22	**349,521**	-
Customer deposits	23	**12,869,409**	13,262,650
Other liabilities and accrued expenses	24	**184,678**	157,190
Other Provisions	25	**5,226**	1,083
Lease liabilities	33	**54,300**	66,111
Total liabilities		**13,463,134**	13,487,034
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		**66,940**	-
Fair value reserve		**(157,400)**	(216,585)
Accumulated deficit		**(2,084,592)**	(1,861,825)
Total equity		**3,519,720**	3,616,362
Total liabilities and equity		**16,982,854**	17,103,396

The financial statements on page 7 to 64 were approved and authorized for issue by the board of directors on 15 May 2025 and were signed on its behalf by:

Tom Gitogo

Chairman

Abhinav Nehra
CEO & Managing Director

Lynette W. Kamande
Company Secretary

Statement of changes in equity for the period ended March 31, 2025

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 period	**4,081,633**	**1,613,139**	**(216,585)**	**(1,861,825)**	**-**	**3,616,362**
Net loss for the period	**-**	**-**	**-**	**(155,827)**	**-**	**(155,827)**
Other comprehensive income	**-**	**-**	**59,185**	**-**	**-**	**59,185**
Transfer to statutory credit risk reserve	**-**	**-**	**-**	**(66,940)**	**66,940**	**-**
At end of period	**4,081,633**	**1,613,139**	**(157,400)**	**(2,084,592)**	**66,940**	**3,519,720**

Statement of changes in equity for the period ended March 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 profit for the period	-	-	-	(130,871)	-	**(130,871)**
Other comprehensive income	-	-	9,018	-	-	**9,018**
Transfer to statutory credit risk reserve				(171,775)	171,775	**-**
At end of period	4,081,633	1,613,139	(370,569)	(1,513,023)	258,450	**4,069,630**

Statement of Cash flow for the period ended March 31, 2025

	Notes	Mar. 31, 2025 Ksh '000	Mar. 31, 2024 Ksh '000
Cash flows from operating activities			
Loss before Income tax		**(243,774)**	(206,489)
Adjustments for:			
Impairment charge for credit losses	10	**28,082**	9,903
Depreciation of property and equipment	20	**30,012**	21,461
Intangible assets amortization	21	**21,471**	17,745
Depreciation of right-of-use assets	32	**9,197**	9,277
Interest on lease liabilities	33	**1,460**	2,447
Operating income before changes in operating assets and liabilities		**(153,552)**	(145,656)
Working capital changes:			
Loans and advances to customers	15	**599,187**	267,108
Other assets	18	**(69,066)**	(38,662)
Due to banks	22	**349,521**	(1,612,998)
Customer deposits	23	**(393,241)**	(30,799)
Cash reserve ratio balances		**208,789**	156,806
Other liabilities	24	**27,487**	42,203
Net cash flow in operating activities		**569,126**	(1,361,998)
Cash flows from investing activities			
Purchase of property and equipment	20	**(3,732)**	(23,144)
Purchase of intangible assets	21	**(3,995)**	(4,295)
Payment for purchases of financial assets at amortized cost		**(1,067,832)**	-
Proceeds from maturities of financial assets at fair value through armotized		**75,000**	184,778
Proceeds from maturities of financial assets at fair value through OCI		**-**	24,000
Net cash flows used in investing activities		**(1,000,560)**	181,339
Cash flows from financing activities			
Payment of principal portion of lease liabilities	33	**(13,271)**	(12,700)
Net cash flow used in financing activities		**(13,271)**	(12,700)
Net (decrease)/increase in cash and cash equivalents during the period		**(444,705)**	(1,193,360)
Beginning balance of cash and cash equivalents		**2,891,788**	3,529,874
Cash and cash equivalents at the end of the period		**2,447,083**	2,336,514
Cash and cash equivalents comprise:			
Cash and balances with the CBK - available for use by the bank	13	**2,373,898**	188,784
Due from banks	14	**73,185**	2,147,730
Total cash and cash equivalents		**2,447,083**	2,336,514

Notes to the financial statements for the period ended March 31, 2025

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 the 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 (234,774,000 for the period ended 31 March 2025 (2024: LBT of Ksh 206,489,000) and had positive cash generated from operations of Ksh 569,126,000 for the period ended 31 March 2025 (2024: negative Ksh 1,361,998,000). In addition, the Bank had a closing balance of cash and cash equivalents during the period of Ksh 2,447,083,000 (2024: Ksh 2,336,514,000) and an accumulated deficit of Ksh 2,084,592,000 as at 31 March 2025 (2024: negative Ksh 1,861,825,000).

The Bank recorded a net loss after tax of Ksh 155,827,000 (2024: loss Ksh 130,871,000). In addition, the Bank had net assets of Ksh 3,519,720,000 at 31 March 2025 (2024: Ksh 3,616,362,000). 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 flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on 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 financial 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 period is made up as follows:

	Mar. 31, 2025	Dec. 31, 2024
On balance sheet items exposed to credit risk	**Ksh '000**	Ksh '000
Cash and balances with central bank	**2,801,182**	914,873
Due from banks	**73,185**	2,612,987
Less:Impairment provision	**-**	(9,182)
Gross loans and advances to customers	**5,808,119**	6,438,481
Individual:		
- Overdraft	**62,367**	103,781
- Personal loans	**181,956**	160,692
- Mortgages	**52,819**	54,244
Corporate:		
- Overdraft	**1,213,292**	1,486,812
- Loans	**4,297,686**	4,632,952
Impairment provision	**(498,867)**	(530,042)
Financial investments:		
- Debt instruments	**6,409,260**	5,397,549
Impairment provision	**(78,834)**	(78,298)
Other assets	**225,133**	190,105
Total	**14,739,178**	14,936,473
Off balance sheet items exposed to credit risk		
Other contingent liabilities	**-**	323,375
Letters of credit (import and export)	**292,351**	434,287
Letter of guarantee	**2,483,722**	1,995,493
Total	**2,776,073**	2,753,155

The above table represents the Bank's Maximum exposure to credit risk on March 31, 2025, 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, 42.95% investments in debt instruments represent, 36.02% of the total maximum exposure is derived from loans and advances to customers and 0.50% due from banks.
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:

- 79.08% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 78.70% 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 period ended on March 31, 2025.
- 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 March.31, 2025 (2024: 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:

	Mar. 31, 2025	Dec. 31, 2024
	Ksh '000	Ksh '000
Stage 1 assets		
Property	**8,912,658**	7,376,354
Other	**4,970,108**	5,333,572
Stage 2 assets		
Property	**47,000**	178,700
Other	**-**	30,000
Stage 3 assets		
Property	**1,455,839**	1,469,688
Other	**261,530**	100,230
	15,647,134	14,488,544

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
	Mar. 31, 2025	**Dec. 31, 2024**	
Mortgage lending	**100%**	100%	Property
Personal lending	**62%**	69%	Property, equipment & insurance bonds, Guarantees, Cash ,Govt Securities, Shares
Corporate lending	**100%**	100%	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 March.31, 2025. There was no change in the Bank's collateral policy during the period.

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

	Mar. 31, 2025 Ksh '000	Mar. 31, 2025 %	Dec. 31, 2024 Ksh '000	Dec. 31, 2024 %
Agriculture	**480,840**	**8%**	515,497	8%
Building and Construction	**443,652**	**8%**	374,340	6%
Business Services	**912,160**	**16%**	1,160,137	18%
Finance and Insurance	**1,136,741**	**20%**	1,476,856	23%
Manufacturing	**821,196**	**14%**	904,640	14%
Mining and Quarrying	**31,481**	**1%**	42,560	1%
Other Activities and Enterprises	**301,206**	**5%**	156,619	2%
Real Estate	**71,728**	**1%**	67,415	1%
Personal/Household	**315,299**	**5%**	317,310	5%
Transport & Communication	**122,194**	**2%**	108,809	2%
Wholesale and Retail Trade	**1,171,622**	**20%**	1,314,298	20%
Total	**5,808,119**	**100%**	6,438,481	100%

Customer deposits

	Mar. 31, 2025 Ksh '000	Mar. 31, 2025 %	Dec. 31, 2024 Ksh '000	Dec. 31, 2024 %
Individuals	**7,307,244**	**57%**	7,918,078	60%
Private enterprises	**4,854,394**	**38%**	4,516,014	34%
Insurance companies	**661,232**	**5%**	709,405	5%
Others	**46,539**	**0%**	119,153	1%
Total	**12,869,409**	**100%**	13,262,650	100%

Off balance sheet items

	Mar. 31, 2025 Ksh '000	Mar. 31, 2025 %	Dec. 31, 2024 Ksh '000	Dec. 31, 2024 %
Agriculture	**-**	**0%**	219,513	8%
Building and Construction	**2,324,282**	**84%**	1,824,282	66%
Finance and Insurance	**250**	**0%**	-	0%
Manufacturing	**141,756**	**5%**	61,592	2%
Transport & Communication	**81,977**	**3%**	81,976	3%
Wholesale and Retail Trade	**227,808**	**8%**	242,417	9%
Other contingent liabilities	**-**	**0%**	323,375	12%
Total	**2,776,073**	**100%**	2,753,155	100%

4.1.9. Loans and advances

Loans and advances are summarized as follows:

	Mar.31, 2025 Ksh '000 Loans and advances to customers	Dec.31, 2024 Ksh '000 Loans and advances to customers
Gross Loans and advances	**5,808,119**	6,438,481
Less:		
ECL	**(498,867)**	(530,042)
Net	**5,309,252**	5,908,439

Total balances of loans and advances to customers divided by stages: **Ksh '000**

Mar.31, 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Individuals	**272,850**	**1,472**	**22,819**	**297,141**
Corporate and Business Banking	**4,570,183**	**21,971**	**918,824**	**5,510,978**
Total	**4,843,033**	**23,443**	**941,643**	**5,808,119**

Ksh '000

Dec.31, 2024	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
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

Expected credit losses for loans and advances to customers divided by stages: **Ksh '000**

Mar.31, 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Individuals	**17,705**	**-**	**13,670**	**31,375**
Corporate and Business Banking	**26,055**	**1,157**	**440,280**	**467,492**
Total	**43,760**	**1,157**	**453,950**	**498,867**

Ksh '000

Dec.31, 2024	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
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

Expected credit losses for government securiries **Ksh '000**

Mar.31, 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Amortized cost	**78,834**	**-**	**-**	**78,834**
Total	**78,834**	**-**	**-**	**78,834**

Ksh '000

Dec.31, 2024	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Amortized cost	78,298	-	-	78,298
Total	78,298	-	-	78,298

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

Corporate and Business Banking loans: **Ksh '000**

Mar.31, 2025	**Scope of probability of default (PD)**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating		**12 months**	**Life time**	**Life time**	
Grade 1: Normal	**0.5%-21.8%**	**4,570,183**	**-**	**-**	**4,570,183**
Grade 2: Watch	**13%-55%**	**-**	**21,971**	**-**	**21,971**
Grade 3: Substandard	**100%**	**-**	**-**	**109,334**	**109,334**
Grade 4: Doubtful	**100%**	**-**	**-**	**384,517**	**384,517**
Grade 5: Loss	**100%**	**-**	**-**	**424,973**	**424,973**
		4,570,183	**21,971**	**918,824**	**5,510,978**

Individual Loans: **Ksh '000**

Mar.31, 2025	**Scope of probability of default (PD)**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating		**12 months**	**Life time**	**Life time**	
Grade 1: Normal	**6.8%**	**272,850**	**-**	**-**	**272,850**
Grade 2: Watch	**19%**	**-**	**1,472**	**-**	**1,472**
Grade 3: Substandard	**100%**	**-**	**-**	**11,219**	**11,219**
Grade 4: Doubtful	**100%**	**-**	**-**	**1,268**	**1,268**
Grade 5: Loss	**100%**	**-**	**-**	**10,332**	**10,332**
		272,850	**1,472**	**22,819**	**297,141**

Corporate and Business Banking loans: Ksh '000

Dec.31, 2024	Scope of probability of default (PD)	Stage 1	Stage 2	Stage 3	Total
Credit rating		12 months	Life time	Life time	
Grade 1: Normal	0.5%-22.1%	5,193,097	-	-	5,193,097
Grade 2: Watch	13%-55%	-	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: Ksh '000

Dec.31, 2024	Scope of probability of default (PD)	Stage 1	Stage 2	Stage 3	Total
Credit rating		12 months	Life time	Life time	
Grade 1: Normal	6.8%	285,116	-	-	285,116
Grade 2: Watch	18%	-	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

Expected credit losses divided by internal classification:

Corporate and Business Banking loans: **Ksh '000**

Mar.31, 2025	**Scope of probability of default (PD)**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating		**12 months**	**Life time**	**Life time**	
Grade 1: Normal	**0.5%-21.8%**	**26,055**	**-**	**-**	**26,055**
Grade 2: Watch	**13%-55%**	**-**	**1,157**	**-**	**1,157**
Grade 3: Substandard	**100%**	**-**	**-**	**64,719**	**64,719**
Grade 4: Doubtful	**100%**	**-**	**-**	**215,050**	**215,050**
Grade 5: Loss	**100%**	**-**	**-**	**160,511**	**160,511**
		26,055	**1,157**	**440,280**	**467,492**

Individual Loans: **Ksh '000**

Mar.31, 2025	**Scope of probability of default (PD)**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating		**12 months**	**Life time**	**Life time**	
Grade 1: Normal	**6.8%**	**17,705**	**-**	**-**	**17,705**
Grade 2: Watch	**19%**	**-**	**-**	**-**	**-**
Grade 3: Substandard	**100%**	**-**	**-**	**6,165**	**6,165**
Grade 4: Doubtful	**100%**	**-**	**-**	**86**	**86**
Grade 5: Loss	**100%**	**-**	**-**	**7,419**	**7,419**
		17,705	**-**	**13,670**	**31,375**

Corporate and Business Banking loans: Ksh '000

Dec.31, 2024	Scope of probability of default (PD)	Stage 1	Stage 2	Stage 3	Total
Credit rating		12 months	Life time	Life time	
Grade 1: Normal	0.5%-22.1%	76,706	-	-	76,706
Grade 2: Watch	13%-55%	-	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: Ksh '000

Dec.31, 2024	Scope of probability of default (PD)	Stage 1	Stage 2	Stage 3	Total
Credit rating		12 months	Life time	Life time	
Grade 1: Normal	6.8%	17,206	-	-	17,206
Grade 2: Watch	18%	-	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

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

Mar.31, 2025				Ksh '000
Due from banks	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Grade 1: Normal	73,185	-	-	73,185
Grade 2: Watch	-	-	-	-
Grade 3: Substandard	-	-	-	-
Grade 4: Doubtful	-	-	-	-
Grade 5: Loss	-	-	-	-
Total	73,185	-	-	73,185
Less:ECL	-	-	-	-
Net	73,185	-	-	73,185

				Ksh '000
Individual Loans:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Grade 1: Normal	272,850	-	-	272,850
Grade 2: Watch	-	1,472	-	1,472
Grade 3: Substandard	-	-	11,219	11,219
Grade 4: Doubtful	-	-	1,268	1,268
Grade 5: Loss	-	-	10,332	10,332
Total	272,850	1,472	22,819	297,141
Less:ECL	(17,705)	-	(13,670)	(31,375)
Net	255,145	1,472	9,149	265,766

				Ksh '000
Corporate and Business Banking loans:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Grade 1: Normal	4,570,183	-	-	4,570,183
Grade 2: Watch	-	21,971	-	21,971
Grade 3: Substandard	-	-	109,334	109,334
Grade 4: Doubtful	-	-	384,517	384,517
Grade 5: Loss	-	-	424,973	424,973
Total	4,570,183	21,971	918,824	5,510,978
Less:ECL	(26,055)	(1,157)	(440,280)	(467,492)
Net	4,544,128	20,814	478,544	5,043,486

				Ksh '000
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	3,199,057	-	-	3,199,057
Grade 2: Watch	-	-	-	-
Grade 3: Substandard	-	-	-	-
Grade 4: Doubtful	-	-	-	-
Grade 5: Loss	-	-	-	-
	3,199,057	-	-	3,199,057
Less:ECL	-	-	-	-
Net	3,199,057	-	-	3,199,057

				Ksh '000
Financial Assets at Amortized cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Grade 1: Normal	3,210,203	-	-	3,210,203
Grade 2: Watch	-	-	-	-
Grade 3: Substandard	-	-	-	-
Grade 4: Doubtful	-	-	-	-
Grade 5: Loss	-	-	-	-
	3,210,203	-	-	3,210,203
Less:ECL	(78,834)	-	-	(78,834)
Net	3,131,369	-	-	3,131,369

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	Ksh '000 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:ECL	(9,182)	-	-	(9,182)
Net	2,603,805	-	-	2,603,805

Individual Loans:	Stage 1	Stage 2	Stage 3	Ksh '000 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:ECL	(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	Ksh '000 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:ECL	(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	Ksh '000 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:ECL	-	-	-	-
Net	3,178,481	-	-	3,178,481

Financial Assets at Amortized cost	Stage 1	Stage 2	Stage 3	Ksh '000 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:ECL	(78,298)	-	-	(78,298)
Net	2,140,770	-	-	2,140,770

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

Mar.31, 2025

Due from banks	**Stage 1 12 months**	**Stage 2 Life time**	**Stage 3 Life time**	**Total** (Ksh '000)
ECL (Expected credit losses) on 1 January 2025	9,182	-	-	9,182
New financial assets purchased or issued	-	-	-	-
Matured or disposed financial assets	(9,182)	-	-	(9,182)
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 period	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	-	-	-	-

Individual Loans:	**Stage 1 12 months**	**Stage 2 Life time**	**Stage 3 Life time**	**Total** (Ksh '000)
ECL (Expected credit losses) on 1 January 2025	17,207	519	20,270	37,996
Impairment during the period	498	(519)	5,714	5,693
Write off during the period	-	-	-	-
Recoveries	-	-	(12,314)	(12,314)
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	17,705	-	13,670	31,375

Corporate and Business Banking loans:	**Stage 1 12 months**	**Stage 2 Life time**	**Stage 3 Life time**	**Total** (Ksh '000)
ECL (Expected credit losses) on 1 January 2025	76,706	22,635	392,705	492,046
New financial assets purchased or issued	2,732	-	156	2,888
Matured or disposed financial assets	(4,655)	(16,973)	(11,936)	(33,564)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	(506)	506	-	-
Transferred to stage 3	(49,596)	(23,154)	72,750	-
Changes in the probability of default and loss in case of default and the exposure at default	-	-	-	-
Changes to model assumptions and methodology	1,374	18,143	(13,395)	6,122
Recoveries	-	-	-	-
Write off during the period	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	26,055	1,157	440,280	467,492

Financial Assets at Amortized cost	**Stage 1 12 months**	**Stage 2 Life time**	**Stage 3 Life time**	**Total** (Ksh '000)
ECL (Expected credit losses) on 1 January 2025	78,298	-	-	78,298
New financial assets purchased or issued	536	-	-	536
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 period	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	78,834	-	-	78,834

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

Due from banks	Stage 1	Stage 2	Stage 3	Ksh '000 Total
	12 months	Life time	Life time	
ECL (Expected 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	Ksh '000 Total
	12 months	Life time	Life time	
ECL (Expected 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	Stage 2	Stage 3	Ksh '000 Total
	12 months	Life time	Life time	
ECL (Expected 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 Amortized cost	Stage 1	Stage 2	Stage 3	Ksh '000 Total
	12 months	Life time	Life time	
ECL (Expected credit Losses) on 1 January 2024	57,554	-	-	57,554
New financial assets purchased or issued	20,744	-	-	20,744
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	78,298	-	-	78,298

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

Loans and advances to customers

	Ksh '000 Gross
Mar.31, 2025	
IFRS 9 Stage 1 (0- 30 days)	**4,843,033**
IFRS 9 Stage 2 (31- 90 days)	**23,443**
IFRS 9 Stage 3(Over 90 days)	**941,643**
Total	**5,808,119**

	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

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 period were as below:

Loans and advances to customer	Mar.31, 2025 Ksh '000	Dec.31, 2024 Ksh '000
Corporates	**136,131**	35,859
Total	**136,131**	35,859

4.1.10. Financial investments:

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

Mar.31, 2025				**Ksh '000**
Amortized cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
AAA	**-**	**-**	**-**	**-**
AA+ to -AA	**-**	**-**	**-**	**-**
A to -A+	**-**	**-**	**-**	**-**
Less than -A	**3,131,369**	**-**	**-**	**3,131,369**
Not rated	**-**	**-**	**-**	**-**
Total	**3,131,369**	**-**	**-**	**3,131,369**

Mar.31, 2025				**Ksh '000**
Fair value through OCI	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
AAA	**-**	**-**	**-**	**-**
AA+ to -AA	**-**	**-**	**-**	**-**
A to -A+	**-**	**-**	**-**	**-**
Less than -A	**3,199,057**	**-**	**-**	**3,199,057**
Not rated	**-**	**-**	**-**	**-**
Total	**3,199,057**	**-**	**-**	**3,199,057**

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	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
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	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
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 shows the analysis of ECL of financial investments by rating agencies at the period end based on Standard & Poor's valuation and its equivalent.

Mar.31, 2025				**Ksh '000**
Amortized cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
AAA	-	-	-	-
AA+ to -AA	-	-	-	-
A to -A+	-	-	-	-
Less than -A	**78,834**	-	-	**78,834**
Not rated	-	-	-	-
Total	**78,834**	-	-	**78,834**

Dec.31, 2024				Ksh '000
Amortized cost	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
AAA	-	-	-	-
AA+ to -AA	-	-	-	-
A to -A+	-	-	-	-
Less than -A	78,298	-	-	78,298
Not rated	-	-	-	-
Total	78,298	-	-	78,298

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 period.

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

				Ksh '000
Mar.31, 2025	**Nairobi**	**Coast**	**Rift valley**	**Total**
Cash and balances with Central Bank of Kenya	**2,753,153**	**26,332**	**21,696**	**2,801,182**
Due from banks	**73,185**	-	-	**73,185**
Gross loans and advances to customers				
Individual:				
- Overdrafts	**53,663**	**5,080**	**3,624**	**62,367**
- Personal loans	**153,848**	**18,431**	**9,676**	**181,955**
- Mortgages	**41,665**	**11,154**	-	**52,819**
Corporate:				
- Overdrafts	**896,063**	**219,646**	**97,583**	**1,213,292**
- Other loans	**3,247,161**	**708,955**	**341,570**	**4,297,686**
Expected credit losses	**(278,594)**	**(89,536)**	**(130,737)**	**(498,867)**
Financial investments:				
-Debt instruments	**6,409,260**	**-**	**-**	**6,409,260**
Expected credit losses	**(78,834)**	**-**	**-**	**(78,834)**
Total	**13,270,571**	**900,062**	**343,412**	**14,514,045**

				Ksh '000
Dec.31, 2024	Nairobi	Coast	Rift valley	Total
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: Expected credit losses	(9,182)	-	-	(9,182)
Gross loans and advances to customers				
Individual:				
- Overdrafts	100,903	7	2,871	103,781
- Personal loans	130,982	19,271	10,439	160,692
- 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
Expected credit losses	(271,048)	(91,123)	(167,871)	(530,042)
Financial investments:				
- Debt instruments	5,397,549	-	-	5,397,549
Expected credit losses	(78,298)	-	-	(78,298)
Total	13,501,971	900,906	343,491	14,746,368

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

Mar.31, 2025	**Agriculture**	**Building and Construction**	**Business Services**	**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	-	-	-	2,801,182	-	-	-	-	-	-	-	-	2,801,182
Due from banks	-	-	-	73,185	-	-	-	-	-	-	-	-	73,185
Less:Expected credit losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross loans and advances to customers													
Individual:													
- Overdrafts	-	-	-	-	62,367	-	-	-	-	-	-	-	62,367
- Personal loans	-	-	-	-	181,956	-	-	-	-	-	-	-	181,956
- Mortgages	-	-	-	-	52,819	-	-	-	-	-	-	-	52,819
Corporate:													
- Overdrafts	-	279,877	70,312	190,146	-	126,676	-	-	46,783	7,032	337	492,129	1,213,292
- Loans	480,840	163,775	841,848	946,596	18,158	694,520	-	31,481	254,423	64,695	121,857	679,493	4,297,686
Expected credit losses	(1,046)	(49,613)	(6,132)	(17,781)	(32,340)	(74,334)	-	(0)	(102,634)	(24,797)	(66,336)	(123,853)	(498,867)
Net loans and advances to customers	479,794	394,039	906,027	1,118,961	282,959	746,863	-	31,480	198,572	46,931	55,858	1,047,769	5,309,252
Financial investments:													
-Debt instruments	-	-	-	-	-	-	6,409,260	-	-	-	-	-	6,409,260
Expected credit losses	-	-	-	-	-	-	(78,834)	-	-	-	-	-	(78,834)
Total	479,794	394,039	906,027	3,993,328	282,959	746,863	6,330,426	31,481	198,572	46,931	55,858	1,047,769	14,514,045

Ksh '000

Dec.31, 2024	Agriculture	Building and Construction	Business Services	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:Expected credit losses	-	-	-	(9,182)	-	-	-	-	-	-	-	-	(9,182)
Gross loans and advances to customers													
Individual:													
- Overdrafts	-	-	-	-	103,781	-	-	-	-	-	-	-	103,781
- Personal loans	-	-	-	-	159,285	-	-	-	1,407	-	-	-	160,692
- Mortgages	-	-	-	-	54,244	-	-	-	-	-	-	-	54,244
Corporate:													-
- Overdrafts	-	201,090	103,990	484,934	-	166,513	-	-	40,838	7,625	952	480,870	1,486,812
- 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
Expected credit losses	(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	279,315	880,326	-	42,560	134,683	36,740	54,434	1,134,592	5,908,439
Financial investments:													-
-Debt instruments	-	-	-	-	-	-	5,397,549	-	-	-	-	-	5,397,549
Expected credit losses	-	-	-	-	-	-	(78,298)	-	-	-	-	-	(78,298)
Total	514,435	326,708	1,050,560	4,972,764	279,315	880,326	5,319,251	42,560	134,683	36,740	54,434	1,134,592	14,746,368

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 March 31, 2025. Included in the table are the Bank's financial instruments at carrying amounts categorised by currency.

Ksh '000

Mar.31, 2025	Ksh	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances with central bank	2,675,240	93,057	16,777	16,108	-	2,801,182
Gross due from banks	670	56,561	12,184	3,612	159	73,185
Gross loans and advances to customers	4,471,336	1,336,783	-	-	-	5,808,119
Other assets	330,117	189	-	-	-	330,306
Financial investments						
Gross financial investment securities	5,791,062	618,198	-	-	-	6,409,260
Total financial assets	13,268,424	2,104,788	28,961	19,720	159	15,422,052
Financial liabilities						
Due to banks	-	349,521	-	-	-	349,521
Due to customers	11,070,430	1,748,822	29,424	20,733	-	12,869,409
Other liabilities	173,072	15,548	1,284	-	-	189,904
Lease liabilities	54,300	-	-	-	-	54,300
Total financial liabilities	11,297,802	2,113,891	30,708	20,733	-	13,463,133
Net on-balance sheet financial position	1,970,623	(9,103)	(1,747)	(1,013)	159	1,958,919

Dec.31, 2024	Ksh	USD	EUR	GBP	Other	Ksh '000 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 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

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 period from 1 January 2025.

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

Mar.31, 2025	Amount	Scenario 1 10% appreciation	Ksh '000 Scenario 2 10% depreciation
Core Capital	**2,114,602**	**2,104,688**	**2,124,516**
Total Capital	**2,181,542**	**2,171,628**	**2,191,456**
Risk Weighted Assets (RWA)	**13,912,363**	**13,912,363**	**13,912,363**
Adjusted Core Capital to RWA	**15.20%**	**15.13%**	**15.27%**
Adjusted Total Capital to RWA*	**15.68%**	**15.61%**	**15.75%**

*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

Mar.31, 2025	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	2,054,644	-	-	-	-	746,537	2,801,181
Gross due from banks	-	-	-	-	-	73,185	73,185
Gross loans and advances to customers	5,808,119	-	-	-	-	-	5,808,119
Financial investments	-	-	-	-	-	-	
Gross financial investment securities	-	24,520	1,138,573	437,548	4,808,620	-	6,409,261
Total financial assets	7,862,763	24,520	1,138,573	437,548	4,808,620	819,722	15,091,746
Financial liabilities							
Due to banks	349,521	-	-	-	-	-	349,521
Due to customers	1,725,570	3,605,538	3,777,744	482,319	-	3,278,237	12,869,409
Total financial liabilities	2,075,091	3,605,538	3,777,744	482,319	-	3,278,237	13,218,930
Total interest re-pricing gap	5,787,672	(3,581,019)	(2,639,171)	(44,771)	4,808,620	(2,458,515)	1,872,816

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	-	-	-	74,147	2,612,987
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	989,020	15,363,890
Financial liabilities							
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

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 2025.

Mar.31, 2025 **Ksh '000**

	Amount	Scenario 1 Increase net interest margin by 10%	Scenario 2 Decrease net interest margin by 10%
Profit before tax	(243,773)	(227,010)	(260,537)
Core Capital	2,114,602	2,131,365	2,097,839
Total Capital	2,181,542	2,198,306	2,164,779
Risk Weighted Assets (RWA)	13,912,363	13,912,363	13,912,363
Adjusted Core Capital to RWA	15.20%	15.32%	15.08%
Adjusted Total Capital to RWA	15.68%	15.80%	15.56%

*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 ECL 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 period. were as follows:

	Mar.31, 2025	Dec.31, 2024
At period end	**66.1%**	64.2%
Average for the period	**65.5%**	70.0%
Maximum for the period	**66.1%**	77.9%
Minimum for the period	**64.7%**	63.1%

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

Mar.31, 2025	**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	**349,521**	**-**	**-**	**-**	**-**	**349,521**
Due to customers	**5,013,297**	**3,658,156**	**3,986,173**	**635,156**	**-**	**13,292,783**
Lease liabilities	**10,120**	**6,974**	**9,367**	**34,502**	**1,002**	**61,964**
Total liabilities (contractual and non contractual maturity dates)	**5,372,939**	**3,665,131**	**3,995,540**	**669,658**	**1,002**	**13,704,268**
Total financial assets (contractual and non contractual maturity dates)	**7,862,763**	**24,520**	**1,138,573**	**437,548**	**5,628,343**	**15,091,747**
Net liquidity gap	**2,489,825**	**(3,640,611)**	**(2,856,967)**	**(232,110)**	**5,627,341**	**1,387,479**

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 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)

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**
Mar.31, 2025	**Up to 1 year**	**1-5 years**	**Over 5 years**	**Total**
Other contingent liabilities	**-**	**-**	**-**	**-**
Letters of credit, guarantees and other commitments	**2,268,485**	**507,588**	**-**	**2,776,073**
Total	**2,268,485**	**507,588**	**-**	**2,776,073**

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

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 March 31, 2025:

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	
		Mar.31, 2025	Dec.31, 2024	**Mar.31, 2025**	Dec.31, 2024
Financial assets		**Ksh '000**	Ksh '000	**Ksh '000**	Ksh '000
Due from banks		**73,185**	2,603,805	**73,185**	2,603,805
Gross loans and advances to customers		**5,808,119**	6,438,481	**5,808,119**	6,438,481
- Individual		**297,141**	318,717	**297,141**	318,717
- Corporate		**5,510,978**	6,119,764	**5,510,978**	6,119,764
Financial investments:					
Amortized cost	**1**	**3,210,203**	2,219,068	**3,176,989**	2,105,746
Fair value through OCI	**1**	**3,199,057**	3,178,481	**3,199,057**	3,178,481
Total financial assets		**12,290,564**	14,439,835	**12,257,350**	14,326,513
Financial liabilities					
Due to banks		**349,521**	-	**349,521**	-
Due to customers		**12,869,409**	13,262,650	**12,869,409**	13,262,650
Total financial liabilities		**13,218,930**	13,262,650	**13,218,930**	13,262,650

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.

Ksh '000

			Fair value measurement using		
Mar.31, 2025	**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-Mar-25**	**3,199,057**	**3,199,057**	**-**	**-**
Total		**3,199,057**	**3,199,057**	**-**	**-**

Ksh '000

Dec.31, 2024	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-24	3,178,481	3,178,481	-	-
Total		3,178,481	3,178,481	-	-

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 ECLs 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 period.

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

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

1-The capital adequacy ratio	**Mar.31, 2025**	Dec.31, 2024
	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	**(2,084,592)**	(1,920,161)
Less: Deferred tax asset	**(1,495,578)**	(1,407,632)
Total qualifying tier 1 capital	**2,114,602**	2,366,979
Tier 2 capital		
Statutory Loan Loss Reserve	**66,940**	-
Total qualifying tier 2 capital	**66,940**	-
Total capital 1+2	**2,181,542**	2,366,979
Risk weighted assets		
On balance sheet items	**7,125,158**	7,508,605
Off balance sheet items	**2,159,111**	1,879,641
Market risk	**3,104,710**	2,898,621
Operational risk	**1,523,384**	1,717,090
Total Risk-weighted assets	**13,912,363**	14,003,957
Core capital to Total Risk Weighted assets ratio	**15.20%**	16.90%
Total capital to Total Risk Weighted Assets ratio	**15.68%**	17.32%

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:

	Mar.31, 2025			Dec.31, 2024		
	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)	**155,525**	**0%**	-	117,482	0%	-
Balances with Central Bank of Kenya	**2,645,657**	**0%**	-	797,391	0%	-
Kenya Government Treasury Bills	**1,163,092**	**0%**	-	142,623	0%	-
Kenya Government Treasury Bonds	**5,167,335**	**0%**	-	5,176,628	0%	-
Deposits and balances due from local institutions	**1,993**	**20%**	**399**	1,858,953	20%	371,791
Deposits and balances due from foreign institutions	**71,193**	**20%**	**14,239**	744,852	20%	148,970
Lending fully secured by cash	**645,690**	**0%**	-	1,255,134	0%	-
Loans and receivables Secured by residential property	**33,613**	**35%**	**11,764**	34,599	35%	12,110
Other Loans and advances (net of ECL)	**4,629,950**	**100%**	**4,629,950**	4,618,706	100%	4,618,706
Fixed Assets(net of depreciation)	**513,942**	**100%**	**513,942**	566,895	100%	566,895
Other assets	**1,954,865**	**100%**	**1,954,865**	1,790,133	100%	1,790,133
Total	**16,982,853**		**7,125,159**	17,103,396		7,508,605
Local Financial Institutions (Notional amount of swap deals)	-	**20%**	-	323,375	20%	64,675
Off balance sheet assets						
Transactions Secured by Cash	**616,961**	**0%**	-	614,814	0%	-
Others	**2,159,111**	**100%**	**2,159,111**	2,138,341	100%	1,814,966
Total	**2,776,073**		**2,159,111**	2,753,155		1,814,966

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
Mar.31, 2025				
Interest income	**218,880**	**235,586**	**44,287**	**498,753**
Interest expense	**(138,951)**	**(190,305)**	**(1,002)**	**(330,258)**
Net interest income	**79,929**	**45,281**	**43,285**	**168,495**
Net fees and commission income	**8,224**	**6,377**	**1,876**	**16,477**
Depreciation and amortization	**(24,273)**	**(21,239)**	**(15,170)**	**(60,682)**
Impairment	**(15,305)**	**(5,162)**	**(7,615)**	**(28,082)**
Operating expenses	**(157,851)**	**(132,177)**	**(49,954)**	**(339,982)**
Profit before tax	**(109,275)**	**(106,920)**	**(27,579)**	**(243,774)**
Tax expense	**5,727**	**82,220**	**-**	**87,947**
Loss for the period	**(103,548)**	**(24,700)**	**(27,579)**	**(155,827)**

	Corporate banking	Investments	Retail banking	Total
Mar.31, 2024				
Interest income	181,968	224,139	31,542	437,649
Interest expense	(152,461)	(108,832)	(27,733)	(289,026)
Net interest income	29,507	115,307	3,809	148,623
Net fees and commission income	12,908	(10,353)	2,237	4,792
Depreciation and amortization	(19,393)	(16,969)	(12,120)	(48,482)
Impairment	(5,369)	(1,811)	(2,723)	(9,903)
Operating expenses	(80,616)	(162,046)	(58,857)	(301,519)
Profit before tax	(62,963)	(75,872)	(67,654)	(206,489)
Tax expense	15,848	57,275	2,494	75,618
Loss for the period	(47,115)	(18,596)	(65,160)	(130,871)

Ksh '000

	Corporate banking	Investments	Retail banking	Total
Mar.31, 2025				
Cash and financial investments	**-**	**9,049,269**	**155,525**	**9,204,794**
Loans and advances	**5,043,486**	**-**	**265,766**	**5,309,252**
Other Assets	**11,698**	**280,960**	**2,176,150**	**2,468,808**
Funding Centre	**506,981**	**(5,315,844)**	**4,808,863**	**-**
Total assets	**5,562,164**	**4,014,385**	**7,406,304**	**16,982,853**
Customer deposits	**5,562,165**	**-**	**7,307,244**	**12,869,409**
Dues to banks	**-**	**349,521**	**-**	**349,521**
Other liabities	**-**	**145,143**	**99,060**	**244,203**
Equity	**-**	**3,519,721**	**-**	**3,519,721**
Total liabilities and shareholders' funds	**5,562,165**	**4,014,385**	**7,406,304**	**16,982,853**

	Corporate banking	Investments	Retail banking	Total
Dec.31, 2024				
Cash and financial investments	-	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
Other liabities	-	117,397	106,987	224,384
Equity	-	3,616,362	-	3,616,362
Total liabilities and shareholders' funds	4,103,419	3,733,760	9,266,218	17,103,396

5.2. Classification by geographical segment

Mar.31, 2025	**Nairobi**	**Coast**	**Rift valley**	**Total**
				Ksh '000
Interest income	**460,729**	**28,103**	**9,921**	**498,753**
Interest expense	**(280,850)**	**(29,326)**	**(20,082)**	**(330,258)**
Net interest income	**179,878**	**(1,223)**	**(10,160)**	**168,495**
Net fees and commission income	**14,286**	**1,976**	**215**	**16,478**
Depreciation and amortization	**(55,731)**	**(3,918)**	**(1,033)**	**(60,682)**
Impairment	**(25,535)**	**(4,040)**	**1,493**	**(28,082)**
Operating expenses	**(275,605)**	**(51,472)**	**(12,906)**	**(339,983)**
Profit before tax	**(162,706)**	**(58,676)**	**(22,391)**	**(243,774)**
Tax expense	**87,947**	**-**	**-**	**87,947**
Loss for the year	**(74,759)**	**(58,676)**	**(22,391)**	**(155,827)**

Mar.31, 2024	Nairobi	Coast	Rift valley	Total
				Ksh '000
Interest income	383,671	42,355	11,623	437,649
Interest expense	(223,633)	(42,165)	(23,228)	(289,026)
Net interest income	160,038	190	(11,605)	148,623
Net fees and commission income	3,666	878	248	4,792
Depreciation and amortization	(45,152)	(2,279)	(1,051)	(48,482)
Impairment	(29,217)	7,254	12,059	(9,903)
Operating expenses	(252,875)	(36,686)	(11,958)	(301,519)
Profit before tax	(163,540)	(30,643)	(12,306)	(206,489)
Tax expense	75,618	-	-	75,618
Loss for the period	(87,922)	(30,643)	(12,306)	(130,871)

Mar.31, 2025	**Nairobi**	**Coast**	**Rift valley**	**Total**
				Ksh '000
Cash and financial investments	**9,156,764**	**26,332**	**21,697**	**9,204,793**
Loans and advances	**4,172,150**	**861,014**	**276,088**	**5,309,252**
Other Assets	**2,437,060**	**26,883**	**4,866**	**2,468,809**
Net inter branch	**(593,985)**	**429,285**	**164,700**	**-**
	15,171,989	**1,343,514**	**467,351**	**16,982,854**
Customer deposits	**10,556,116**	**1,593,197**	**720,096**	**12,869,409**
Dues to banks	**349,521**	**-**	**-**	**349,521**
Other liabities	**207,144**	**23,638**	**13,421**	**244,203**
Equity	**4,059,207**	**(273,321)**	**(266,166)**	**3,519,720**
Total liabilities and shareholders' funds	**15,171,989**	**1,343,514**	**467,351**	**16,982,854**

Dec.31, 2024	Nairobi	Coast	Rift valley	Total
				Ksh '000
Cash and financial investments	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	-
Total assets	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

6 . Interest income

	Mar.31, 2025 Ksh '000	Mar.31, 2024 Ksh '000
Interest and similar income		
- Banks	**71,950**	49,173
- Clients	**263,166**	213,510
Total	**335,116**	262,683
Government securities – treasury bills	**8,559**	-
Government securities – treasury bonds	**155,078**	174,966
Total	**163,637**	174,966
Total interet income	**498,753**	437,649
Interest and similar expense		
- Banks	**(1,435)**	(13,531)
- Clients	**(327,363)**	(273,048)
Lease liability interest expense	**(1,460)**	(2,447)
Total	**(330,258)**	(289,026)
Net interest income	**168,495**	148,623

7 . Fees and commission income

	Mar.31, 2025 Ksh '000	Mar.31, 2024 Ksh '000
Fees and commission income		
Fees and commissions related to trade finance	**4,030**	3,089
Other fees	**4,393**	3,796
Total	**8,423**	6,885

8 . Net trading income

	Mar.31, 2025 Ksh '000	Mar.31, 2024 Ksh '000
Gain from foreign exchange	**8,054**	(2,093)

9 . Administrative expenses

	Mar.31, 2025 Ksh '000	Mar.31, 2024 Ksh '000
Employee benefits*	236,319	207,405
Depreciation - property and equipment (Note 21)	30,012	21,461
Depreciation - right of use assets (Note 31)	9,197	9,277
Amortization - intangible assets (Note 22)	21,471	17,745
Audit fees	3,000	2,655
Directors' emoluments - fees	3,413	4,998
Other operating expenses	97,252	86,460
Total	400,664	350,001

*** Employee benefits**

	Mar.31, 2025 Ksh '000	Mar.31, 2024 Ksh '000
Staff costs		
Salaries and allowances	210,405	187,085
Retirement benefits costs:		
Defined contribution benefits scheme	6,113	4,180
National social security fund	1,969	802
Housing levy	3,033	2,666
Staff insurance	12,194	9,622
Other staff expenses	2,607	3,050
Total	236,319	207,405
The average number of employee during the period	177	139

10 . Impairment charge for credit losses

	Mar.31, 2025 Ksh '000	Mar.31, 2024 Ksh '000
Write back/(charge) on loans	(32,734)	(6,448)
Recoveries during the period	148	-
Charge on government securities	(536)	3,660
Charge/(write back) on due from banks	9,182	2,530
Charge/(write back) on off balance sheet items	(4,143)	(9,645)
Total	(28,082)	(9,903)

11 . Current income tax

	Mar.31, 2025 Ksh '000	Mar.31, 2024 Ksh '000
Income tax expense		
Charge to profit or loss for the period	-	-
Deferred income tax		
Deferred income tax credit	87,947	75,618
Total income tax credit for the period	87,947	75,618

12 . Earnings per share

	Mar.31, 2025 Ksh '000	Mar.31, 2024 Ksh '000
Net loss for the period, available for distribution	(155,827)	(130,871)
Loss attributable to owners of the Bank	(155,827)	(130,871)
Weighted average number of shares	4,081,633	4,081,633
Basic loss per share	(38.18)	(32.06)

13 . Cash and balances with Central Bank of Kenya

	Mar.31, 2025	Dec.31, 2024
	Ksh '000	Ksh '000
Cash	**155,525**	117,482
Balances with the CBK - available for use by the Bank	**2,218,373**	161,318
Cash and balances with the CBK - available for use by the Bank	**2,373,898**	278,800
Cash reserve ratio*	**427,284**	636,073
Total	**2,801,182**	914,873
Fixed interest bearing balances	**2,054,645**	-
Non-interest bearing balances	**746,537**	914,873
Total	**2,801,182**	914,873

* 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 March 31, 2025 the cash reserve ratio requirement for Kenya was 3.25% of all customer deposits (December 31, 2024 - 4.25%). These funds are not available for the day to day operations of the Bank.

14 . Due from banks

	Mar.31, 2025	Dec.31, 2024
	Ksh '000	Ksh '000
Current accounts	**73,185**	83,328
Deposits	**-**	2,529,659
Expected credit losses	**-**	(9,182)
Total	**73,185**	2,603,805
Local banks	**1,993**	1,858,953
Foreign banks	**71,192**	744,852
Total	**73,185**	2,603,805
Non-interest bearing balances	**73,185**	83,328
Fixed interest bearing balances	**-**	2,520,477
Total	**73,185**	2,603,805
Current balances	**73,185**	2,603,805

Due from banks

	Stage 1	Stage 1
	Ksh '000	Ksh '000
Gross due from banks	**73,185**	2,612,987
Expected credit losses	**-**	(9,182)
Net due from banks	**73,185**	2,603,805

The weighted average effective interest rate at March 31, 2025 for deposits due from Banking institutions was (LCY -11.35%, FCY – 2.86%) (Dec.31, 2024 (LCY - 8.73%, FCY – 6.19%)

15 . Loans and advances to customers, net

	Mar.31, 2025 Ksh '000	Dec.31, 2024 Ksh '000
Individual		
- Overdraft	**62,367**	103,781
- Personal loans	**181,956**	160,692
- Mortgages	**52,819**	54,244
Total 1	**297,141**	318,717
Corporate		
- Overdraft	**1,213,292**	1,486,812
- Loans	**4,297,686**	4,632,952
Total 2	**5,510,978**	6,119,764
Total loans and advances to customers (1+2)	**5,808,119**	6,438,481
Less:		
Impairment	**(498,867)**	(530,042)
Net loans and advances to customers	**5,309,252**	5,908,439

The weighted average effective interest rate on LCY loans and advances to customers as at March 31, 2025 was 16.41% (2024 16.35%).
The weighted average effective interest rate on FCY loans as at March 31, 2025 was 8.93% (2024 9.17%).

Analysis of gross advances by maturity:	Mar.31, 2025 Ksh '000	Dec.31, 2024 Ksh '000
Maturing within one month	**711,819**	1,149,496
Maturing within 90 days	**1,016,683**	525,414
Maturing after 90 days and within one year	**1,593,166**	2,066,159
Maturing after one to five years	**2,262,477**	2,599,123
Maturing after 5 years	**223,974**	98,289
Total	**5,808,119**	6,438,481

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

Ksh '000

	Mar.31, 2025			
Individual Loans:	**Overdrafts**	**Personal loans**	**Mortgages**	**Total**
Beginning balance	**12,932**	**20,833**	**4,231**	**37,995**
ECL (write back) / charge during the period	**(12,311)**	**5,789**	**(98)**	**(6,620)**
Ending balance	**621**	**26,621**	**4,133**	**31,375**

	Mar.31, 2025		
Corporate and Business Banking loans:	**Overdraft**	**Loans**	**Total**
Beginning balance	**38,986**	**453,060**	**492,046**
ECL write back during the period	**(14,522)**	**(10,032)**	**(24,554)**
Ending balance	**24,464**	**443,028**	**467,492**

Ksh '000

	Dec.31, 2024			
Individual Loans:	Overdrafts	Personal loans	Mortgages	Total
Beginning balance	12,423	46,457	6,354	65,234
ECL charge / (write back) 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
ECL charge / (write back) during the year	(68,525)	64,041	(4,484)
Ending balance	38,986	453,060	492,046

16 . Financial investments securities

Mar.31, 2025 — **Ksh '000**

	Fair value through OCI	**Amortized cost**	**Total**
Investments listed in the market			
Treasury bonds	**3,199,057**	**1,968,277**	**5,167,334**
Treasury bills and other governmental notes	**-**	**1,163,092**	**1,163,092**
Total	**3,199,057**	**3,131,369**	**6,330,426**

Dec.31, 2024 — Ksh '000

	Financial Assets at 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

Mar.31, 2025 — **Ksh '000**

	Fair value through OCI	**Amortized cost ***	**Total**
Beginning balance	**3,178,481**	**2,219,068**	**5,397,549**
Additions during the period	**-**	**1,086,911**	**1,086,911**
Disposals/ maturities during the period	**-**	**(75,000)**	**(75,000)**
Movement in premium /discount during the period	**539**	**12,386**	**12,925**
Movement in interest receivable during the period	**(31,428)**	**(33,162)**	**(64,590)**
Movement in fair value loss during the period	**51,466**	**-**	**51,466**
Foreign exchange movement during the period	**-**	**-**	**-**
Total	**3,199,057**	**3,210,203**	**6,409,260**
Expected credit losses	**-**	**(78,834)**	**(78,834)**
Ending Balance as of March 31, 2025	**3,199,057**	**3,131,369**	**6,330,426**

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

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

17 . 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

Mar.31, 2025	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	2,801,182	-	-	-	2,801,182
Due from banks	73,185	-	-	-	73,185
Financial Assets at Amortized cost	3,131,369	-	-	-	3,131,369
Loans and advances to customers, net	5,309,252	-	-	-	5,309,252
Financial assets at fair value through OCI	-	3,199,057	-	-	3,199,057
Total 1	11,314,988	3,199,057	-	-	14,514,045
Due to banks	349,521	-	-	-	349,521
Due to customers	12,869,409	-	-	-	12,869,409
Total 2	13,218,930	-	-	-	13,218,930

18 . Other assets

	Mar.31, 2025	Dec.31, 2024
	Ksh '000	Ksh '000
Prepaid expenses	105,173	71,135
Prepaid staff benefit	16,964	16,964
Accounts receivables and other assets	208,168	173,141
Total	330,306	261,240

19.0 . Derivative financial instruments

19.1 . 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 period 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:

19.2 . For trading derivatives

			Ksh '000			Ksh '000
	Mar.31, 2025			Dec.31, 2024		
Foreign currencies derivatives	**Notional amount**	**Assets**	**Liabilities**	Notional amount	Assets	Liabilities
- Forward foreign exchange contracts	-	-	-	-	-	-
- Currency swap	-	-	-	323,375	-	-
- Options	-	-	-	-	-	-
Total (1)	-	-	-	323,375	-	-

20 . Property and equipment

Ksh '000

Mar. 31, 2025

	Computer equipment	Motor vehicles	Leasehold Improvements	Office equipment	Furniture, and fittings	Capital work in progress	Total
Beginning gross assets (1)	**138,217**	**56,620**	**256,247**	**535,048**	**40,559**	**786**	**1,027,477**
Additions during the period	**3,183**	**-**	**-**	**250**	**299**	**-**	**3,732**
Transfer from work in progress	**-**	**-**	**-**	**786**	**-**	**(786)**	**-**
Ending gross assets (2)	**141,400**	**56,620**	**256,247**	**536,084**	**40,858**	**-**	**1,031,210**
Accumulated depreciation at beginning of the period (3)	**107,503**	**31,019**	**167,054**	**340,282**	**29,521**	**-**	**675,379**
Current period depreciation	**4,340**	**2,671**	**7,925**	**14,105**	**971**	**-**	**30,012**
Accumulated depreciation at end of the period (4)	**111,843**	**33,690**	**174,979**	**354,387**	**30,492**	**-**	**705,391**
Ending net assets (2-4)	**29,557**	**22,930**	**81,268**	**181,697**	**10,366**	**-**	**325,819**
Beginning net assets (1-3)	**30,715**	**25,601**	**89,193**	**194,766**	**11,038**	**786**	**352,098**
Depreciation rates	**33.33%**	**20.00%**	**12.50%**	**20.00%**	**20.00%**		

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	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%	20.0%	

21. Intangible assets

	Mar. 31, 2025 Ksh '000	Dec.31, 2024 Ksh '000
Computer software		
Cost		
At 1 January	504,299	450,574
Additions during the period	3,995	40,095
Transfer from Work in progress	-	13,630
Total 1	508,294	504,299
Work In Progress		
At 1 January	5,268	13,630
Additions during the period	-	5,267
Transfer from Work in progress	-	(13,630)
Total 2	5,268	5,267
Amortisation		
At 1 January	350,227	271,535
Current period amortization	21,471	78,692
Total 3	371,698	350,227
Net book value at period end (1+2-3)	141,864	159,339

22. Due to banks

	Mar.31, 2025 Ksh '000	Dec.31, 2024 Ksh '000
Current accounts	-	-
Deposits	349,521	-
Total	349,521	-
Local banks	-	-
Foreign banks	349,521	-
Total	349,521	-
Non-interest bearing balances	-	-
Floating interest bearing balances	-	-
Fixed interest bearing balances	349,521	-
Total	349,521	-
Current balances	349,521	-
Non-current balances	-	-
Total	349,521	-

The weighted average effective interest rate of LCY balances due to banks at March 31, 2025 was 7.05% (2024 - 6.91%) and the rate for FCY 4.77% (2024 – 6.52).

23. Due to customers

	Mar.31, 2025 Ksh '000	Dec.31, 2024 Ksh '000
Demand deposits	1,075,024	1,127,027
Time deposits	9,602,005	10,054,100
Saving deposits	1,252,769	1,324,491
Other deposits (Call)	939,611	757,032
Total	12,869,409	13,262,650
Corporate deposits	5,788,750	5,643,884
Individual deposits	7,080,659	7,618,766
Total	12,869,409	13,262,650
Non-interest bearing balances	1,075,024	1,127,027
Floating interest bearing balances	1,252,769	1,324,491
Fixed interest bearing balances	10,541,616	10,811,132
Total	12,869,409	13,262,650
Current balances	12,387,090	12,676,140
Non-current balances	482,319	586,510
Total	12,869,409	13,262,650

The weighted average effective interest rate on LCY customer deposits at March 31, 2025 was 11.87% (2024 13.20%) and the rate for FCY was 2.51% (2024 4.61%).

24. Other liabilities and accrued expenses

	Mar.31, 2025 Ksh '000	Dec.31, 2024 Ksh '000
Accrued expenses	55,048	45,513
Accounts payable	38,664	33,486
Others credit balances	90,966	78,191
Total	184,678	157,190

25. Other Provisions

	Mar.31, 2025		Ksh '000	Dec.31, 2024		Ksh '000
	Beginning balance	Net charged / released during the period	Ending balance	Beginning balance	Net charged / released during the year	Ending balance
Expected credit loss for letters of credit and guarantees	517	4,181	4,698	702	(185)	517
Expected credit loss for unutilized overdrafts	566	(39)	528	233	334	566
Total	1,083	4,143	5,226	935	149	1,083

26 . Share capital

	Mar.31, 2025 Ksh '000	Dec.31, 2024 Ksh '000
Authorised:		
4,081,633 ordinary shares of Sh 1,000 each (2024: 4,081,633)	**4,081,633**	4,081,633
Issued and fully paid:		
4,081,633 ordinary shares of Sh 1,000 each (2024: 4,081,633)	**4,081,633**	4,081,633

27 . Share premium

	Mar.31, 2025 Ksh '000	Dec.31, 2024 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%. (2024:30%)

Deferred tax assets and liabilities are attributable to the following:

	Assets (Liabilities) Mar.31, 2025 Ksh '000	Assets (Liabilities) Dec.31, 2024 Ksh '000
Fixed assets	**19,323**	21,050
Tax losses carried forward	**1,384,263**	1,304,042
Other deductible differences	**191,992**	182,540
Deferred tax on fair value gain on government securities through OCI	**28,981**	21,261
Deferred tax asset	**1,624,559**	1,528,893

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 perio.

Movements in temporary differences during the period **Ksh '000**

	At start of period	Movement in the period	Other comprehensive income	At end of period
Mar.31, 2025				
Property and equipment	**(21,050)**	**1,727**	**-**	**(19,323)**
Unrealised exchange gains	**7,862**	**(6,910)**	**-**	**952**
ROU (negative)	**16,637**	**(2,760)**	**-**	**13,878**
Deferred tax on fair value gain on government securities through OCI	**(21,261)**	**-**	**(7,720)**	**(28,981)**
Provisions	**(187,206)**	**(3,326)**	**-**	**(190,531)**
Tax losses	**(1,304,042)**	**(80,221)**	**-**	**(1,384,263)**
Lease Liability	**(19,833)**	**3,543**	**-**	**(16,290)**
Net asset	**(1,528,893)**	**(87,947)**	**(7,720)**	**(1,624,559)**
Deferred tax asset recognised	**(1,528,893)**	**(87,947)**	**(7,720)**	**(1,624,559)**
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 not recognised	(1,225,955)	(281,677)	(21,261)	(1,528,893)

29 . Contingent liabilities and commitments including off Balance Sheet items

29.1 . Legal claims

- There are no legal claims against the Bank as at March 31, 2025,(2024:Nil).

29.2 . Capital commitments

	Mar.31, 2025 Ksh '000	Dec.31, 2024 Ksh '000
Authorised and contracted for	**4,256**	3,478

29.3 . Letters of credit, guarantees and other commitments

	Mar.31, 2025 Ksh '000	Dec.31, 2024 Ksh '000
Letters of credit (import and export)	**292,351**	434,287
Letters of guarantee	**2,483,722**	1,995,493
Other contingent liabilities	**-**	323,375
Total	**2,776,073**	2,753,155

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.

Placements at 31 March 2025 include placements made in the Bank by directors, their associates and companies associated to directors. Advances to customers and deposits at 31 March 2025 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 period end:

	Directors' associated companies		**Employees/staff**	
	Mar.31, 2025	Dec.31, 2024	**Mar.31, 2025**	Dec.31, 2024
	Ksh '000	Ksh '000	**Ksh '000**	Ksh '000
Movement in related party balances was as follows:				
Loans and advances:				
At 1 January	**1,729**	-	**151,038**	145,233
Net movement during the period	**(30)**	1,729	**(6,786)**	5,805
At period end	**1,699**	1,729	**144,252**	151,038
Interest earned during the period	**67**	174	**4,384**	18,425
Letter of credit, guarantees	**-**	-	**-**	-
Deposits:				
At 1 January	**5,746**	-	**57,647**	59,245
Net movement during the peiod	**(1,958)**	5,746	**4,025**	(1,598)
At period end	**3,788**	5,746	**61,672**	57,647
Interest paid during the period	**74**	119	**599**	5,123

Key management compensation

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

	Mar.31, 2025	Mar.31, 2024
	Ksh '000	Ksh '000
Key management salaries and other benefits	**54,812**	61,092
Directors' emoluments - fees	**3,413**	4,998
	58,224	66,090

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.

	Mar.31, 2025	Dec.31, 2024
	Ksh '000	Ksh '000
Other transactions with related parties		
Balances due from Commercial International Bank Egypt	**11,688**	701,392
Balances due to Commercial International Bank Egypt	**(349,521)**	-

31 . Main currencies positions

	Mar.31, 2025	Dec.31, 2024
	Ksh '000	Ksh '000
US dollar	(96,540)	(125,968)
Sterling pound	(1,013)	(1,006)
Euro	(1,747)	(745)
Other	160	191

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:

	2025	
	Office space Ksh '000	Total Ksh '000
Amounts recognised in the statement of financial position		
Cost		
At 1 January	208,425	208,425
At 31 March	208,425	208,425
Accumulated Depreciation		
At 1 January	152,968	152,968
Current period depreciation	9,197	9,197
At 31 March	162,165	162,165
Net book value at end of the period	46,260	46,260
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	9,197	9,197
Interest expense on lease liabilities	1,460	1,460
Total	10,657	10,657

The Bank is not committed to any arrangements that are short term as at March 31,2025, (2024: nil)
The total cash outflow for leases amounted to Ksh 13 million for the period ended 31 March 2025 (2024: Ksh 51 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 (2024 Nil)

	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	19,669	19,669
Derecognition of lease	(12,660)	(12,660)
At 31 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 31 December	152,968	152,968
Net book value at end of 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

33 . Lease liabilities

	Mar. 31, 2025 Ksh '000	Dec. 31, 2024 Ksh '000
The movement in the lease liabilities is as follows:		
Balance at 1 January	**66,111**	89,298
Payment of lease liabilities	**(13,271)**	(51,252)
Interest on lease liabilities	**1,460**	8,396
Additions/lease asset recognized	**-**	19,669
At period end	**54,300**	66,111
Amounts due for settlement within 12 months	**24,849**	31,855
Amounts due for settlement after 12 months	**29,451**	34,256
Total	**54,300**	66,111
Maturity Analysis of undiscounted cashflows	**Ksh '000**	Ksh '000
Year 1	**26,461**	35,309
Year 2	**16,333**	18,489
Year 3	**10,586**	11,328
Year 4	**4,625**	5,474
Year 5	**2,957**	2,921
Above 5 years	**1,002**	1,753
Total	**61,964**	75,275

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.

35 . Events after the reporting date

The Board of Directors approved the financial statements on 15 May 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 period, 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.

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