

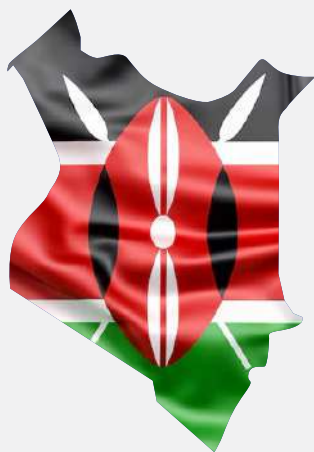


A Golden Legacy



***I&M Bank Limited
Annual Report & Consolidated
Financial Statements 2024***

Regional Footprint



Kenya

1974



Mauritius

2008



Tanzania

2010



Rwanda

2012



Uganda

2021

On Your Side



Contents

Abbreviations	4
Corporate Information	5
Chairman's Report	10
Statement on Corporate Governance	14
Financial Strategy and Highlights	42
Our Shared Value	49
Report of The Directors	53
Statement of Directors' Responsibilities	55
Independent Auditor's Report	56
Consolidated Statement of Profit or Loss and Other Comprehensive Income	59
Company Statement of Profit or Loss and Other Comprehensive Income	61
Consolidated Statement of Financial Position	62
Company Statement of Financial Position	63
Consolidated Statement of Changes in Equity	64
Company Statement of Changes in Equity	66
Consolidated Statement of Cash Flows	68
Company Statement of Cash Flows	69
Notes To The Consolidated and Separate Financial Statements	70

Abbreviations

In this document we have used the following abbreviations.

ACL	Allowance for Credit Losses	HRC	Human Resources Committee
AGM	Annual General Meeting	IAS	International Accounting Standards
ALCO	Assets and Liabilities Committee	ICT	Information and Communication Technology
BAC	Board Audit Committee	IFC	International Finance Corporation
BCC	Board Credit Committee	IFRSs	International Financial Reporting Standards
BNRC	Board Nominations and Remuneration Committee	IMBIL	I&M Bancassurance Intermediary Limited
BPC	Board Procurement Committee	IMGP	I&M Group PLC
BRMC	Board Risk Management Committee	INED	Independent Non-Executive Director
BSTC	Board Share Transfers Committee	ITSC	IT Steering Committee
CAPEX	Capital expenditure	KShs	Kenya Shillings
CBK	Central Bank of Kenya	LGD	Loss Given Default
CEO	Chief Executive Officer	M&A	Mergers and Acquisition
CGU	Cash Generating Unit	NCI	Non-Controlling Interest
CMA	Capital Markets Authority	NED	Non-Executive Director
CRMC	Credit Risk Management Committee	NSE	Nairobi Securities Exchange
CS	Company Secretary	OCI	Other Comprehensive Income
CSR	Corporate Social Responsibility	OPEX	Operating expense
EAD	Exposure at Default	PAT	Profit after tax
ECL	Expected Credit Losses	PBT	Profit before tax
ED	Executive Director	PD	Probability of default
FVOCI	Fair value through other comprehensive income	PP&E	Property Plant and Equipment
FVTPL	Fair value through profit and loss	SICR	Significant Increase in Credit Risk
GED	Group Executive Director	SOFP	Statement of Financial Position
GDP	Gross Domestic Product	SPPI	Solely Payments of Principal and Interest
GPO	General Post Office	YIB	Youjays Insurance Brokers Limited
Group	I&M Bank LIMITED together with its subsidiary undertakings		

Corporate Information

Board Of Directors

Daniel Ndonge	(Chairman)
Sarit S. Raja Shah	(Group Executive Director)
Gul Abbass Khan*	(Chief Executive Officer)
Suresh B. R Shah, MBS	
Sachit S. Raja Shah	
M. Soundararajan**	
A. Nyambura Koigi	
Nikhil R Hira	
Muchemi Wambugu, MBS	
Alan J. Dodd	
Phyllis K Wakiaga	(Appointed on 29 January 2024)

* British

** Indian

Company Secretary

Stella W Gacharia
1 Park Avenue
1st Parklands Avenue
P. O. Box 101499-00101
Nairobi, Kenya

Auditor

KPMG Kenya
8th Floor, ABC Towers
Waiyaki Way
P. O. Box 40612-00100
Nairobi, Kenya

Registered Office

1 Park Avenue
1st Parklands Avenue
P. O. Box 30238-00100
Nairobi, Kenya

Correspondent Banks

Bank One Limited, Mauritius	JP Morgan New York
Citibank NA, New York	Standard Chartered Bank New York
Citibank NA, London	Standard Chartered Bank Hong Kong
Commerzbank AG, Germany	Standard Chartered Bank Dubai
HDFC Bank Limited, India	Standard Chartered Bank London
Habib AG Zurich, Switzerland	Standard Bank of South Africa
I&M Bank (Rwanda) PLC	JP Morgan, London
I&M Bank (T) Limited	I&M Bank (Uganda) Limited
Standard Chartered Bank Frankfurt	JP Morgan Frankfurt
Standard Chartered Bank Tokyo	
Industrial Credit and Investment Corporation of India Bank (ICICI)	

Corporate Information

Branches

Nairobi

ABC Place Branch
ABC Place, Ground Floor,
Waiyaki Way
P. O. Box 30238
00100
Nairobi

BB Mall Eastleigh Branch
3rd Floor, BBS Mall,
General Waruinge
P. O. Box 30238
00100
Nairobi

Biashara Street Branch
Ansh Plaza
P. O. Box 30238
00100
Nairobi

Cross Road Branch
Off River Road
P. O. Box 30238
00100 Nairobi

Eldama Branch,
Eldama Park
P. O. BOX 30238
00100 Nairobi

Gikomba Branch
1st Floor, Nafuu Building,
Kombo Munyiri Road
P. O. Box 30238
00100 Nairobi

Industrial Area Branch
Dunga road
P. O. Box 30238
00100 Nairobi

Karen Branch
Karen Office Park, Langata Road
P. O. Box 30238
00100 Nairobi

Kawangware Branch
Soko Safi Mall, Ground Floor,
Naivasha Road
P. O. Box 30238
00100
Nairobi

Kenyatta Avenue Branch
I&M Bank Tower
P. O. Box 30238
00100 Nairobi

Langata Link Complex Branch
Langata South Road
P. O. Box 30238
00100 Nairobi

Lavington Mall Branch
James Gichuru Road
P. O. Box 30238
00100 Nairobi

Lunga Lunga Branch
Lunga Lunga Square
P. O. Box 30238
00100 Nairobi

Lusaka Road Branch
CMC Motors, Lusaka Road
P. O. Box 30238
00100 Nairobi

Panari Centre Branch
Mombasa Road
P. O. Box 30238
00100 Nairobi

1 Park Avenue Branch
1st Parklands Avenue.
P. O. Box 30238
00100 Nairobi

Ridge Court Branch
Parklands
P. O. Box 30238
00100 Nairobi

14 Riverside Drive Branch
Riverside
P. O. Box 30238
00100 Nairobi

Ruaraka Branch
Kenafric Business Park
P. O. Box 30238
00100 Nairobi

Saifee Park
Kipevu Link, Opposite
SaifeePark, Karen
P. O. Box 30238
00100 Nairobi

Sarit Centre Branch
Karuna Road Westlands
P. O. Box 30238
00100 Nairobi

Sarit Centre - Select Branch
New wing, Basement Sarit
Centre Mall
P. O. Box 30238
00100 Nairobi

South C Shopping Centre Branch
South C
P. O. Box 30238
00100 Nairobi

Spring Valley Branch
Business Park, Ground floor,
P. O. Box 30238
00100 Nairobi

Valley Arcade Branch
Kenol Kobil Station, Gitanga
Road
P. O. Box 30238
00100 Nairobi

Village Market Shopping
Complex
New Wing, 1st Floor,
Limuru Road
P. O. Box 30238
00100 Nairobi

Wilson Airport Branch
Pewin House Wilson Airport
P. O. Box 30238
00100 Nairobi

Yaya Centre Branch
Argwings Kodhek Road
P. O. Box 30238
00100 Nairobi

Nakuru

Naivasha Branch
Moi Avenue, Naivasha
P. O. Box 1710-20117
Naivasha

Nakuru Branch
Polo Centre, Kenyatta Avenue
P. O. Box 1710-20117
Naivasha

Narok

Narok Branch
Basic Moran Mall, Ground Floor,
Kaplong-Narok Mai Mahiu Road,
P. O. Box 423-20500
Narok

Nyeri

Nyeri Branch
Ground Floor, Nyaatha Plaza,
Kimathi Way
P. O. Box 423 - 20500
Nyeri

Trans-Nzoia

Kitale Branch
Ground Floor, Mega Centre Mall,
Kitale
P. O. Box 423 - 0500
Kitale

Uasin Gishu

Eldoret Branch
Imperial Court, Eldoret
P. O. Box 9362 - 30100 Eldoret

Muranga

Kenol Branch
Kilele Mall, Meru - Thika Super
Highway, Muranga County
P. O. Box 30238 Nairobi

Mombasa

Changamwe Branch,
Airport Centre Mall, 1st Floor,
Changamwe Magongo Road
P. O. Box 86357 - 80100
Mombasa

Haile Selassie Branch
Patel Samaj Building,
Haile Selassie Avenue
Mombasa
P.O. Box 86357
80100, Mombasa

Nyali Cineplex Branch
Nyali Cineplex, Main Nyali Road
P. O. Box 86357 - 80100
Mombasa

Nyerere Avenue Branch
Ground Floor, Acacia Centre,
Nyerere Avenue
P. O. Box 86357 - 80100
Mombasa

Meru

Meru Branch
P&K Plaza, Ground Floor
Moi Avenue
P. O. Box 512-60100
Meru

Meru Makutano Branch
Meru - Nairobi Highway,
Makutano, Next to Kingsway
Moi Avenue
P. O. Box 512-60100
Meru

Corporate Information

Branches

Machakos

Gateway Mall Branch
Gateway Mall, Mombasa Road,
Opposite Kappa Oil Co. Limited
P. O. Box 30238 - 00100
Nairobi

Laikipia

Nanyuki Branch
Hussein Building, Ground Floor
Nyeri Nanyuki Road
P. O. Box 747 - 301 Nyeri
Nanyuki

Kwale

Diani Branch
Diani Beach Shopping Centre
P. O. Box 5600 - 80401
Diani

Kisumu

Kisumu Branch
Bon Accord House,
Oginga Odinga Street
P. O. Box 424 - 40100
Kisumu

Kisii

Kisii Branch
Royal Towers
Hospital Road
P. O. Box 4474 - 40200
Kisii

Kilifi

Kilifi Branch
Ground Floor, Ganze Road,
P. O. Box 339 - 80108
Watamu

Malindi Branch
Ground Floor, Sabaki Centre,
Lamu Road
P. O. Box 1125 - 80200
Malindi

Mtwapa Branch
Along Mombasa - Malindi
Highway near Mtwapa Mall
Lamu Road
P. O. Box 1125 - 80109
Malindi

Watamu Branch
Ground Floor, Watamu Mall,
Jacaranda Road,
P. O. Box 349-80202
Watamu

Kiambu

Ruiru Branch
Thika Super Hiway and Kamiti
Road, Inside The Nord Mall
Building , First Floor
P. O. Box 30238 - 00100
Nairobi

Tatu City Branch
Off Ruiru - Kiambu Road
Ground Floor, Eneo Building
P. O. Box 30238 - 00100
Nairobi

Thika Branch
Ground Floor, 80 West Place,
Opposite Quickmart
Supermarket
P. O. Box 30238 - 00100
Nairobi

Kericho

Kericho Branch
Chai Plaza, Ground Floor,
Kenyatta Road
P. O. Box 30238 - 00100
Nairobi

Kakamega

Kakamega Branch
Ground Floor, Kenyatta Avenue
P. O. Box 30238 - 00100
Nairobi

Kajiado

Ongata Rongai Branch
First Floor, Maasai Mall
P. O. Box 30238
00100 Nairobi

Embu

Embu Branch
Kariithi Flats, Ground Floor,
Meru-Nairobi Highway
P. O. Box 512-60100
Embu

Busia

Busia
Hotel Linton's Plaza, Ground
Floor, Kisumu-Busia Road, Busia
P. O. Box 128-50400
Nairobi

Bungoma

Bungoma Branch
Shiv Plaza, Ground Floor,
Mumias-Kanduyi Road
P. O. Box 30238
00100 Nairobi

Bank to M-PESA

#NiSareKabisa

Kwako na kwa Solo Biz



Open your account via the
I&M Bank OTG App



I&M Bank is regulated by the Central Bank of Kenya | T&Cs Apply

On Your Side



Our Governance

I&M Bank is regulated by The Central Bank of Kenya

On Your Side

Daniel Ndonye

Independent Chairman



Chairman's Statement

“As we reflect on 2024, I am filled with immense pride in what we have achieved together.”

This was a truly landmark year for I&M Bank as we celebrated our golden jubilee – 50 years of driving financial progress, fostering trust, and building lasting partnerships that have shaped Kenya's banking landscape. Over the decades, our Bank successfully navigated economic cycles, regulatory shifts, and technological advancements, always remaining steadfast in our commitment to you. This year was no different, as we demonstrated resilience and agility in a dynamic operating environment.

Our Macroeconomic Context

Kenya showcased remarkable resilience despite significant headwinds. Government-led economic measures yielded tangible results—headline inflation closed the year at 3.0%, a level last seen pre-pandemic, while the Kenya shilling strengthened by 17.4% against the US dollar, outperforming its Sub-Saharan Africa (SSA) peers. Further anchoring macroeconomic optimism, Kenya successfully executed a Eurobond issuance in February, enabling a buyback of the USD 2.0 billion Eurobond maturing in June 2024—a critical step in alleviating external debt servicing concerns.

The Central Bank's strategic approach to monetary policy deserves recognition. Their initial tightening stance, raising the benchmark rate to 13.00% by February, effectively managed inflationary pressures. As conditions improved, they pivoted skillfully with a series of rate cuts, bringing the Central Bank Rate down to 11.25% by December. These measures restored stability, improved credit conditions, and reinvigorated investor confidence.

A key highlight was the normalization of Kenya's foreign exchange markets from Q2 onwards, significantly easing international trade and enhancing economic predictability. However, mid-year disruptions from the proposed Finance Bill sparked nationwide protests and temporarily impacted business operations. Nonetheless, the government's responsiveness in withdrawing the bill underscored a commitment to national consensus.

Our Performance Highlights

Despite macroeconomic headwinds, I&M Bank Kenya delivered strong performance in 2024, staying true to our vision of building a sustainable and disciplined financial institution reflecting a revenue growth of 16% outpacing the industry growth of circa 10% and an increase of 17% in the Profit after Tax.

Strategic investments in our people, brand, and network led to a 15% increase in operating expenses—a deliberate move to fortify long-term growth. While net loans and advances declined by 7%, largely due to currency appreciation and subdued demand, asset quality remained strong, safeguarded by robust risk management frameworks.

Our retail banking momentum was a standout, positioning the Bank as Kenya's fastest-growing retail bank. Over the last two years, the Bank doubled its customer base, driven by superior service quality and tailored products. Our industry-leading Net Promoter Score of 74% and recognition as Best Bank by Consumer Sentiment report published by DataEQ (at a score of 72%) with a commanding 45% lead over our closest competitor, affirm our commitment to customer satisfaction.

Chairman's Statement

Innovation and Expansion

At I&M Bank, innovation remains at the heart of our strategy. This year, we introduced several customer-centric solutions to enhance convenience and accessibility. These include the **30-Day Short-Term Loan** which offers instant, unsecured financing for immediate needs with no collateral required and the **Milele Card Rewards Programme** offers cardholders up to 2% cashback on card expenditure which can be redeemed for flights, hotel stay, shopping or as cashback. Similarly, the **Fikisha Goalz Saving Account** is a purpose-driven savings products that enables customers to plan and save towards specific financial goals while **Corporate Credit Cards** offer tailored payment solutions to streamline expense management for business clients.

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

Our bancassurance subsidiary delivered exceptional results with I&M Bancassurance recording a 31% revenue increase. This milestone reflects our ability to meet evolving customer needs with tailored financial solutions.

Recognition

It gives me immense pride to note the prestigious accolades our Bank received in 2024, reflecting our dedication to excellence and innovation. We were honoured as the **Most Customer-Centric Bank** at the Think Business Banking Awards and named **Best Bank in Consumer Payments – East Africa** at the Africa Bank 4.0 Awards. Our “Ni Sare Kabisa Redefined” campaign also stood out at the MSK Awards Gala, earning us three major recognitions:

Digital Marketing Campaign of the Year, **Influencer Marketing Campaign of the Year**, and **Insight & Data Driven Marketing Campaign of the Year**. Additionally, we secured **3rd place for Most Innovative Bank** at the 2024 SFI Catalyst Awards. These achievements are a true testament to the passion, creativity, and customer focus that drive our team every day.

Community Impact: I&M Foundation

We continue to allocate 2% of Profit Before Tax annually to community development initiatives, with a strong focus on education, economic empowerment, and environmental sustainability.

A flagship initiative was Project Imarisha Ngong’ Road Forest—a transformative KES 162 million investment rehabilitating Nairobi’s greenbelt. This project includes fencing a 14.2 km perimeter, constructing rangers’ quarters, and restoring degraded land. To date, 3,300 trees have been planted, reinforcing our ESG leadership.

We are also embedding sustainable banking practices by aligning with global ESG standards. Our green finance agenda, including sustainable lending frameworks, will drive inclusive and environmentally responsible banking. In 2024, our community initiatives reached and improved the lives of 2.8 million people underscoring our commitment to social impact and community welfare.

Governance and Leadership

I take this opportunity to welcome Ms. Phyllis Wakiaga who joined the Board as an Independent Director in January 2024. Her wealth of experience in corporate leadership, governance, and public policy will be invaluable as we continue strengthening our governance framework.

Chairman's Statement

2025 Outlook

As we embark on the next phase of our journey, our priorities remain clear:

- **Strengthening market leadership** through strategic digital investments and customer-centric innovation
- **Expanding financial inclusion** by enhancing retail and SME banking solutions
- **Boosting operational efficiency** while upholding strong governance and risk management principles
- **Advancing sustainability initiatives**, aligning with global ESG commitments and green banking practices

Acknowledgements

I extend my sincere gratitude to our shareholders for their unwavering trust, our Board for their invaluable guidance, and our management and employees for their dedication to excellence. Most importantly, I thank our customers for choosing I&M Bank as their financial partner.

As we embark on the next 50 years of I&M Bank's journey, I'm confident that together, we'll continue building on our legacy of innovation, sustainable growth, and positive community impact



Daniel Ndonye,
Chairman, I&M Bank Limited.

Statement On Corporate Governance

Governance Framework

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

The Board has applied the principles of sound corporate governance as outlined in the Central Bank of Kenya Guidelines on Corporate Governance which aligns with best practice at the Group level. I&M Bank is licensed and regulated by the Central Bank of Kenya.

Our Board

Board Structure

The Bank's Articles of Association provide that the Board shall consist of not less than five (5) and not more than twelve (12) directors. During the year under review, the Board comprised 11 directors which included seven (7) Independent Directors, two (2) Non-Executive Directors, and two (2) Executive Directors including the Chief Executive Officer. The Board is chaired by an Independent Director. Non-Executive Directors constituted 80% of the Board well above the requirement in the Central Bank of Kenya Prudential Guidelines that stipulates that non-executive directors should not be less than three-fifths of the directors. This is also in line with the Group's Corporate Governance policy that stipulates that the Board shall at all times have at least one third of its members as Independent Directors. In 2024, one new Director, Ms. Phyllis Wakiaga, was appointed to the Board with effect from 29th January 2024.

There are no Alternate Directors.

Statement On Corporate Governance

Board of Directors



Daniel Ndonye

*Chairman
Independent Director*

Mr. Daniel Ndonye is a chartered accountant by profession, having worked with Deloitte & Touche for over 30 years, 20 of which he was the Managing/Senior Partner. He is a fellow of the Institute of Chartered Accountants in England and Wales, the Institute of Certified Public Accountants of Kenya and the Institute of Certified Secretaries of Kenya. He has a broad range experience at Board level and sits on the boards of several companies including Kakuzi Plc, APA Insurance and Capital Markets Challenge Fund.

Mr. Suresh Raja Shah is a founder member and Chairman Emeritus of the Board. He has vast experience in the banking industry and in business. In December 2002, he was bestowed the Honour of a Moran of the Order of the Burning Spear. He sits on the boards of several companies.



Suresh B. R. Shah, MBS

Non-Executive Director



Sarit S. Raja Shah

Group Executive Director

Mr. Sarit S. Raja Shah has been the Executive Director of I&M Bank since 1993 and was appointed as Group Executive Director in August 2018. He holds a master's degree in Internal Audit and Management from City University London. He also serves on the boards of several companies including GA Insurance Limited.

Committee Memberships

- Board Nomination and Remuneration Committee
- Board Risk Committee
- Board Procurement Committee
- Board Credit Committee

Statement On Corporate Governance

Board of Directors

Mr. Khan has over 23 years of international financial services experience, mostly with HSBC Bank having worked in Europe, North America, Asia, Middle East and Africa. Mr. Khan is recognized as a leader in both the banking and fintech industries with a proven track record of delivering growth and transformation. Since 2019, Mr. Khan was the Head of Products at Airtel Money Africa, where he played a key role in driving financial inclusion across 14 African markets.

Committee Memberships

- Board Credit Committee
- Board Risk Committee
- Board Nomination and Remuneration Committee
- Board Procurement Committee



Gul Abbass Khan
Chief Executive Officer



Sachit S. Raja Shah
Non - Executive Director

Mr. Sachit S. Shah holds a Bachelor of Science degree in Banking and Finance from City University London. He is the Director of GA Insurance Limited. He has previously worked at HSBC and Citibank in London. He sits on the Boards of various companies. He sits on the boards of several companies.

Committee Memberships

- Board Risk Committee
- Board Procurement Committee

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

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

Committee Memberships

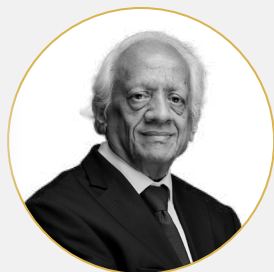
- Board Audit Committee (Chairperson)
- Board Nomination and Remuneration Committee
- Board Credit Committee
- Board Risk Committee



Nikhil R. Hira
Independent Director

Statement On Corporate Governance

Board of Directors



M. Soundararajan
Independent Director

Mr. Soundararajan joined the board as an independent director in 2009. His banking career spans about four decades, initially in India and the United States of America and then in Kenya from 1988. He has held senior executive and leadership positions in Standard Chartered Financial Services as Assistant Director, Corporate Finance; Commercial Bank of Africa (now NCBA) as Director, Corporate Banking; CFC Financial Services (now SGB Securities) as its first Managing Director and CFC Bank as Managing Director before its acquisition by Stanbic Bank in 2008. He served on the board of Central Depository & Settlement Corporation (CDSC) for four years from 2004 to 2008. He is currently an Executive Director of Meghraj Group of Companies in Kenya. Mr. Soundararajan also serves on the Board of I&M Bank Tanzania where he is an Independent Director and the Board Chairman. He also sits on the boards of GA Insurance, GA Life Assurance, GA Insurance-Tanzania and Car & General (Kenya) Plc. Mr. Soundararajan holds a Master of Arts degree from Madras University, India and a Certificate in International Banking from New York University.

Committee Memberships

- Board Nomination and Remuneration Committee (Chairperson)
- Board Credit Committee
- Board Audit Committee
- Board Risk Committee

Dr. Koigi joined the Board in April 2015. Former Managing Director, Postbank, she has worked in various capacities in the financial sector including Banking, Business Development and Information Technology. She started her career as a System Analyst. She has extensive training and experience in Leadership, Project Management, Product Development, ICT and Microfinance having trained at the Boulder School of Microfinance. She has held leadership roles in regional and global savings movements.

She holds a Doctorate in Business Administration from the Nelson Mandela University, Pretoria SA, an MBA and a BA from the University of Nairobi. She is a fellow of the Institute of Certified Secretaries Kenya and the Kenya Institute of Management. She also serves on other Boards.

Committee Memberships

- Board Risk Committee (Chairperson)
- Board Audit Committee



A. Nyambura Koigi
Independent Director

Statement On Corporate Governance

Board of Directors



Muchemi Wambugu, MBS
Independent Director

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

Committee Memberships

- Board Procurement Committee (Chairperson)
- Board Risk Committee

Mr. Dodd joined the board in 2021 having had a long-distinguished career in banking spanning over 45 years. He has a wealth of experience having served the banking industry in various executive capacities in Kenya, Asia and the Middle East. The first 28 years of his career were spent with Standard Chartered Group, latterly in East Africa where he rose to the position of Executive Director responsible for Corporate and Service Quality. In 2006 he joined NIC Bank Kenya Ltd (now NCBA), where he held the position of Executive Director responsible for Corporate, Asset Finance, including Leasing, and Bancassurance until end of 2020.

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

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

Committee Memberships

- Board Credit Committee (Chairperson)
- Board Audit Committee
- Board Nomination and Remuneration Committee
- Board Procurement Committee



Alan J. Dodd
Independent Director

Statement On Corporate Governance

Board of Directors



Phyllis K. Wakiaga
Independent Director

Ms. Phyllis Wakiaga joined the Board of I&M Bank Kenya Limited with effect from 29th January 2024 following receipt of approval from the Central Bank of Kenya. Phyllis is the former Chief Executive Officer and Secretary to the Board at Kenya Association of Manufacturers (KAM), where she served for 9 years. She is currently a Senior Advisor, at the Tony Blair Institute for Global Change. Phyllis is an Advocate of the High Court of Kenya with over 20 years of work experience in Corporate Leadership, Governance, Public Policy, Government Relations, Sustainability and Private Sector development. She has served on several boards over the years including Kengen, Kenya Roads Board, BAT Kenya, MRM, Institute of Economic Affairs, International Centre for Research on Women (Africa Board) amongst others. She holds a Masters' degree in International Trade and Investment Law from the University of Nairobi and an Executive Master of Business Administration from Jomo Kenyatta University of Agriculture and Technology and is currently a Ph.D. student in Leadership and Governance at the same institution.

Committee Memberships

- Board Procurement Committee
- Board Nomination and Remuneration Committee

Statement on Corporate Governance

Separation of Roles and Responsibilities

The Board has a comprehensive Board Charter which is reviewed every two years to ensure it remains updated with changes in the law, the Bank's operating environment and best practice. The Board Charter was last revised in 2023. The Board Charter clearly outlines the separation of roles between the Board and Management. The specific roles and responsibilities to be discharged by the Board, its committees and directors individually and collectively are clearly outlined in the Board Charter. The Board ensures that the functions of the Chairperson and the Chief Executive Officer (CEO) are not exercised by the same individual.

Whilst the CEO is responsible for providing leadership and direction in the day-to-day operations of the Bank directed toward implementation of a long-term vision and strategy, the Chairperson is tasked with the responsibility of effectively leading the Board, fostering a constructive governance culture and maintaining relevant links between all stakeholders.

Board Committees

To enhance efficiency and allow a deeper focus on specific areas of expertise, the Board has established six Board Committees with delegated authority in their respective areas. These are: Board Audit Committee, Board Risk Committee, Board Credit Committee, Board Nomination & Remuneration Committee, Board Procurement Committee & Board Shares Transfer Committee. The Board Shares Transfer Committee is an ad hoc committee that only meets on a need basis. The Board remains ultimately accountable for the decisions made by the Board Committees. As such, the Committees provide reports to the Board on their deliberations in each quarter that the Committee meets. Each Committee is governed by Terms of Reference setting out its mandate as approved by the Board.

Roles and Responsibilities

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

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

Statement on Corporate Governance

Skills, Experience and Diversity

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



Tenure

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

Board Succession Planning

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

Board Induction, Orientation and Continuous Professional Development

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

Statement on Corporate Governance

Board Induction, Orientation and Continuous Professional Development

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

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

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

In addition, the Bank organizes for its Board members, up-skilling and continuous development programs to enhance governance practices within the Board itself. Tabulated below are the programs held during the year.

Training description	Date Undertaken	No. Of Hours
Robust Internal Control framework, successful growth strategies and strategic decision making. Risk Advisory/Enterprise Risk Management – plenary session Navigating the BANI world. Artificial Intelligence Training on the New Internal Audit Standards Training on Assets Liabilities Management (ALM) and Liquidity Risk Management.	3 July 2024 and 4 July 2024	9.5
Overview of IFRS9 and Risk Parameters Anti Money Laundering (AML) & Financial Crime	15 October 2024	6.5
Total training hours during the year		16

Board Meetings

The Board meets at least once every quarter and additionally when necessary to consider and deliberate on matters relating to the overall business. In addition to the scheduled Board meetings, the Board also meets annually for a Board offsite strategy session to deliberate on performance against the strategy and plan for the next year.

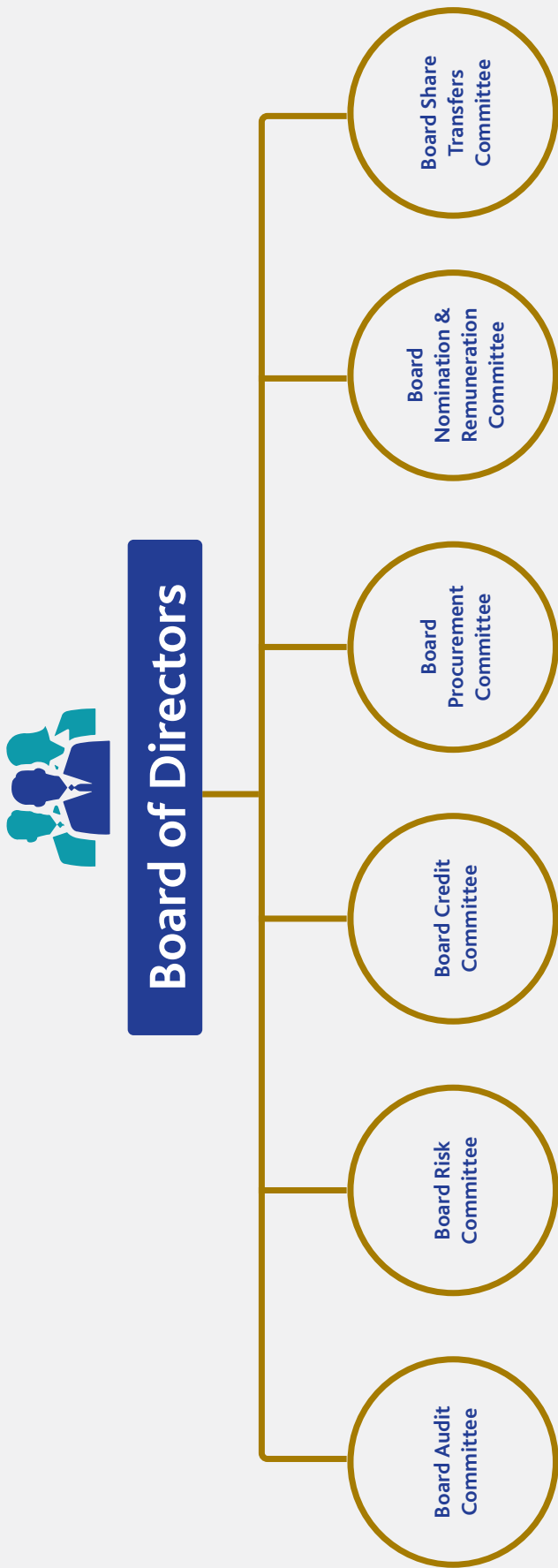
The Board has in place an annual work plan that sets out the Board activities for the year. The Chairperson, in conjunction with the Company Secretary works closely with the Group Executive Director and the Chief Executive Officer to develop the annual work plan and to set the agenda for each meeting. The Directors receive the notice, agenda and board papers well in advance of the meetings.

The quorum requirements for Board meetings are guided by the Bank's Articles of Association and are fulfilled when members attend, either in person, by tele or video conference. Proceedings of all meetings are recorded by the Company Secretary and the minutes of each meeting signed by the Chairperson of the meeting.

Statement on Corporate Governance

Board Committees

The Board has set up several Board and Management Committees to assist in discharging its responsibilities. These are as shown below.



Statement on Corporate Governance

Board Committees

Tabulated below are Board Committees, their composition and membership, functions and the frequency of meetings:

	Board Audit Committee	Board Risk Committee	Board Credit Committee	Board Procurement Committee	Board Nomination & Remuneration Committee	Board Share Transfers Committee
Structure	<ul style="list-style-type: none"> 4 Independent Directors including the Chairman 	<ul style="list-style-type: none"> 4 Independent Directors including the Chairperson 1 Non-Executive Director (NED) Group Executive Director CEO 	<ul style="list-style-type: none"> 3 Independent Directors including the Chairman Group Executive Director CEO 	<ul style="list-style-type: none"> 4 Independent Directors including the Chairman 1 NED Group Executive Director CEO COO GCFO 	<ul style="list-style-type: none"> 3 Independent Directors including the Chairman Group Executive Director 	<ul style="list-style-type: none"> 2 NED including the Chairman Group Executive Director CEO
Secretary	<ul style="list-style-type: none"> Company Secretary 	<ul style="list-style-type: none"> Company Secretary 	<ul style="list-style-type: none"> Company Secretary 	<ul style="list-style-type: none"> Company Secretary 	<ul style="list-style-type: none"> Company Secretary 	<ul style="list-style-type: none"> Company Secretary
Composition	<ul style="list-style-type: none"> Nikhil Hira, Chair Nyambura Koigi M. Soundararajan Alan Dodd 	<ul style="list-style-type: none"> Dr. Nyambura Koigi, Chair M. Soundararajan Muchemi Wambugu Nikhil Hira Sachit S Shah Sarit S. Raja Shah Gul Khan 	<ul style="list-style-type: none"> Alan Dodd, Chair M. Soundararajan, Nikhil Hira Sarit S. Raja Shah Gul Khan 	<ul style="list-style-type: none"> Muchemi Wambugu, Chair Phyllis Wakiaga Sarit S Raja Shah Alan Dodd Sachit S. Shah Gul Khan David Ngata 	<ul style="list-style-type: none"> M Soundararajan, Chair Phyllis Wakiaga Alan Dodd Sarit S Raja Shah Gul Khan 	<ul style="list-style-type: none"> SBR Shah, Chair Sarit S Raja Shah Sachit S Shah Gul Khan

Statement on Corporate Governance

Board Committees

	Board Audit Committee	Board Risk Committee	Board Credit Committee	Board Procurement Committee	Board Nomination & Remuneration Committee	Board Share Transfers Committee
Regular Invitees	<ul style="list-style-type: none"> Chief Audit Executive Group Chief Audit Executive Group Executive Director Chief Executive Officer Chief Operating Officer Director Group Business Development 	<ul style="list-style-type: none"> Chief Operating Officer Group Chief Risk Officer Group Chief Information Officer Group Chief Risk Officer Group Chief Information Security Officer Group Chief Audit Executive Chief Audit Executive Head of Compliance 	<ul style="list-style-type: none"> Director-Group Business Development Group Executive General Manager Credit Deputy General Manager/Assistant General Manager Credit Deputy General Manager, Debt Recovery Unit 	<ul style="list-style-type: none"> Chief Operating Officer Assistant General Manager Procurement Group Chief Information Officer Chief Technology Officer 	<ul style="list-style-type: none"> Chief Executive Officer Chief Operating Officer Group Executive General Manager HR 	<ul style="list-style-type: none"> A member of Senior Management at the discretion of the Committee
Frequency of Meetings	<ul style="list-style-type: none"> Quarterly and Bi-Annual meetings with auditors (excluding Management) 	<ul style="list-style-type: none"> Bi-Quarterly 	<ul style="list-style-type: none"> Bi-Quarterly 	<ul style="list-style-type: none"> Quarterly 	<ul style="list-style-type: none"> Thrice a year 	<ul style="list-style-type: none"> On a need basis

Statement on Corporate Governance

Board Committees

	Board Audit Committee	Board Risk Committee	Board Credit Committee	Board Procurement Committee	Board Nomination & Remuneration Committee	Board Share Transfers Committee
Main Functions	<ul style="list-style-type: none"> Ensure establishment of an adequate, efficient and effective internal audit function. Review structure and adequacy of internal controls. Review and co-ordinate between External Auditors and Internal Audit Department. Review and receive CBK Inspection Report, and ensure implementation of recommendations therein. 	<ul style="list-style-type: none"> Ensure that the Risk management framework and the processes as approved are implemented. Review, monitor and deliberate on the appropriate risk mitigation approach. Ensure business continuity planning is formulated, tested and reviewed periodically. Review of policies, procedures and exposure limits. Review of proposed strategic initiatives. Creating awareness about Risk Management Process in the Bank. Ensure that the Risk management strategies are designed to manage social, environmental risks and promote good sustainability practices across all Bank's activities. 	<ul style="list-style-type: none"> Review lending policy. Consider loan applications beyond discretionary limits granted to CRMC. Review lending by CRMC. Direct, monitor, review all aspects that will impact upon present and future Credit risk management at the Bank. Ensure compliance with Banking Act and Prudential Guidelines. Conduct independent loan reviews as and when appropriate. 	<ul style="list-style-type: none"> Review and approve the Procurement Policy. Review and consider significant procurement proposals / consultancy assignments above the delegated authority limit of the Group Executive Director's (GED). Vet agreements/ procurement proposals from related parties. Review and ratify unbudgeted capital expenditure above Group Executive Director's delegated authority limits. 	<ul style="list-style-type: none"> Assessment of Board requirement for non-executive directors. Induction programs for new Directors and development programs to build individual skills and improve Board effectiveness. Board succession planning. Performance evaluation of the Board of Individual Directors and of the GED & CEO. Set remuneration policies & strategic objectives of Board, GED & CEO. Policies in relation to the ESOP Scheme and provide requisite guidance to Scheme Trustee. 	<ul style="list-style-type: none"> Ensure that any new shareholders meet the Board's criteria of good standing. Approve/reject applications for the transfer of shares and approve registration of such transfers. Give guidance and approve any share allotment arising out of a bonus/rights issue. Sign the Share Certificates, under Company Seal, to be issued to any shareholder.

Statement on Corporate Governance

Board Committees (Continued)

A summary of the composition, responsibilities and key activities achieved by the Board Committees is outlined below:



Nikhil R. Hira
Chairperson

(i) Board Audit Committee (BAC)

Responsibilities: The key responsibilities of the BAC are to assist the Board in fulfilling its statutory and fiduciary responsibilities, by providing objective and independent oversight of the Bank's external reporting of financial information and the internal control environment and to recommend appropriate remedial action where required.

2024 Activities: BAC held nine scheduled meetings in the year including two meetings with the external auditors KPMG and internal auditors without Management. The Committee undertook its roles and responsibilities as outlined in its Terms of Reference, the CBK Prudential Guidelines and as per the Committee's annual work plan. This included review of the audited financial statements for FY 2023 and quarterly unaudited accounts for consideration and recommendation to the Board for approval, review of internal audit reports, oversight on implementation of the internal audit plan, review of the external audit management letter and approval of external audit fees, reviewed proposed appointment of new external auditors. The Committee also reviewed its annual Committee evaluation results, terms of reference and work plan for 2025.



A. Nyambura Koigi
Chairperson

(ii) Board Risk Committee (BRC)

Responsibilities: The key responsibilities of the BRC are to discharge its duties relating to risk management and controls, assurance and reporting. This includes ensuring quality, integrity and reliability of the Bank's enterprise risk management framework.

2024 Activities: BRC held four scheduled meetings in the year. The Committee undertook its roles and responsibilities as outlined in its Terms of Reference, the CBK Prudential Guidelines and as per the Committee's annual work plan. The Committee received and reviewed quarterly reports from Risk, Compliance, ICT and Cybersecurity, reviewed disaster recovery and business continuity management reports, fraud risk reports, ESG reports, data protection updates, CBK inspection report status updates, ICAAP, AML risk assessment and key updates from ALCO, Risk Committee and IT Steering Committees. The Committee recommended various policies to the Board for approval. The Committee also reviewed its annual Committee evaluation results, terms of reference and work plan for 2025.

Statement on Corporate Governance

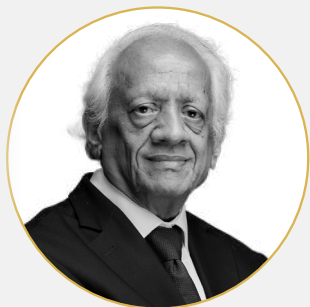


Mr. Alan Dodd
Chairperson

(iii) Board Credit Committee (BCC)

Responsibilities: The key responsibilities of the BCC are to assist the Board in reviewing and overseeing the overall lending of the Bank. This includes ensuring sound lending in line with established lending limits.

2024 Activities: BCC held eight scheduled meetings and three special meetings in the year. The Committee undertook its roles and responsibilities as outlined in its Terms of Reference, the CBK Prudential Guidelines and as per the Committee's annual work plan. This included reviewing credit proposals, non-performing accounts and accounts under close monitoring, performance of loans and advances and IFRS9. The Committee also reviewed its annual Committee evaluation results, terms of reference and work plan for 2025.



Mr. M. Soundararajan
Chairperson

(iv) Board Nomination & Remuneration Committee (BNRC)

Responsibilities: The BNRC is responsible for all aspects of the Bank's appointment and remuneration of Board Directors. The Committee also regularly reviews the composition of the Board and assesses the mix of skills and experience to facilitate effectiveness of the Board.

2024 Activities: BNRC held four scheduled meetings in the year. The Committee undertook its roles and responsibilities as outlined in its Terms of Reference, the CBK Prudential Guidelines and as per the Committee's annual work plan. This included a review of board composition and succession for Board and management, reports on culture, performance review, remuneration and reward, whistleblowing reports and HR oversight. The Committee also reviewed its annual Committee evaluation results, terms of reference and work plan for 2025.



Mr. Muchemi Wambugu
Chairperson

(v) Board Procurement Committee (BPC)

Responsibilities: The BPC assists the Board in fulfilling its responsibilities by reviewing and approving procurement proposals above the delegated approval limits established for Management as guided by the Bank's projects and products governance framework.

2024 Activities: BPC held four scheduled meetings and one special meeting in the year. This included a review of Management's delegated mandate, related party transactions, significant procurement proposals and oversight of significant projects as per the projects & products governance framework. The Committee undertook its roles and responsibilities as outlined in its Terms of Reference and as per the Committee's annual work plan.

Statement on Corporate Governance

Board Attendance

The following table shows the number of meetings held during the year and the attendance of individual Directors.

Name of Director	15/03/2024	20/06/2024	11/09/2024	25/10/2024 *	09/12/2024	Total board meetings attended in 2024
Daniel Ndonge (Chairman)	√	√	√	√	√	100%
Suresh B. R. Shah (Chairman Emeritus)	√	√	√	√	√	100%
Sarit S. Raja Shah	√	√	√	√	√	100%
Gul Khan	√	√	√	√	√	100%
Sachit S. Raja Shah	√	X	√	√	√	80%
Nikhil Hira	√	√	√	√	√	100%
M. Soundararajan	√	√	√	√	√	100%
Dr. Alice N. Koigi	√	√	√	√	√	100%
Edward M Wambugu	√	√	√	√	√	100%
Alan J. Dodd	√	√	√	√	√	100%
Phyllis Wakiaga	√	√	√	√	√	100%

*Board Strategy Offsite meeting

√ Attended

X Not Attended

N/A Either resigned or not yet appointed to Board.

Where a director did not attend a Board or Board Committee meeting, an acceptable apology had been received by the Chairman well in advance of the scheduled meeting.

Board Evaluation

The performance of the Board, Board committees and individual directors is evaluated annually with the process being reviewed and refined periodically. The results of the evaluation for FY2023 were collated confidentially by the Company Secretary and reviewed by the Chairman, the Board Committees and the Board.

The review and evaluation includes an assessment of the functioning of the Board as a collective body, Board committees, as well as the performance of the Chairperson, individual directors peer-to-peer assessment, and Company Secretary. The evaluation also includes a self-assessment by independent directors on their ongoing independence based on given criteria. The Board then reviews the output from the self-assessment to determine whether the independent directors can still be considered independent. The feedback from the board evaluation is used to identify areas of Board improvement and performance enhancement. These are tracked throughout the year to closure through the Board Nomination & Remuneration Committee.

Statement on Corporate Governance

Management Committees

Tabulated below are Management Committees, their composition and membership, functions and the frequency of meetings. The Making Banking Great Steering Committee having accomplished its mandate, was disbanded in 2024.

	Executive Committee	Management Committee	Assets & Liabilities Committee	Credit Risk Management Committee	Business Review Meetings	Risk & Compliance Committee
Chairman	CEO	CEO	CEO	Group Executive Director	CEO	CEO
Members	<ul style="list-style-type: none"> • GED • CEO • Group Head, Business Development • Group Executive General Managers/Heads of (Finance, Operations, Risk & Compliance, Treasury, Strategy, Credit, Marketing, Corporate Banking and Personal & Business Banking, Corporate Advisory, Digital Business, HR, ICT, ISO, ALM, Products and Bancassurance) • Invitees • Deputy General Manager Internal Audit • Senior Manager, Corporate Advisory (Secretary) 	<ul style="list-style-type: none"> • GED • CEO • Group Head, Business Development • Executive General Manager, Business Support • All Executive General Managers • Deputy General Managers (Internal Audit, Premium and Personal Banking) • Senior Manager, Corporate Advisory (Secretary) 	<ul style="list-style-type: none"> • GED • CEO • Group Head, Business Development • Executive General Managers (Finance, Risk, Treasury) • Manager, Middle Office (Market Risk) • Assistant General Manager Middle Office (Secretary) 	<ul style="list-style-type: none"> • GED • CEO • Group Head, Business Development • Executive General Managers (Credit, Risk) • Head - Debt Recovery • Deputy General Manager Credit (Secretary) 	<ul style="list-style-type: none"> • Segment Heads • Product Heads • Operations & Support 	<ul style="list-style-type: none"> • GED • CEO • Group Head, Business Development • Executive General Managers (Risk, Finance, ICT, Credit, HR, Treasury, Operations) • Operational Risk • Head of Legal • Chief Information Security Officer • Compliance Invitees • Group Internal Audit • Kenya Internal Audit
Frequency of meetings	Monthly	Quarterly	Monthly	Fortnightly	Monthly	Monthly

Statement on Corporate Governance

Management Committees

	Executive Committee	Management Committee	Assets & Liabilities Committee	Credit Risk Management Committee	Business Review Meetings	Risk & Compliance Committee
Main functions	<ul style="list-style-type: none"> The Executive Committee is to drive and oversee effective and efficient business performance, in line with the agreed Corporate Objectives and Budget. The EXCO will focus on business performance related issues and largely incorporate the business development team. 	<ul style="list-style-type: none"> The Management Committee is to review the Bank's non-financial corporate objectives, progress of special projects and identification of risks or opportunities. The Management Committee will focus on the business support function and provide a platform for reviewing of new products, initiatives and ideas and developments in the banking industry. Regularly assess impact of changes in regulations/legislation 	<ul style="list-style-type: none"> Treasury Market Risk and Middle Office Management. Asset and Liability Management. Interest Rate Risk Management. Treasury Credit Risk Management or Counter Party and Settlements Risk management. Funding Risk Management. Liquidity Risk Management. Capital Risk management and the Internal Capital assessment process (ICAAP). Product Pricing. Currency Risk management. 	<ul style="list-style-type: none"> Implement Credit Policy and Credit Risk Management Policy. Reviews Credit Proposals in line with Policy and CBK Guidelines. Review non performing accounts. Consider and approve new asset-based products. Control and follow-up on credit-related matters. Regularly report to Board Credit Committee. 	<ul style="list-style-type: none"> Guide and oversee development of the business strategy, Guide/oversee performance against strategy for the various segments On a quarterly basis, evaluate progress on achievement of Strategic milestones, against the set strategic targets, and in case of significant variances, consider need or otherwise to review overall strategy. Review and discuss all significant Strategic Initiatives, before roll out. Evaluate progress on strategic and corporate objectives. Prior to the annual budgeting exercise, consider and agree broad budget parameters in line with the set strategic targets. 	<ul style="list-style-type: none"> Ensure a culture of the enterprise risk and integrate risk management into the organization's goals. Communicate internally matters relating to risk governance and oversight. Review and approve the risk management infrastructure. Review and evaluate the Bank's policies and procedures with respect to risk assessment and risk management. Guide and support development of the Enterprise Risk Management framework. Monitor the Bank's risk profile and potential exposure to various risk types. Present to the BRC a report summarizing the committee's review of the Bank's risk assessment.

Statement on Corporate Governance

Management Committees

	Human Resources Committee	Space Committee	Management Procurement Committee (MPC)	IT Steering Committee
Chairman	CEO	CEO	GED	CEO
Members	<ul style="list-style-type: none"> GED CEO Group Head, Business Development Group Executive General Manager HR Assistant General Manager HR (Secretary) 	<ul style="list-style-type: none"> GED, CEO Group Head, Business Development Executive General Managers (Strategy and Operations) Senior Manager Premises (Secretary) 	<ul style="list-style-type: none"> GED Group CIO Group CISO Group CFO Group CRO Executive General Manager-Digital Business Executive General Manager - Business Banking Executive General Manager-Business Support Head – Projects Head-ICT Governance & Assurance (Secretary) Compliance 	<ul style="list-style-type: none"> Group CIO Group CISO Group CFO Group CRO Executive General Manager-Digital Business Executive General Manager - Business Banking Executive General Manager-Business Support Head – Projects Head-ICT Governance & Assurance (Secretary) Compliance
Frequency of meetings	Once every 2 months	Ad hoc	Ad hoc	Six times per annum
Main functions	<ul style="list-style-type: none"> Review HR Strategy and ensure implementation to comply with all HR related standards, laws and regulations. Periodically review the effectiveness and alignment of the Bank's Human resources, policies to business needs. Review and recommend the appointment of and compensation (including incentive bonus, benefits) for the staff team. Review the competencies of existing Senior Management resources and ensure that competent pipeline is available for succession to critical positions. Oversee staff alignment with agreed I&M Group priorities. Review and monitor the grievance resolution and discipline handling process of the Bank. Update Board on HR matters. 	<ul style="list-style-type: none"> To determine the space requirements for the Bank and monitor implementation through the premises department. 	<ul style="list-style-type: none"> MPC will assist the BPC in fulfilling its responsibilities by reviewing and approving procurement proposals for the Bank within its limits as defined in the Delegated Authority limits and guidelines as revised from time to time. 	<ul style="list-style-type: none"> To improve alignment between ICT and Business Strategy in ICT Strategies, Investments, ICT Projects, ICT Risk management, Service Management & Data Governance. Evaluating and monitoring the governance of ICT Product Pricing. Oversee the implementation of the Digital Strategy and the ICT Strategy. Holistic review of the ICT capacity, systems architecture & external service providers. Monitor the progress and performance of ICT projects. Review and recommend to the Board Risk Committee appropriate ICT policies, standards, and guidelines.

Statement on Corporate Governance

Board of Directors



Daniel Ndonge
Independent Chairman



Suresh B. R. Shah
Non-Executive Director



Sarit S. Raja Shah
Group Executive Director



Gul Khan
Chief Executive Officer



Dr. Nyambura Koigi
Independent Director



M. Soundarajan
Independent Director



Nikhil Hira
Independent Director



Muchemi Wambugu
Independent Director



Allan Dodd James
Independent Director



Phyllis K. Wakianga
Independent Director
w.e.f January 2024



Sachit S. Raja Shah
Non-Executive Director



Stella G. Kariuki
Company Secretary

Statement on Corporate Governance

Senior Management



Gul Khan
Chief Executive Officer



Jamie Loden
Chief Operating Officer



LA Sivaramakrishnan
*Senior Director, Group
Business Development*



AV Chavda
Director, Credit



Gauri A. Gupta
*Group Director, Corporate
Advisory & Sustainability*



Sandeep Sinha
Group Credit Director



Shameer Patel
*Director, Retail
& Business Banking*



Winnie Hunja
*Director, Corporate
& Institutional Banking*



Zipporah Gitau
*Group Chief, Risk
& Compliance Officer*



Eunice Gatama
*Group Director,
Digital Business*



David Ngata
*Group Chief
Finance Officer*



Henry Kirimanja
Director, Global Markets

Statement on Corporate Governance

Senior Management



Sheilla Cheruto Tiren

*Group Chief People
& Culture Officer*



Nelson Nasongo

*Group Chief
Information Officer*



Andrew Mwenje

Head of Internal Audit



Kenneth Lukale

*Group Head of Asset Liability
Management (ALM)*



Rocky Olonde

*Group Head Strategy &
Transformation*

Statement on Corporate Governance

Risk Management, Internal Controls & Compliance

The Bank has established an integrated and enterprise risk management framework in place to identify, assess, manage and report risks as well as risk adjusted returns on a consistent and reliable basis. The Bank faces various diverse and complex types of risks related to its business as a banking institution. The Risk Management Department manages these risks through a continuous and on-going process of effective management of risks.

Risks are evaluated in an unbiased way. The Bank consciously takes the appropriate level of risks and manages these risks effectively to capitalize on related opportunities. Risk taking is core to I&M's innovation capacity and ultimately its entrepreneurial success.

I&M's approach to Risk Management is characterized through a strong risk oversight at the Board level and a robust risk management culture at all levels across all functions. Such an approach supports and facilitates I&M's decision-making process. This not only ensures that the risk reward trade-off is optimized but also that risks assumed are within the overall Risk Appetite and Risk Tolerance levels as laid down by the Board in the various Policy Documents.

The Bank has recognized ESG (Environment, Social, Governance) as a key focus area with the growing emphasis on climate change. The Bank's risk management framework has been aligned to ensure formulation and implementation of an ESG framework to focus on this risk in line with international best practice and the guidance on climate-related risk management issued by the Central Bank of Kenya.

I&M's Risk Management Process is guided by the following principles:

- Its Risk Appetite & Risk Tolerance Levels
- An Independent Audit, Compliance & Quality Assurance Department
- Zero Tolerance for violations
- A Policy of "No Surprises"
- Protection of Reputation
- Enhanced Stakeholder Satisfaction

The Bank is committed to follow best practices in its Risk Management and uses the Committee of Sponsoring Organisations of the Treadway Commission "COSO" framework as a reference and adopts compatible processes and terminology.

Compliance

The Board ensures that laws, rules and regulations, codes and standards applicable to the Bank are identified, documented and observed. The Bank's independent Compliance function continuously monitors the Bank's compliance with applicable laws, rules and regulations, codes and standards and provides assurance in this respect to the Board on a quarterly basis.

All policies and procedures are tailored to ensure that the Bank's processes are fully compliant with all relevant laws and regulations. Additionally, the Board receives a report at each of its scheduled meetings on changes to the legislation and regulatory framework and evaluates its impact in addition to ensuring that the Bank puts in place the appropriate processes to ensure compliance from the effective date.

Statement on Corporate Governance

Risk based Internal Audit & Assurance

While the Board is responsible for the overall risk management and internal control systems, oversight of the Bank's risk management process has been delegated to the Board Audit and Board Risk Committees. This is undertaken through an independent Internal Audit function established within the Bank.

The Board and Management set out the mandate for Internal Audit, defining its purpose, authority and responsibilities. The Board ensures that the Head of Internal Audit department is not responsible for any other function in the entity and reports directly to the Board Audit Committee.

The Internal Audit function provides an independent assurance to the Board and Management that:

- The internal control system in place is performing effectively and is adequate to mitigate risks consistent with the risk appetite of the Bank; and
- The organisation goals are met and governance processes are effective and efficient.

External Auditors

The Board has put in place mechanisms to ensure that external auditors:

- Maintain a high standard of auditing.
- Have complete independence.
- Have no pecuniary relationship with the auditee entity or a related party.
- Bring to the attention of management and supervisor any matters that require urgent action.

Audit and other fees paid to the external auditors during the year have been separately disclosed under Note 13.

Ethics & Social Responsibility

Code of Ethics

The Bank has in place a Code of Conduct and Code of Ethics that binds all its Directors and staff to ensure that business is carried out in an ethical, fair and transparent manner, in keeping with the local regulations and international best practices.

The Code of Ethics encompasses, inter alia, matters touching upon safety and health, environment, compliance with laws and regulations, confidentiality of customer information, financial integrity and relationships with external parties. This Code of Ethics is reviewed periodically and amendments are incorporated if necessary.

Conflicts of Interest

The Board has in place a policy to provide guidance on what constitutes a conflict of interest. The Board expects its members, both individually and collectively, to act ethically and in a manner consistent with the values of the business. Each director is obligated to, as far as practically possible, minimise the possibility of any conflict of interest with the Bank or the Group by restricting involvement in other businesses that would be likely to lead to a conflict of interest. Where conflicts of interest do arise, Directors excuse themselves from the relevant discussions and do not exercise their right to vote in respect of such matters. The Conflicts of Interest policy is also extended on a similar basis to all senior management and employee who can influence decision making processes.

Statement on Corporate Governance

Insider Trading & Related Party Transactions

The Bank has adopted the Group-wide Insider Trading Policy that prohibits Directors, staff of all Group entities and contractors who have or may have access to material non-public information regarding the Company from:

- Market Manipulations – artificially inflating or deflating the price of a security or otherwise influencing the behaviour of the market for personal gain;
- False Trading and Market Rigging – dissemination of favourable or unfavourable information likely to induce the subscription, sale or purchase of shares by other people, or raise, lower or maintain the market price of shares;
- Fraudulently inducing trading in securities;
- Front Running – entering into a securities trade to capitalise on advance, non-public knowledge of a large (“block”) pending transaction that will influence the price of the underlying security;
- Obtaining gain by fraud; and,
- Communicating unpublished price-sensitive information to other people.

The policy also prohibits anyone having Inside Information relating to the Group from buying or selling the entity’s securities, except within certain stipulated open periods.

Insiders handling price sensitive information are subjected to preclearance restrictions which requires them to declare their intention to purchase or sell Company’s securities before entering into a transaction.

The Group’s Board Audit and Risk Management Committee (BARMC) has oversight on insider trading and is made aware of insider trades as well as breach/(es) of the Insider Trading Policy through quarterly returns.

Through the Group, the Bank has also adopted a related party policy that outlines how to deal with related parties in a transparent manner and at arm’s length on related party transactions. Related parties, whether body corporate or natural persons, fall into two main groups:

- those that are related to the Group because of ownership interest; and
- those that are related otherwise, such as directors and senior officers who may also have some ownership interest in the Group.

In relation to related party transactions, the Board has adopted a policy which sets out the rules governing the identification of related parties, the terms and conditions applicable to transactions entered into with them. The policy provides guidance on dealing related parties in a transparent manner and on an arm’s length basis. All related party dealings/transactions are disclosed under Note 39.

Whistleblowing Policy

The Bank has in put in place a Whistleblowing Policy and appropriate mechanisms to demonstrate its commitment to the highest standards of openness, probity and accountability. The scope of the policy includes the Group and all its subsidiaries, Directors, staff, contractors, agents, vendors, sponsors, customers, and shareholders of the Group as well as the general public. The policy is hosted on the Bank’s website and outlines the mechanisms that stakeholders can employ to voice concerns in a responsible and effective manner. The policy is designed to encourage and facilitate raising concerns at a high level and to disclose information which the individual believes shows malpractice or impropriety. The policy aims to:

Statement on Corporate Governance

Whistleblowing Policy

- Encourage stakeholders such as employees to feel confident in raising their apprehensions and to question any act that may raise concerns about practice that may bring disrepute to the Group and or cause financial or other loss to the Bank and/or Group and or any malicious act that may adversely affect a staff member;
- Provide avenues to raise those concerns and receive feedback on any action taken;
- Provide reassurance that individuals will be protected from possible reprisals or victimisation if they have reasonable belief that they have made any disclosure in good faith;
- Minimise the Bank and Group's exposure to the damage that can occur when employees circumvent internal mechanisms; and,
- Let stakeholders know the Bank and the Group is serious about adherence to the Code of Conduct and the various policies in place.

The Whistleblowing reports are regularly reviewed and discussed by the Board Nomination and Remuneration Committee and the Board Risk Committee.

Sustainability & Corporate Social Responsibility (CSR)

The Bank is very conscious of its responsibility towards the Community and those around it. It is in this endeavour that the Bank, through the I&M Foundation, has put in place guidelines that support the discharge of its Corporate Social Responsibility mandate. The Bank has continued to deepen its relationship with various stakeholders while providing opportunities to its employees to participate in various I&M Foundation CSR activities.

I&M Bank's CSR activities through the I&M Foundation are aimed at making sustainable difference under four key social pillars listed below:

- Environmental conservation;
- Education and skills development;
- Economic empowerment; and,
- Enabling giving.

Additional details on the activities undertaken during the year have been provided in the Group's 2024 Annual Integrated Report.

Stakeholder Management

I&M recognizes and appreciates that engagement with, and active cooperation of its stakeholders, is essential for the Bank and Group's strong business performance on a sustainable basis, as well as to achieve and maintain public trust and confidence. The Bank is guided by the Group's stakeholder engagement policy which is founded on the principles of transparency, active listening, and equitable treatment that favours a consultative and collaborative engagement with all stakeholders.

Stakeholder engagement is decentralized within I&M. All I&M employees are accountable for managing relationships and meeting expectations of internal and external stakeholders within their areas of responsibility. Should a stakeholder not be satisfied with the service or assistance that they receive from their I&M point of contact, there are a number of opportunities that allow for anonymity (if desired) as well as independence to ensure that concerns raised by stakeholders are heard. These include our client call centre and branches that are the first point of call for all clients' requests and the section "Contact us" on the Bank's corporate website. Concerns raised by stakeholders are monitored regularly for compliance by the Bank's Risk and Compliance Teams and any escalation would be made to the Board Risk Committee where necessary.



PATA KEJA NA I&M BANK

Miliki Nyumba Plan



1 Year Home Insurance



✓ **Up To 105% Financing**

✓ **9.5% Interest p.a**

Call 0719 088 000

I&M Bank is regulated by the Central Bank of Kenya | T&Cs Apply

On Your Side



Our Business

I&M Bank is regulated by The Central Bank of Kenya

On Your Side

Financial and Strategy Highlights

Overview and Financial Performance Highlights

I&M Bank Kenya reinforced its role as the anchor subsidiary of I&M Group PLC, contributing 74% of the Group's overall performance for the year ended 31 December 2024. The Bank recorded a 16% year-on-year increase in revenue and a 17% rise in Profit Before Tax (PBT), reflecting continued progress in executing its customer-centric, digital-first strategy.

Operating income growth was underpinned by a 33% increase in net interest income, largely driven by focused lending in the Oil & Gas sector and value derived from ecosystem partnerships. Though operating expenses rose by 15%, owing to strategic investments in talent and brand visibility through marketing, the Bank maintained a healthy Cost-to-Income Ratio (CIR) of 41% a key indicator of operational efficiency and profitability.

Despite a 7% decline in net loans and advances, attributed to the appreciation of the Kenya Shilling and a subdued macroeconomic environment, we sustained momentum in delivering value across its key segments.

Over the past two years, the customer base has doubled, with 50% of new clients onboarded digitally, contributing to a 132% surge in digital transactions. While 95% of customers are digitally active, the Bank continued to deepen physical presence with 21 new branches opened, lifting brand relevance to 34%, up from 20%.

Innovative propositions including 'Ni Sare Kabisa' (free money transfers to M-PESA and Airtel Money for both personal and sole proprietor business accounts) and the rollout of the largest unsecured personal loan in the market (up to KES 10 million) have significantly enhanced customer engagement and reinforced our commitment to inclusive, tech-driven financial solutions.

Review of Our Strategy

In the face of a challenging operating environment in 2024 marked by heightened credit risks, a high cost of living, slowing economic activity and evolving geopolitical dynamics, we have remained steadfast in executing our Strategy with focus and resilience.

The third iteration of our iMara Strategy, running from 2024 to 2026, is anchored on three key participation choices and five enablers, forming a clear framework that steers us towards our ambition to become Kenya and Eastern Africa's leading financial partner for growth.

Financial and Strategy Highlights



Measures of Success by 2026

Top Bank by weighted average market share

Net Promoter Score > 70%

> 20% revenue contribution from new business

> 75% Employee engagement

+ 10M Lives impacted

Our Participation Choices

1Develop Leadership in our core Segments (Corporate & Commercial)

2Build Relevance in Emerging Customer Segments (Retail & SMEs)

3Become a leader in Ecosystems

Where we will invest for growth (Enablers)

Brand Relevance

Group Synergies

Business Resilience

Digitization

Cultural Transformation

Financial and Strategy Highlights

Outlined below is a summary of nine Key Performance Indicators (KPIs) that collectively serve as a barometer of our executional rigour as of December 2024. These indicators encompass a balanced blend of financial and non-financial priority metrics, reflecting the focus of our strategic priorities.

KPI	FY 2023	FY 2024
Return on Equity after Tax	17%	19%
Profit Before Tax (KES Bn)	12.1	14.1
Revenue Market Share	4.7%	5.03%
Net Promoter Score	73%	74%
No. of Lives Impacted	2Mn	2.8Mn
Employee Engagement Score	76%	79%
% of transactions on Digital channels	89%	96%
Brand Awareness Score	20%	34%

Financial and Strategy Highlights

Pillar 1: Develop Leadership in our Core Segments (Corporate & Commercial)

Strategic Focus	Target	Key Achievements from Our Execution	
Drive income growth in Corporate and Commercial segment	Increase in PBT contribution from corporate and commercial segment	<ul style="list-style-type: none"> Segment operating income grew by 27% in 2024 from KES 17B in 2023, contributing 65% of the total bank revenue. Segment customer numbers grew by 22% in 2024. Increased our Trade Finance market share from 8.6% in 2023 to 9.9% in 2024 through the issuance of Letters of Credit, Guarantees, Acceptances. 	<p>Operating Income in KShs Bn</p> <p>20% FY2022 17.1% FY2023 21.7% FY2024</p> <p>+20% +27%</p>
New Sectors diversification	To deepen penetration and improve revenue contribution from newly identified sectors.	<ul style="list-style-type: none"> 176% revenue growth from the new sector initiatives in 2024 including Oil & Gas, Public sector and Leasing. Contribution of operating income from new sector clients to total corporate revenue improved from 5% to 12% in 2024. 	<p>New Sector contribution to Overall segment Revenue</p> <p>95% FY2023 88% FY2024</p> <p>5% 12%</p>

Financial and Strategy Highlights

Pillar 2: Build Relevance in Emerging Customer Segments (Retail & SME)





Strategic Focus	Target	Key Achievements from Our Execution											
Accelerating Growth in the Personal and Premium Banking Segments.	To enhance customer experience, product penetration, and profitability within this segment.	<ul style="list-style-type: none">51% growth in total bank customer count in 2024Launched end to end digital short term Loan product and disbursed over KES 2Bn in 202433% revenue growth in the Retail segmentDoubled our monthly digital transactions from 1.5M in December 2023 to 3.3M in 2024The Retail & MSME CASA balances grew by 3% to KES 54Bn in 2024	<p>New Customer Acquisitions Y-o-Y</p> <table><tr><th>Fiscal Year</th><th>New Customer Acquisitions (k)</th></tr><tr><td>FY2023</td><td>68k</td></tr><tr><td>FY2024</td><td>159k</td></tr></table>	Fiscal Year	New Customer Acquisitions (k)	FY2023	68k	FY2024	159k				
Fiscal Year	New Customer Acquisitions (k)												
FY2023	68k												
FY2024	159k												
Driving Scale and Relevance within the MSME Segment.	To reach out to untapped customers, enhancing tailored solutions, and enabling financial inclusion	<ul style="list-style-type: none">Developed and rolled out fit-for-purpose products including invoice discounting, working capital loans, stock financingOpened 21 new branches in 2024 expanding our footprint to 23 counties across KenyaAccelerated MSME value proposition including dedicated Relationship managers to provide tailored support business growth97% revenue growth in MSME in 2024	<p>Retail & MSME Revenue (KES Bn)</p> <table><tr><th>Fiscal Year</th><th>Revenue (KES Bn)</th></tr><tr><td>FY2023</td><td>6</td></tr><tr><td>FY2024</td><td>10</td></tr><tr><td>FY2023</td><td>13</td></tr><tr><td>FY2024</td><td>17</td></tr></table>	Fiscal Year	Revenue (KES Bn)	FY2023	6	FY2024	10	FY2023	13	FY2024	17
Fiscal Year	Revenue (KES Bn)												
FY2023	6												
FY2024	10												
FY2023	13												
FY2024	17												
Enhancing Customer Engagement through Phygit Experience.	To deliver a seamless, personalized, and consistent customer journey across all touchpoints	<ul style="list-style-type: none">Over 50% of the new customers were onboarded through digital platformsThe NPS score improved from 73% in 2023 to 75% in 2024Brand awareness score improved from 20% in 2023 to 34% in 2024; the fastest-growing banking brand in Kenya	<p>Brand awareness Score</p> <table><tr><th>Fiscal Year</th><th>Brand awareness Score (%)</th></tr><tr><td>FY2023</td><td>20%</td></tr><tr><td>FY2024</td><td>34%</td></tr></table>	Fiscal Year	Brand awareness Score (%)	FY2023	20%	FY2024	34%				
Fiscal Year	Brand awareness Score (%)												
FY2023	20%												
FY2024	34%												

Financial and Strategy Highlights

Pillar 3: Become a Market Leader in Ecosystems

Strategic Focus	Target	Key Achievements from Our Execution
Drive and deepen internal and external Ecosystem Partnerships	To expand value delivery and enhance service offerings by integrating the bank into wider digital, internal and external ecosystems.	<ul style="list-style-type: none"> The number of lives impacted increased from 2Mn in 2023 to 2.8Mn in 2024 through Ecosystem partnerships Overall digital loan disbursements stood at 11.5Bn The lending growth through ecosystem partnerships amounted to KES 10.9B in 2024 +35% improvement in ecosystem revenues in 2024. Rolled out Buy Now Pay Later (BNPL) solution accessed at specified partners through our digital platform

Strategic Enablers

	Enablers	Outcome
	People	<ul style="list-style-type: none"> Bank's human capital grew by 1.3%, reaching a total of 1,836 employees Bank's Employee Engagement score improved from 76% in 2023 to 79% in 2024
	Resilience	<ul style="list-style-type: none"> Attained the ISO 27001:2022 certification; the latest version for world's standard information security management system Our Liquidity Ratio improved from 38.5% in 2023 to 47.4% in 2024.
	Digitisation	<ul style="list-style-type: none"> Proportion of Digitally Active Customers improved from 95% in 2023 to 97% in 2024 Percentage of transactions done on digital channels up from 89% in 2023 to 96% in 2024 The Net Promoter Score (NPS) score improved from 73% to 75% in 2024
	Group Synergy	<ul style="list-style-type: none"> The Bank continues support and leverage opportunities in subsidiaries and cross-border Revenue mobilized from previously untapped regional customers increased by 57% in 2024.

2025 Outlook

Building on the disciplined and effective execution of the third iteration of our iMara Strategy in 2024 despite a persistently challenging operating environment, we enter 2025 with renewed momentum, sharpened strategic priorities and strengthened internal capabilities. In the year ahead, our focus will be to scale initiatives that have demonstrated tangible success, accelerate the delivery of value across our key segments and deepen our strategic relevance within the markets we serve. This forward-looking agenda underpins our ongoing pursuit of becoming Kenya and Eastern Africa's Leading Financial Partner for Growth.

Our Accolades

In 2024, we continued to receive significant industry recognition for our performance and innovative contributions to the financial sector. These accolades reflect our ongoing commitment to excellence and our sustained efforts in delivering value across various facets of our operations.



Finnovex Awards

Excellence in Payments



Africa Bank 4.0 Awards Pan Africa

Best Bank in Consumer Payments (East Africa)



Think Business Banking Awards

Overall Winner: Most Customer Centric Bank

2nd Runner Up: Best Bank in Sustainable CSR

2nd Runner Up: Best Bank in Corporate Banking

1st Runner Up: Best Bank in Internet Banking

2nd Runner Up: Best Bank in Trade Financing

Class Acts of 20 Years (1 of 5 honorees)

2nd Runner Up: Best Bank in Mobile Banking

Banking on Women Awards

Transparency & Accountability



Marketing Society of Kenya (MSK) Awards

Digital Marketing Campaign of the Year

Influencer Marketing Campaign of the Year

Insight & Data Driven Marketing Campaign of the Year



Sustainable Finance Initiatives (SFI) Catalyst Award

Bronze Award in the Most Innovative Bank category

Bronze Award in the Bank Case Study – Bank Operations category

Our Shared Value Agenda

I&M Foundation: A Shared Value Vision Rooted in Community

I&M Foundation was established in March 2020 as the philanthropic arm of I&M Bank Kenya, with a bold mandate to transform communities through long-term, locally driven partnerships. But to understand the Foundation's ethos, one must look further back to a legacy of giving shaped by I&M Group's founding leadership.

A Legacy of Giving: Inspired by S.B.R. Shah

Long before the establishment of I&M Foundation, the spirit of giving had already taken root within I&M Bank. At the heart of this ethos was S.B.R. Shah, the Founder and Chairman Emeritus of I&M Group PLC, whose personal values of service and generosity became the bedrock of the Bank's commitment to community. Under his leadership, the Bank's Corporate Social Responsibility (CSR) programmes were coordinated by a CSR committee comprising Bank staff and leadership. He also heads the family run Bhagwanji Raja Charitable Foundation, named in honour of his father which has profoundly impacted lives across Kenya.

I&M Bank directed significant resources towards improving healthcare, advancing education and uplifting vulnerable communities through initiatives including:



Healthcare: Contributed KES 50 million to Gertrude's Children's Hospital for the establishment of a critical care unit and the modernisation of its radiology wing.



Education: Invested over KES 200 million to establish St. Ann's Suresh Raja Shah Girls Secondary School in Kairi, opening doors to quality education for hundreds of young women.



Community Welfare: Allocated KES 300 million towards water, sanitation, and vocational training in under-resourced areas.

In 2002, he was bestowed the Honour of a Moran of the Order of the Burning Spear (MBS) for service to the community. Yet perhaps his most enduring contribution to institutional philanthropy was the founding of I&M Foundation. As the Foundation's inaugural Chairperson, S.B.R. Shah laid the cornerstone for what would become one of Kenya's most dynamic vehicles for shared prosperity. Today, he continues to serve as a Director, bringing strategic foresight and humility to the Board, now chaired by **Eric Kimani, MBS**, also the Founder of Palmhouse Foundation.

S.B.R. Shah serves alongside distinguished professionals including:



Janet Mawiyoo, a renowned development practitioner and former CEO of the Kenya Community Development Foundation (KCDF), brings a wealth of experience in community philanthropy and institutional strengthening.



Sarit Raja-Shah, Group Executive Director of I&M Group PLC and **Gul Khan**, CEO of I&M Bank Kenya, bring financial acumen and strategic oversight.

In truth, S.B.R. Shah did not merely build a bank. He built institutions that give back. He modelled a kind of leadership rooted in integrity, invested in people and envisioned prosperity as a shared ideal.

Built for Lasting Impact

Funded through a 2% annual allocation from I&M Bank Kenya's profit before tax, I&M Foundation operates as an independent entity, complete with its own governance structure, strategy and team. The Foundation is more than the philanthropic arm of the Bank; it is the embodiment of shared value in action.

Our approach is grounded in local partnerships. We work through experienced implementing partners embedded in communities, ensuring every initiative is community-owned, sustainable and results-driven.

Our Shared Value Agenda

Four Pillars for Inclusive Growth

Our strategy guides our work and investment across four pillars:



Environmental Conservation: From nurturing environmental stewardship through school programmes to planting mangroves in Kilifi, our environmental efforts are bold and catalytic. We are not just protecting ecosystems, we are equipping communities; particularly women and youth with the tools to participate in and benefit from conservation.

Project *Imarisha Ngong' Road Forest*, our flagship initiative, represents a KES 162 million investment in forest conservation and community development. The project encompasses infrastructure including a 14.2 km perimeter fence, a borehole with water tanks, five entry gates, five ablution blocks, seven ranger houses, improved trails, a tree nursery and restoration of over 50 hectares of degraded forest land. Kenya Forest Service commended I&M Foundation's support, noting that, "While the surrounding communities serve as the first 'social fence,' the newly installed boundary provides a vital second layer of protection."

We believe in the power of investing in environmental champions to help inculcate a culture of safeguarding natural resources. Like the herds boy from Samburu who, through our scholarship, became a trained conservationist and poet. Or the girl in Kilifi who planted 300 trees in her home compound and inspired others to follow. These are not just anecdotes; they are evidence of impact that multiplies.



Education & Skills Development: Education is transformational. That's why nearly a third of our resources are dedicated to enhancing learning outcomes and expanding access for underprivileged learners. We support learners from secondary to tertiary and professional training.

Through scholarships at institutions such as Strathmore University and in partnership with Oshwal College, we support students to pursue Bachelor's degrees and professional qualifications including Certified Human Resource Professional (CHRP) and Certified Public Accountant (CPA). Bonaya Lokho, a scholarship beneficiary and Strathmore graduate, shared that her desire to inspire girls in her community to value education was made possible through support from I&M Foundation, which enabled her to start a mentorship programme at Isiolo Girls High School.



Economic Empowerment: We support MSMEs and community-based groups through financial literacy, skills training and capital goods. Our partnership with the Jonathan Jackson Foundation in informal settlements and The Maa Trust in Narok demonstrates our commitment to economic inclusion.

In the Mara, our gender-responsive programmes are restoring dignity. One woman, once crowded into a crumbling manyatta, used income from her beadwork enterprise to co-finance a new home. Later, with her own earnings, she built a third structure entirely independently. Today, she is a respected figure—her journey a testament to the power of economic agency.



Enabling Giving: This unique pillar promotes collective action. We collaborate with the Bank, staff, partners and communities to respond to emergencies, co-create local initiatives and foster a culture of generosity. A good example is our partnership with the Alliance Old Boys Club, where we pledged to sponsor two students for every one they supported. This collaboration enabled the Club to contribute over KES 3.2 million towards the cause, significantly expanding its impact.

Where the Bank and Foundation Intersect

While I&M Foundation and I&M Bank are distinct entities, their alignment is deliberate. In Narok, the Foundation's community work laid the groundwork for a new I&M Bank branch. Along the Coast, mangrove restoration and conservation education complement the Bank's regional growth. Here, partnership is not just strategic, it is synergistic.

**DRIVE YOUR DREAM CAR
WITH UP TO**



100%
FINANCING



I&M Bank is regulated by the Central Bank of Kenya | *T&Cs Apply

On Your Side

Our Financials

Report Of The Directors

For The Year Ended 31 December 2024

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31st December 2024, which disclose the state of affairs of I&M Bank LIMITED ("the Bank" or "the Company") and its Subsidiaries, together referred to as the "Group". The Group comprises I&M Bank LIMITED, I&M Bank (T) Limited, Tanzania and I&M Bancassurance Intermediary Limited.

1. Principal activities

The Bank and I & M Bank (T) Limited provide an extensive range of banking, financial and related services permitted under the Banking Act, Kenya and the Banking and Financial Institutions Act, 2006, Tanzania and are regulated by Central Bank of Kenya and Bank of Tanzania respectively. I&M Bancassurance Intermediary Limited provides insurance agency services as defined by the Insurance Act and is regulated by the Insurance Regulatory Authority of Kenya.

2. Results/business review

The Group and Company results for the year are as follows:

	Group		Company	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
Profit before tax	15,355,158	12,566,914	14,114,999	12,084,199
Income tax expense	(2,996,106)	(2,480,326)	(2,717,670)	(2,368,200)
Net profit for the year after tax	12,359,052	10,086,588	11,397,329	9,715,999

Group Profit before tax closed at KShs 15.3 billion; a 22% increase driven by net operating income which grew by KShs 5.6 billion against an increase in operating expenses by KShs 2.9 billion.

Company Profit before tax closed at Kshs 14 billion; a 17% increase. Operating income recorded a 18% growth largely driven by growth in net interest income by 33%

The principal risks and uncertainties facing the Group and Company as well as the risk management framework are outlined in Notes 4 and 5 of the consolidated and separate financial statements.

3. Dividend

The directors recommend payment of a final dividend of KShs 160 per share amounting to KShs 4,800,000,000 for the year ended 31 December 2024 (2023 – KShs 4,050,000,000).

4. Directors

The Directors of the Company who served during the year and up to the date of this report are set out on page 2.

Report Of The Directors

For The Year Ended 31 December 2024

5. Relevant audit information

The Directors in office at the date of this report confirm that:

- (i) There is no relevant audit information of which the Company's auditor is unaware; and
- (ii) Each director has taken all the steps that they ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

6. Auditor

KPMG Kenya will retire as auditor of the Group at the 2025 Annual General Meeting. The Board will recommend the appointment of PricewaterhouseCoopers LLP (PWC Kenya) as the new auditor in accordance with the Company's Articles of Association and section 721 of the Kenyan Companies Act, 2015.

7. Approval of financial statements

The financial statements were approved and authorised for issue at a meeting of the Directors held on 14 March 2025.

BY ORDER OF THE BOARD



Secretary

Date: 14 March 2025.

Statement Of Directors' Responsibilities

The Directors are responsible for the preparation and presentation of the consolidated and separate financial statements of I&M Bank LIMITED (the "Bank" or "the Company") and its subsidiaries (together, "the Group") set out on pages 59 to 223 which comprise the consolidated and company statements of financial position as at 31 December 2024, and consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and the notes to the consolidated and company financial statements, including material accounting policies in conformity with IFRS Accounting as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015.

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of fairly financial statements in accordance with IFRS Accounting Standards and in the manner required by the Kenyan Companies Act, 2015 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015, the Directors are required to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and the Company as at the end of the financial year and of the profit or loss of the Group and the Company for that year. It also requires the Directors to ensure the Group and Company keeps proper accounting records which disclose with reasonable accuracy the financial position and profit or loss of the Group and the Company.

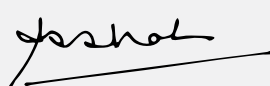
The Directors accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of annual financial statements, as well as adequate systems of internal financial control. The Directors are of the opinion that the financial statements give a true and fair view of the financial position and the profit or loss of the Group and the Company.

The Directors accept responsibility for the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS Accounting Standards and in the manner required by the Kenyan Companies Act, 2015.

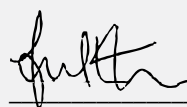
The Directors have made an assessment of the Company and Group ability to continue as a going concern and have no reason to believe the Group and Company will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the consolidated and separate financial statements

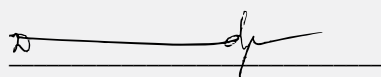
The consolidated and separate financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on 14 March 2025.



Sarit S. Raja Shah
Director



Gul Abbas Khan
Director



Daniel Ndonye
Director

Date: 14 March 2025

Independent Auditor's Report

To The Members Of I&M Bank Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of I&M Bank LIMITED (the "Group" and "Company") as set out on pages 59 to 223, which comprise the consolidated and company statements of financial position as at 31 December 2024, and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of I&M Bank LIMITED as at 31 December 2024, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and the Company in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the *I&M Bank LIMITED Annual Report and Financial Statements for the year ended 31 December 2024*, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015 as set out below.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

To The Members Of I&M Bank Limited

Report on the audit of the consolidated and separate financial statements (continued)

Directors' responsibilities for the consolidated and separate financial statements

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

Independent Auditor's Report

To The Members Of I&M Bank Limited

Report on the audit of the consolidated and separate financial statements (continued)

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group and Company audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

As required by the Kenyan Companies Act, 2015 we report to you solely based on our audit of the consolidated and separate financial statements, that in our opinion, the information in the report of the Directors on pages 53 and 54 is consistent with the consolidated and separate financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is FCPA Dr. Alexander Mbai Practicing certificate number - P/2172.



For and on behalf of:

KPMG Kenya

Certified Public Accountants

PO Box 40602 – 00100

Nairobi

Date: 25 March 2025

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 31 December 2024

	Note	2024	2023
		KShs'000	KShs'000
Interest income	7(a)	55,858,318	40,640,989
Interest expense	8(a)	(26,378,420)	(18,622,178)
Net interest income		29,479,898	22,018,811
Fee and commission income	9(a)	6,350,958	5,550,184
Fee and commission expense	9(a)	(503,699)	(421,639)
Net fee and commission income	9(a)	5,847,259	5,128,545
Revenue		35,327,157	27,147,356
Net trading income	10(a)	2,432,344	4,825,842
Other operating income	11(a)	737,592	265,023
Net operating income before change in expected credit losses and other credit impairment charges		38,497,093	32,238,221
Net impairment losses on financial assets	20(b)	(7,047,492)	(6,431,474)
Net operating income		31,449,601	25,806,747
Staff costs	12(a)	(6,466,280)	(5,297,317)
Premises and equipment costs	12(a)	(497,735)	(451,580)
General administrative expenses	12(a)	(6,963,977)	(5,580,819)
Depreciation and amortisation	12(a)	(2,166,451)	(1,910,117)
Operating expenses		(16,094,443)	(13,239,833)
Profit before tax	13(a)	15,355,158	12,566,914
Income tax expense	14(a)(i)	(2,996,106)	(2,480,326)
Net profit for the year after tax		12,359,052	10,086,588

(Continued Page 60)

The notes set out on page 70 to 223 form an integral part of these financial statements.

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 31 December 2024

	Note	2024	2,023
		KShs'000	KShs'000
Other comprehensive income			
<i>Items that will never be reclassified to profit or loss</i>			
Net change in fair value of FVOCI financial assets - Equity instruments	21	(275,229)	76,019
Deferred tax on fair value of FVOCI financial assets - Equity instruments	26	82,569	(22,806)
<i>Items that are or may be reclassified to profit or loss:</i>			
Net change in fair value of FVOCI financial assets - Debt instruments	21	3,430,498	(2,109,611)
Deferred tax on fair value of FVOCI financial assets - Debt instruments	26	(1,026,532)	749,212
Change in cash flow hedge reserve		(119,147)	-
Deferred tax on cash flow hedge reserve		35,744	-
Foreign currency translation differences		(1,178,804)	1,079,536
Total other comprehensive income for the year		949,099	(227,650)
Total comprehensive income for the year		13,308,151	9,858,938
Profit attributable to:			
Equity holders of the company		12,170,234	10,027,469
Non-controlling interest	23	188,818	59,119
		12,359,052	10,086,588
Comprehensive income attributable to:			
Owners of the company		13,341,595	9,605,099
Non-controlling interest	23	(33,444)	253,839
		13,308,151	9,858,938
Basic earnings per share (KShs)	15	405.67	334.25

The notes set out on pages 70 to 223 form an integral part of these financial statements.

Company Statement Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 31 December 2024

	Note	2024	2023
		KShs'000	KShs'000
Interest income	7(b)	50,167,828	36,437,339
Interest expense	8(b)	(24,596,773)	(17,164,951)
Net interest income		25,571,055	19,272,388
Fee and commission income	9(b)	5,537,522	4,924,577
Fee and commission expense	9(b)	(500,181)	(419,205)
Net fee and commission income	9(b)	5,037,341	4,505,372
Revenue		30,608,396	23,777,760
Net trading income	10(b)	1,981,461	4,430,189
Other operating income	11(b)	363,326	291,512
Dividend income	11(b)(ii)	227,000	117,000
Net operating income before change in expected credit losses and other credit impairment charges		33,180,183	28,616,461
Net impairment losses on financial instruments	20(b)	(5,766,648)	(5,322,102)
Net operating income		27,413,535	23,294,359
Staff costs	12(b)	(5,443,702)	(4,431,264)
Premises and equipment costs	12(b)	(426,891)	(398,620)
General administrative expenses	12(b)	(5,525,150)	(4,666,185)
Depreciation and amortisation	12(b)	(1,902,793)	(1,714,091)
Operating expenses		(13,298,536)	(11,210,160)
Profit before income tax	13(b)	14,114,999	12,084,199
Income tax expense	14(a)(ii)	(2,717,670)	(2,368,200)
Net profit for the year after tax		11,397,329	9,715,999
Other comprehensive income			
<i>Items that will never be reclassified to profit or loss:</i>			
Change in fair value of FVOCI financial assets - Equity instruments	21	(275,229)	76,019
Deferred tax on fair value of FVOCI financial assets - Equity instruments	26	82,569	(22,806)
<i>Items that are or may be reclassified to profit or loss:</i>			
Change in fair value of FVOCI financial assets	21	3,421,773	(2,097,090)
Deferred tax on fair value of FVOCI financial assets	26	(1,026,532)	749,212
Change in cash flow hedge reserve		(119,147)	-
Deferred tax on cash flow hedge reserve		35,744	-
Total other comprehensive income for the year		2,119,178	(1,294,665)
Total comprehensive income for the year		13,516,507	8,421,334
Basic earnings per share - (KShs)	15	379.91	323.87

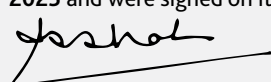
The notes set out on pages 70 to 223 form an integral part of these financial statements.

Consolidated Statement Of Financial Position

At 31 December 2024

	Note	2024	2023
		KShs '000	KShs '000
ASSETS			
Cash and balances with central banks	17(a)	24,011,805	24,124,036
Items in the course of collection	18(a)	669,433	343,983
Financial assets at fair value through profit or loss (FVTPL)	21(a)(i)	90,078	738,185
Financial assets measured at fair value through other comprehensive income (FVOCI)	21(b)(i)	66,099,496	56,010,179
Financial assets at amortised cost	21(c)(i)	68,299,366	36,407,474
Loans and advances to banks	19(a)	29,055,596	44,341,612
Loans and advances to customers	20(a)(i)	239,290,323	259,374,033
Assets held for sale	22(a)	507,314	307,501
Due from group companies	27(a)(i)	1,588,011	2,947,483
Tax receivable	14(b)(i)	131,300	605,555
Other assets	28(a)	4,801,256	3,959,856
Property and equipment	24(a)	1,815,188	1,939,145
Right-of-use assets	24(b)	2,207,402	2,275,670
Intangible assets - goodwill	25(a)(i)	804,604	903,445
Intangible assets - others	25(b)(i)	2,524,575	2,633,778
Deferred tax asset	26(a)	10,418,878	9,795,614
TOTAL ASSETS		452,314,625	446,707,549
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits from banks	29(a)	27,451,723	21,629,821
Items in the course of collection	18(a)	2,237	-
Deposits from customers	30(a)	333,043,966	341,154,590
Due to group companies	27(b)(i)	2,533,081	4,699,449
Tax payable	14(b)(i)	1,133,802	-
Other liabilities	31(a)	7,744,127	5,824,471
Long term debt	32(a)	174,742	204,921
Subordinated debt	33(a)	10,310,689	12,532,190
		382,394,367	386,045,442
Shareholders' equity			
Share capital	34(a)	3,000,000	3,000,000
Share premium	34(a)	5,531,267	5,531,267
Retained earnings		51,886,893	44,109,715
Cash flow hedge reserve	34(e)	(83,403)	-
Statutory credit risk reserve	34(b)	10,547,305	10,204,249
Fair value reserve	34(d)	(2,451,483)	(4,662,969)
Translation reserve	34(c)	113,087	1,069,809
Equity attributable to owners of the company		68,543,666	59,252,071
Non-controlling interest	23	1,376,592	1,410,036
Total shareholders' equity		69,920,258	60,662,107
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		452,314,625	446,707,549


The financial statements set out on pages 59 to 223 were approved and authorised for issue by the Board of Directors on 14 March 2025 and were signed on its behalf by:



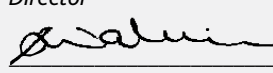
Sarit S. Raja Shah
Director



Daniel Ndonge
Director



Gul Abbas Khan
Director



Stella W. Gacharia
Secretary

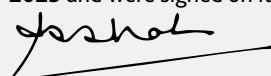
The notes set out on pages 70 to 223 form an integral part of these financial statements.

Company Statement Of Financial Position


At 31 December 2024

	Note	2024	2023
		KShs '000	KShs '000
ASSETS			
Cash and balances with Central Bank of Kenya	17(b)	19,396,678	20,884,419
Items in the course of collection	18(b)	669,433	316,197
Financial assets at fair value through profit or loss (FVTPL)	21(a)(ii)	-	538,513
Financial assets measured at fair value through other comprehensive income (FVOCI)	21(b)(ii)	65,897,100	55,710,597
Financial assets at amortised cost	21(c)(ii)	59,413,933	26,878,671
Loans and advances to banks	19(b)	25,474,262	41,860,158
Loans and advances to customers	20(a)(ii)	216,087,376	231,238,716
Assets held for sale	22(b)	507,314	307,501
Due from group companies	27(a)(ii)	4,147,774	5,172,971
Tax receivable	14(b)(ii)	-	444,373
Other assets	28(b)	4,083,612	3,481,960
Investment in subsidiaries	23	3,882,712	3,882,712
Property and equipment	24(a)	1,470,680	1,695,240
Right-of-use assets	24(b)	1,811,692	1,763,969
Intangible assets - software	25(b)(ii)	2,307,121	2,432,479
Deferred tax asset	26(b)	9,723,687	9,004,556
TOTAL ASSETS		414,873,374	405,613,032
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits from banks	29(b)	24,377,799	20,570,517
Deposits from customers	30(b)	303,765,965	305,995,191
Due to group companies	27(b)(ii)	2,674,020	5,087,206
Other liabilities	31(b)	6,404,330	4,672,837
Tax payable	14(b)(ii)	1,118,973	-
Subordinated debt	33(a)	10,310,689	12,532,190
		348,651,776	348,857,941
Shareholders' equity			
Share capital	34(a)	3,000,000	3,000,000
Share premium	34(a)	5,531,267	5,531,267
Retained earnings		49,903,433	43,528,200
Statutory credit risk reserve	34(b)	10,313,446	9,341,350
Cash flow hedge reserve	34(e)	(83,403)	-
Fair value reserve	34(d)	(2,443,145)	(4,645,726)
		66,221,598	56,755,091
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		414,873,374	405,613,032

The financial statements set out on pages 59 to 223 were approved and authorised for issue by the Board of Directors on 14 March 2025 and were signed on its behalf by:



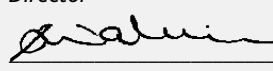
Sarit S. Raja Shah
Director



Daniel Ndonge
Director



Gul Abbas Khan
Director



Stella W. Gacharia
Secretary

The notes set out on pages 70 to 223 form an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2024

2024:	Share capital	Share premium	Retained earnings	Cash flow hedge reserve	Statutory credit risk reserve	Fair value reserve	Translation reserve	Total	Non controlling interest	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
At 1 January 2024	3,000,000	5,531,267	44,109,715	-	10,204,249	(4,662,969)	1,069,809	59,252,071	1,410,036	60,662,107
Comprehensive income for the year	-	-	12,170,234	-	-	-	-	12,170,234	188,818	12,359,052
Net profit after tax	-	-	12,170,234	-	-	-	-	12,170,234	188,818	12,359,052
Other comprehensive income	-	-	-	-	-	-	(956,722)	(956,722)	(222,082)	(1,178,804)
Translation reserve	-	-	-	-	-	-	-	(119,147)	-	(119,147)
Cash flow hedge	-	-	-	-	-	-	-	35,744	-	35,744
Deferred tax - Cash flow hedge	-	-	-	-	-	-	-	-	-	-
Fair value reserve	-	-	-	-	-	3,155,449	-	3,155,449	(180)	3,155,269
Deferred tax - fair value reserve	-	-	-	-	-	(943,963)	-	(943,963)	-	(943,963)
Statutory credit risk reserve	-	-	(343,056)	-	343,056	-	-	-	-	-
Total other comprehensive income	-	-	(343,056)	(83,403)	343,056	2,211,486	(956,722)	1,171,361	(222,262)	949,099
Total comprehensive income	-	-	11,827,178	(83,403)	343,056	2,211,486	(956,722)	13,341,595	(33,444)	13,308,151
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-
Dividend - 2023	-	-	(4,050,000)	-	-	-	-	(4,050,000)	-	(4,050,000)
Total transactions with owners for the year	-	-	(4,050,000)	-	-	-	-	(4,050,000)	-	(4,050,000)
Balance as at 31 December 2024	3,000,000	5,531,267	51,886,893	(83,403)	10,547,305	(2,451,483)	113,087	68,543,666	1,376,592	69,920,258

The notes set out on pages 70 to 223 form an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2024 (Continued)

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

The notes set out on pages 70 to 223 form an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2024

2024:	Share capital	Share premium	Retained earnings	Cash flow hedge reserve	Statutory credit risk reserve	Fair value reserve	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
At 1 January 2024	3,000,000	5,531,267	43,528,200	-	9,341,350	(4,645,726)	56,755,091
Comprehensive income for the year							
Net profit after tax	-	-	11,397,329	-	-	-	11,397,329
	-	-	11,397,329	-	-	-	11,397,329
Other comprehensive income							
Statutory credit reserve	-	-	(972,096)	-	972,096	-	-
Cash flow hedge	-	-	-	(119,147)	-	-	(119,147)
Deferred tax - cash flow hedge	-	-	-	35,744	-	-	35,744
Fair value reserve	-	-	-	-	-	3,146,544	3,146,544
Deferred tax - fair value reserve	-	-	-	-	-	(943,963)	(943,963)
Total other comprehensive income	-	-	(972,096)	(83,403)	972,096	2,202,581	2,119,178
Total comprehensive income	-	-	10,425,233	(83,403)	972,096	2,202,581	13,516,507
Transactions with owners recorded directly in equity							
Final dividend - 2023	-	-	(4,050,000)	-	-	-	(4,050,000)
Total transactions with owners for the year	-	-	(4,050,000)	-	-	-	(4,050,000)
Balance as at 31 December 2024	3,000,000	5,531,267	49,903,433	(83,403)	10,313,446	(2,443,145)	66,221,598

The notes set out on pages 70 to 223 form an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2024 (Continued)

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

The notes set out on pages 70 to 223 form an integral part of these financial statements.

Consolidated Statement Of Cash Flows

For The Year Ended 31 December 2024

	Note	2024	2023
		KShs'000	KShs'000
Net cash flows from operating activities	35	(3,999,042)	47,158,724
Cash flows from investing activities			
Purchase of property and equipment (excluding right of use assets)	24(a)	(812,857)	(643,295)
Purchase of intangible assets	25(b)(i)	(732,149)	(991,023)
Proceeds from disposal of property and equipment		(25,579)	45,405
Net cash used in investing activities		(1,570,585)	(1,588,913)
Cash flows from financing activities			
Payment of lease liabilities	31(c)	(766,120)	(361,642)
Payment on principal - long term borrowing	32	(2,828)	(1,500,690)
Dividend paid to shareholders of the company	34(f)	(4,050,000)	(6,300,000)
Net cash flow used in financing activities		(4,818,948)	(8,162,332)
Net (decrease)/increase in cash and cash equivalents		(10,388,575)	37,407,479
Cash and cash equivalents at start of the year		54,071,942	16,052,681
Effect of exchange rate fluctuations on cash and cash equivalent held		(7,008,767)	611,782
Cash and cash equivalents at end of the year	35	36,674,600	54,071,942

The notes set out on page 70 to 223 form an integral part of these financial statements.

Consolidated Statement Of Cash Flows

For The Year Ended 31 December 2024

	Note	2024	2023
		KShs'000	KShs'000
Net cash flows from operating activities	35	(8,227,713)	46,558,403
Cash flows from investing activities			
Purchase of property and equipment (excluding right of use assets)	24(a)	(573,914)	(603,016)
Purchase of intangible assets	25(b)(ii)	(628,553)	(914,206)
Proceeds from disposal of property and equipment		20,577	22,927
Purchase of additional shares in I&M Bank (T) Limited	23	-	(825,027)
Dividends received	11(b)(ii)	227,000	117,000
Net cash used in investing activities		(954,890)	(2,202,322)
Cash flows from financing activities			
Payment of principal portion of lease liabilities	31(c)	(227,156)	(293,863)
Payment of principal portion of long term borrowing	32(b)(ii)	-	(999,286)
Dividend paid	34(f)	(4,050,000)	(6,300,000)
Net cash outflow from financing activities		(4,277,156)	(7,593,149)
Net increase in cash and cash equivalents		(13,459,759)	36,762,932
Cash and cash equivalents at start of the year		50,286,458	13,406,034
Effect of exchange rate fluctuations on cash and cash equivalent held		(6,510,045)	117,492
Cash and cash equivalents at end of the year	35(d)	30,316,654	50,286,458

The notes set out on page 70 to 223 form an integral part of these financial statements.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

1. Reporting Entity

I&M Bank LIMITED (the "Bank" or "Company"), a financial institution licensed under the Kenyan Banking Act (Chapter 488), provides corporate and retail banking services in various parts of the country. The Bank is incorporated in Kenya under the Kenyan Companies Act and has subsidiaries in Kenya and Tanzania. The consolidated financial statements of the Bank as at and for the year ended 31 December 2024 comprise the Bank and its subsidiaries (together referred to as the "Group"). The address of its registered office is as follows:

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

The Bank has a 78.51% shareholding in I&M Bank (T) Limited and 100% shareholding in I&M Bancassurance Intermediary Limited (IMBIL) (incorporated on 23 July 2014).

2. Basis Of Preparation

(a) Statement of compliance

The Group's consolidated and separate financial statements for the year 2024 have been prepared in accordance with IFRS Accounting Standards and in the manner required by the Kenyan Companies Act 2015. Details of the material accounting policies are included in Note 3. The financial statements have been prepared based on accounting policies applicable to a going concern.

For the Kenyan 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.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

2. Basis Of Preparation

(d) Use of estimates and judgements (continued)

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

In particular information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 5.

3. Material Accounting Policies

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

(a) Basis of consolidation

(i) Non-controlling interests

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

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

(ii) Subsidiaries

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

(iii) Loss of control

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

(iv) Transactions eliminated on consolidation

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

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(b) Foreign currencies

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

Foreign currency non-monetary items measured at fair value are translated into functional currency using the rate of exchange at the date the fair value was determined. Foreign currency gains and losses on non-monetary items are recognized in the statement of profit or loss or statement of comprehensive income consistent with the gain or loss on the non-monetary item.

(c) Foreign operations

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

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

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

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

(d) Income recognition

(i) Net interest income

Effective interest rate and amortised cost

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

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

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(d) Income recognition (continued)

(i) *Effective interest rate and amortised costs – continued*

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

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

Amortised cost and gross carrying amount

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

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

Calculation of interest income and expense

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

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

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

For information on when financial assets are credit-impaired, see Note 3(f)(iii).

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(d) Income recognition (continued)

Presentation

Interest income and expense presented in the statement of profit or loss and Other Comprehensive Income (OCI) include:

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

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

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

(ii) *Net fee and commission income*

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

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

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

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

(iii) *Net trading income and net income on financial assets at fair value through profit or loss*

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

(iv) *Other operating income*

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

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(d) Income recognition (continued)

(v) Dividend income

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

(e) Income tax expense

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

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

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

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

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments

(i) *Initial recognition and initial measurement of financial assets*

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

(ii) *Classification and measurement of financial assets*

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

1. amortised cost
2. fair value through other comprehensive income (FVOCI) or
3. fair value through profit or loss (FVTPL).

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

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

(i) *Amortised cost*

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

- (a) the financial asset of the Group is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the Group's financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

If the Group's financial asset satisfies both of these conditions, the Group measures the financial asset at amortised cost unless it is designated as at fair value through profit or loss (FVTPL) on initial recognition. Any of the Group's Financial assets that do not meet the conditions stated above, are required to be subsequently measured at fair value through profit or loss except for investments in equity instruments not held for trading that are elected at initial recognition to be measured at fair value through other comprehensive income. Financial assets of the Group that meet the condition in (b) above but do not meet the condition in (a) above, may meet the criteria to be measured at fair value through other comprehensive income.

Because both conditions (the business model test and the contractual cash flows characteristics test) must be met for amortised cost measurement, the order in which the tests are performed is irrelevant for the Group. The Group classifies its financial assets into the following categories: financial assets at fair value through profit and loss (FVTPL); equity investments designated as at fair value through other comprehensive income (FVOCI) and financial assets at amortised cost. Management determines the appropriate classification of its investment at initial recognition.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

(ii) Classification and measurement of financial assets (continued)

(i) Amortised cost (continued)

The classification of financial instruments can be seen in the table below:

Category	Classification	Financial statement caption	Class
Financial assets	Fair value through profit or loss	Financial assets at fair value through profit or loss	Debt securities
			Derivative assets
	Amortised cost	Loans and advances to banks	
		Due from group companies	
		Loans and advances to customers	
		Other assets	
		Cash and balances with Central Bank of Kenya	
	Fair value through other comprehensive income	Financial assets at fair value through other comprehensive income	Investment securities designated at FVOCI Equities
Financial liabilities	Financial liabilities at amortised cost	Deposits from banks	
		Deposits from customers	
		Borrowings	
		Due to group companies	
		Other liabilities	
	Fair value through profit or loss	Financial liabilities at fair value through profit or loss	
Off-balance sheet financial instruments	Loan commitments		
	Guarantees, acceptances, letters of credit and other financial liabilities		
The Group recognises ECL based on unbiased forward-looking information. ECL is recognised on all financial assets measured at amortised cost, lease receivables, debt instruments measured at fair value through other comprehensive income, loan commitments not measured at fair value and financial guarantee contracts not measured at fair value.			

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

(ii) Classification and measurement of financial assets (continued)

Business model assessment for amortised cost measurement

(i) Amortised cost (continued)

For amortised cost measurement, the Group's financial assets are held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows.

Financial assets of the Group that are held within a business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. That is, the Group manages the assets held within the portfolio to collect those contractual cash flows (instead of managing the overall return on the portfolio by both holding and selling assets).

In determining whether cash flows are going to be realised by collecting the Group's financial assets' contractual cash flows, the Group considers the frequency, value and timing of sales in prior periods, the reasons for those sales and expectations about future sales activity.

However, sales in themselves do not determine the business model of the Group and therefore cannot be considered in isolation. Instead, information about the Group's past sales and expectations about future sales provide evidence related to how the Group's stated objective for managing the financial assets is achieved and, specifically, how cash flows are realised. The Group considers information about past sales within the context of the reasons for those sales and the conditions that existed at that time as compared to current conditions.

(ii) Fair value through other comprehensive income (FVOCI)

Except for financial assets of the Group that are designated at initial recognition as at fair value through profit or loss the Group's financial assets are measured at fair value through other comprehensive income (FVOCI) if both of the following conditions are met:

- (a) the Group's financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) the contractual terms of the Group's financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

(ii) Classification and measurement of financial assets (continued)

(iii) Fair value through other comprehensive income (FVOCI) (continued)

Financial assets of the Group that do not meet the condition in (b) above, are required to be subsequently measured at fair value through profit or loss or in the case of certain investments in equity instruments may be elected at initial recognition to be measured at fair value through other comprehensive income. Financial asset of the Group that meets the condition in (b) above but does not meet the condition in (a) above, may meet the criteria to be measured at amortised cost.

Designation of equity instruments as at FVOCI

At initial recognition, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3-Business Combinations applies. The Group's financial asset is held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term.
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

The election by the Group to designate an investment in an equity instrument at FVOCI is made on an instrument-by-instrument (i.e., share-by-share) basis. If the election is made, only dividend income that does not clearly represent a recovery of part of the cost of the investment is recognised in profit or loss, with all other gains and losses (including those relating to foreign exchange) recognised in other comprehensive income. These gains and losses remain permanently in equity and are not subsequently reclassified to profit or loss, even on derecognition. However, the Group may transfer the cumulative gain or loss within equity as a reserve movement.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

(ii) Classification and measurement of financial assets (continued)

(iv) Fair value through other comprehensive income (FVOCI) (continued)

Business model assessment for FVOCI measurement

Fair value through other comprehensive income measurement financial assets must be held within the Group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

The Group may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In this type of business model, the Group's key management personnel have made a decision that both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model. There are various objectives that may be consistent with this type of business model.

For example, the objective of the Group's business model may be to manage everyday liquidity needs, to maintain a particular interest yield profile or to match the duration of the financial assets to the duration of the liabilities that those assets are funding. To achieve such an objective, the Group will both collect contractual cash flows and sell financial assets.

Compared to the Group's business model whose objective is to hold financial assets to collect contractual cash flows, this business model will typically involve greater frequency and value of sales. This is because selling financial assets is integral to achieving the business model's objective instead of being only incidental to it. However, there is no threshold for the frequency or value of sales that must occur in this business model because both collecting contractual cash flows and selling the Group's financial assets are integral to achieving its objective.

(v) Fair value through profit or loss (FVTPL)

The Group classifies assets that do not qualify for amortised cost measurement or measurement at FVOCI to be measured subsequently to initial recognition at FVTPL (except if it is an investment in an equity instrument designated at FVOCI).

Gains and losses that arise between the end of the last annual reporting period and the date an instrument is derecognised do not constitute a separate 'profit/loss on disposal'. Such gains and losses will have arisen prior to disposal, while the item is still being measured at FVTPL, and should be recognised in profit or loss when they occur.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

(ii) Classification (continued)

Business model assessment (continued)

- the stated policies and objectives for the portfolio and the operation of those policies in practice in particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI Test)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

(ii) Classification (continued)

Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI Test) (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

The Group holds a portfolio of long-term fixed rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty.

The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Debt instruments measured at amortised cost

Debt instruments are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost. Interest income on these instruments is recognized in interest income using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated by taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.

Impairment on debt instruments measured at amortized cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

(ii) Classification (continued)

Debt instruments measured at FVOCI

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest.

Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive income (OCI), unless the instrument is designated in a fair value hedge relationship. When designated in a fair value hedge relationship, any changes in fair value due to changes in the hedged risk are recognized in non-interest income in the Consolidated Statement of profit or loss and other comprehensive income. Upon derecognition, realized gains and losses are reclassified from OCI and recorded in non-interest income in the consolidated Statement of Profit or Loss and Other Comprehensive Income on an average cost basis. Foreign exchange gains and losses that relate to the amortized cost of the debt instrument are recognized in the statement of profit or loss and other comprehensive income.

Premiums, discounts and related transaction costs are amortized over the expected life of the instrument as Interest income in the consolidated statement of profit or loss and other comprehensive income using the effective interest rate method.

Impairment on debt instruments measured at FVOCI is calculated using the expected credit loss approach. The ECL on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the statement of financial position, which remains at its fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to provision for credit losses in the statement of profit or loss and other comprehensive income. The accumulated allowance recognised in OCI is recycled to the statement of profit or loss and other comprehensive income upon derecognition of the debt instrument.

Debt instruments measured at FVTPL

Debt instruments are measured at FVTPL if assets:

- (i) Are held for trading purposes;
- (ii) Are held as part of a portfolio managed on a fair value basis; or
- (iii) Whose cash flows do not represent payments that are solely payments of principal and interest.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

(ii) Classification (continued)

Debt instruments measured at FVTPL (continued)

These instruments are measured at fair value in the statement of financial position, with transaction costs recognized immediately in the statement of profit or loss and other comprehensive income as part of Non-interest income. Realized and unrealized gains and losses are recognized as part of Non-interest income in the statement of profit or loss and other comprehensive income.

Debt instruments designated at FVTPL

Financial assets classified in this category are those that have been designated by the Bank upon initial recognition, and once designated, the designation is irrevocable. The FVTPL designation is available only for those financial assets for which a reliable estimate of fair value can be obtained.

Financial assets are designated at FVTPL if doing so eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognized in Non-interest income in the statement of profit or loss.

Equity instruments

The Group has elected at initial recognition to irrevocably designate an equity investment, held for purposes other than trading, to FVOCI. The fair value changes, including any associated foreign exchange gains or losses, are recognized in OCI and are not subsequently reclassified in the statement of profit or loss and other comprehensive income, including upon disposal. Realized gains and losses are transferred directly to retained earnings upon disposal. Consequently, there is no review required for impairment. Dividends will normally be recognized in the statement of profit or loss and other comprehensive income.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. The Group internal policy does not allow reclassification of financial assets after initial recognition.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

(ii) Classification – continued

Derivatives

The Group uses financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward rate agreements, futures, options and combinations of these instruments and primarily affect the Group's net interest income, net trading income, and derivative assets and liabilities. The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

The fair value of forward exchange contracts is the amount of the mark to market adjustment at the reporting date.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

The Group classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen in the table below:

(iii) Impairment of financial assets

The Group recognises loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets (amortised cost and FVOCI) including debt instruments, loans and advances and trade receivables from Bancassurance.
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

(iii) Impairment of financial assets (continued)

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date i.e. balances held with central banks, domestic government bills and bonds, and loans and advances to banks; and
- other financial instruments (other than lease receivables) on which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since their initial recognition i.e. stage 1 (see Note 5(a)).

Loss allowances for trade receivables (bancassurance) are always measured at an amount equal to lifetime ECL. Trade receivables are considered fully impaired if they are over 360 days past due.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due and or shows qualitative factors such as change in industry behaviours eg breach in covenants, restructuring and decline in trading activities.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

In determining whether debt securities have a low credit risk, the Group assess both quantitative and qualitative factors, including

- sovereign credit rating (Rating AAA, AA, A, BBB, BB, B)
- proven track record of continued debt servicing,
- continued access to funding from local and international debt markets, including bilateral and multilateral institutions,
- demonstrated economic resilience through GDP growth, inflation, currency depreciation, stable fiscal revenue streams and stable central bank foreign reserves, and
- active trading in the secondary market if such securities are listed.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

(iii) Impairment of financial assets (continued)

The Group has however carried ECL assessment on investment securities and booked charge on income statement.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Significant Increase in Credit Risk (SICR)

At each reporting date, the Group performs both qualitative and quantitative assessments whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors.

The common assessments for SICR is largely determined by the macroeconomic outlook, management judgement, and delinquency and monitoring. The Group considers that a Significant increase in credit risk occurs when assets are more than 30 days past due and or shows qualitative factors such as change in industry behaviours eg breach in covenants, restructuring and decline in trading activities and to be in default if more than 90 days past due.

Quantitative models may not always be able to capture all reasonable and supportable information that may indicate a significant increase in credit risk. Qualitative factors may be assessed to supplement the gap. Examples of situations include a significant departure from the primary source of repayment, changes in adjudication criteria for a particular group of borrowers; changes in portfolio composition; and legislative changes impacting certain portfolios.

With regards to delinquency and monitoring, there is a rebuttable presumption that delinquency backstops when contractual payments are more than 30 days past due.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

(iii) Impairment of financial assets – continued

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date (stage 1 and 2)*: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- *financial assets that are credit-impaired at the reporting date (stage 3)*: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *undrawn loan commitments*: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- *financial guarantee contracts*: the expected payments to reimburse the holder less any amounts that the Group expects to recover. See also Note 5(a).

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see Note 3(f)(iv)) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired (referred to as stage 3 financial assets). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

(iii) Impairment of financial assets – continued

Credit-impaired financial assets – continued

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for a security because of financial difficulties.

A loan that is overdue for 90 days or more is considered impaired. In addition, a loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Government securities (debt instruments)

In making an assessment of whether an investment in sovereign debt (government bills and bonds, balances due from central banks) is credit-impaired, the Group considers the following factors;

- (i) The country's ability to access own local capital markets for new debt issuance;
- (ii) The respective government ability to maintain sovereignty on its currency; and
- (iii) The intentions and capacity, reflected in public statements, of governments and agencies to honour these commitments.

Loss allowances for ECL are presented in the statement of financial position as follows:

- *financial assets measured at amortised cost*: as a deduction from the gross carrying amount of the assets;
- *loan commitments and financial guarantee contracts*: generally, as a provision;
- *where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component*: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- *debt instruments measured at FVOCI*: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

(iii) *Impairment of financial assets – continued*

Write-off

Financial assets at both amortised and FVOCI are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(i) *De-recognition*

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

(iv) *De-recognition (continued)*

Financial assets (continued)

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(ii) *Modifications of financial assets and financial liabilities*

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

The impact of modifications of financial assets on the expected credit loss calculation is discussed in note 3(f)(iii).

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(f) Financial instruments (continued)

(v) *Modifications of financial assets and financial liabilities – continued*

For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

The terms are deemed to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

(g) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolio of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(g) Fair value measurement (continued)

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements: (Refer to Note 7)

- Quoted market prices – Level 1 Fair values are classified as Level 1 if they have been determined using unadjusted quoted prices in active markets for identical assets and liabilities that the entity can access at the measurement date. The quoted prices are required to represent actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.
- Valuation technique using observable inputs – Level 2 Inputs classified as Level 2 are observable for the asset or liability, either directly (i.e. as prices), or indirectly (i.e. derived from prices), but do not constitute quoted prices that are included within Level 1. A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.
- Valuation technique using significant unobservable inputs – Level 3 Fair values are classified as Level 3 if their determination incorporates significant inputs that are not based on observable market data (that is, they are unobservable inputs). An input is deemed to be significant if it is shown to contribute more than 10% to the fair value of an item. Unobservable input levels are generally determined based on observable inputs of a similar nature, historical observations as well through employing other analytical techniques.

(h) Hedge accounting

Group uses derivatives in hedging strategies to manage exposure to interest rate risks. Where hedge accounting can be applied, a hedge relationship is designated and documented at inception to detail the particular risk management objective and strategy for undertaking the hedge transaction. The documentation identifies the specific asset, liability or anticipated cash flows being hedged, the risk that is being hedged, the type of hedging instrument used and how effectiveness will be assessed.

Assessment is done both at the inception of the hedge and on an ongoing basis to assess whether the hedging instruments are 'highly effective' in offsetting changes in the fair value or cash flows of the hedged items.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

Cashflow hedges

In a cash flow hedging relationship, the effective portion of the change in the fair value of the hedging derivative, net of taxes, is recognized in OCI and reclassified to profit or loss as the associated hedged forecast transaction occurs, while the ineffective portion is recognized in profit or loss. When hedge accounting is discontinued, the cumulative amounts previously recognized in OCI are reclassified to profit or loss during the periods when the variability in the cash flows of the hedged item affects profit or loss. Unrealized gains and losses on derivatives are reclassified immediately to profit or loss when the hedged item is sold or terminated early, or when the forecast transaction is no longer expected to occur.

The Group does not apply fair value hedge accounting.

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows in the financial statements, cash and cash equivalents' include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(j) Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure is capitalised only when it is probable that future economic benefits of the expenditure will flow to the Group. On-going repairs and maintenance are expensed as incurred.

Depreciation is charged on a straight -line basis to allocate the cost of each asset, to its residual value over its estimated useful life as follows:

- | | |
|--|------------------------------------|
| • Leasehold improvements | 8 – 10 years or over the period of |
| Lease if shorter than 8 years | |
| • Computer equipment and computer software | 3 – 4 years |
| • Furniture, fittings and fixtures | 8 years |
| • Motor vehicles | 4- 5 years |

Depreciation is recognised in profit or loss. The assets residual values and useful lives are reviewed and adjusted as appropriate, at each reporting date.

Any gains or losses on disposal of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in other income in profit or loss.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(k) Intangible assets

(i) *Computer software*

The costs incurred to acquire and bring to use specific computer software licences are capitalised. Software is measured at cost less accumulated amortisation and accumulated impairment loss. The costs are amortised on a straight-line basis over the expected useful lives, from the date it is available for use, not exceeding five years. Costs associated with maintaining software are recognised as an expense as incurred.

Amortisation methods, residual values and useful lives are reviewed and adjusted as appropriate, at each reporting date.

(ii) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the Group's interest in the net fair value of the acquired company's identifiable assets, liabilities and contingent liabilities as at the date of acquisition. Goodwill is stated at cost less accumulated impairment losses. At the reporting date, the Group assesses the goodwill carried in the books for impairment. The task involves comparing the carrying value of a cash generating unit (CGU) including cashflows discounted at a rate of interest that reflects the inherent risks of the CGU to which the goodwill relates to.

(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Group acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(l) Leases (continued)

Group acting as a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(m) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and group. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(n) Employee benefits

(i) *Defined contribution plan*

The majority of the Group's employees are eligible for retirement benefits under a defined contribution plan.

The assets of the defined contribution scheme are held in a separate trustee administered guaranteed scheme managed by an insurance company. Retirement plans are funded by contributions from the employees and the respective entities. The Group's contributions are recognised in profit or loss in the year to which they relate.

The Group also contributes to various national social security funds in the countries it operates. Contributions are determined by local statute and the Group's contributions are charged to the income statement in the year to which they relate.

(ii) *Leave accrual*

The monetary value of the unutilised leave by staff as at year end is recognised within accruals and the movement in the year is debited/credited to the profit or loss.

(o) Share capital and share issue costs.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of an equity instrument are deducted from initial measurement of the equity instruments.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(p) Earnings per share

Earnings per share are calculated based on the profit attributable to owners of the company divided by the number of ordinary shares. Diluted earnings per share are computed using the weighted average number of equity shares and dilutive potential ordinary shares outstanding during the year.

(q) Dividends

Dividends paid by Group/Company are charged to equity in the period in which they are declared. Proposed dividends are not accrued until they have been ratified at the Annual General Meeting.

(r) Contingent liabilities

Letters of credit, acceptances and guarantees are not recognised and are disclosed as contingent liabilities. Estimates of the outcome and the financial effect of contingent liabilities are made by management based on the information available up to the date the financial statements are approved for issue by the directors. Any expected loss is charged to profit or loss.

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

(t) Fiduciary activities

The Group commonly acts as Trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefits plans and institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

(u) Non-current assets held for sale

Non-current assets are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal, are re-measured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal, are measured at the lower of their carrying amount and fair value less cost to sell. For non-financial assets, fair value takes into account the highest and best use either on a standalone basis or in combination with other assets or other assets and liabilities.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

Any impairment loss on a disposal is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to financial assets, deferred tax assets and employee benefit assets which continue to be measured in accordance with the Bank's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(v) Offsetting

In accordance with IAS 32 Financial Instruments: Presentation, the Group reports financial assets and financial liabilities on a net basis on the statement of financial position only if there is a current legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(w) Comparative information

Except otherwise required, all amounts are reported or disclosed with comparative information. Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

(x) New standards, amendments and interpretations

(i) *New standards, amendments and interpretations effective and adopted during the year*

The following are the new standards and amendments effective during the year ended 31 December 2024, including consequential amendments to other standards with the date of initial application being 1 January 2024.

New standards or amendments	Effective for annual period beginning or after
— Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases	1 January 2024
— Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements	1 January 2024
— Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements	1 January 2024

The Group did not early adopt new or amended standards in the year ended 31 December 2024. None of the standards had a material effect on the financial statements of the Group and Company.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(x) New standards, amendments and interpretations (continued)

(ii) *New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2024*

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31st December 2024, and have not been applied in preparing these financial statements.

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

New standards or amendments	Effective for annual period beginning or after
— Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	1 January 2025
— Annual Improvements to IFRS Accounting Standards – Amendments to: <ul style="list-style-type: none"> • IFRS 1 First-time Adoption of International Financial Reporting Standards. • IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; • IFRS 9 Financial Instruments. • IFRS 10 Consolidated Financial Statements; and • IAS 7 Statement of Cash flows 	1 January 2026

New standards or amendments	Effective for annual period beginning or after
— Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	1 January 2026
— Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026
— IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
— IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
— Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*	To be determined

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

3. Material Accounting Policies (Continued)

(x) New standards, amendments and interpretations (continued)

(ii) *New and amended standards and interpretations in issue but not yet effective for the year ended 31st December 2024 – continued*

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

None of the Standards is expected to have a material effect on the financial statements of the Group and Company.

IFRS 18 Presentation and Disclosures in Financial Statements

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

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

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

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

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

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

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management

This section provides details of the Group's exposure to risk and describes the methods used by management to control risk.

Financial risk

The most important types of risk to which the Group is exposed are credit risk, market risk and operational risk. Market risk includes liquidity risk, currency risk and interest rate risk.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers, intercompany balances, bank balances and investment securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the statement of financial position. In the case of credit derivatives, the Group is also exposed to or protected from the risk of default of the underlying entity referenced by the derivative. With gross-settled derivatives, the Group is also exposed to a settlement risk, being the risk that the Group honours its obligation but the counterparty fails to deliver the counter-value.

Credit-related commitment risks

The Group makes available to its customers guarantees which may require that the Group makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Group to similar risks to loans and are mitigated by the same control processes and policies.

The Board of Directors of the individual Group entities have delegated responsibility of the management of credit risk to their respective Board Credit Committees. Further, each entity has its own and separate Credit Risk Management Committee that reports to its Board Credit Committee. The Group's credit exposure at the reporting date from financial instruments held or issued for trading purposes is represented by the fair value of instruments with a positive fair value at that date, as recorded on the statement of financial position.

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

To manage the level of credit risk, the Group deals with counter parties of good credit standing wherever possible and when appropriate, obtains collateral.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

The Group also monitors concentrations of credit risk that arise by industry or sector and type of customer in relation to Group loans and advances to customers by carrying a balanced portfolio. The Group concentration is on manufacturing, wholesale and retail and real estate and all are within internal policy limits on single sector concentration.

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

Exposure to credit risk

The Group has no significant exposure to any individual customer or counter-party.

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

(i) Credit quality analysis – Loans and advances to customers

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

See accounting policy on note 3(f)(iii) for the explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired.

Group

2024:	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total 31 December
<i>Risk classification</i>	KShs'000	KShs'000	KShs'000	KShs'000
Loans and advances to Customers at amortised cost				
Normal (Stage 1)	207,489,982	-	-	207,489,982
Watch (Stage 2)	-	10,782,936	-	10,782,936
Non-performing loans (Stage 3)	-	-	32,950,621	32,950,621
Gross carrying amount	207,489,982	10,782,936	32,950,621	251,223,539
Loss allowance	(1,795,389)	(1,666,887)	(8,470,940)	(11,933,216)
Carrying amount	205,694,593	9,116,049	24,479,681	239,290,323

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(i) Credit quality analysis – Loans and advances to customers (continued)

Group (continued)

2023:	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total 31 December
<i>Risk classification</i>	KShs'000	KShs'000	KShs'000	KShs'000
Loans and advances to Customers at amortised cost				
Normal (Stage 1)	216,681,479	-	-	216,681,479
Watch (Stage 2)	-	21,341,922	-	21,341,922
Non-performing loans (Stage 3)	-	-	32,556,984	32,556,984
Gross carrying amount	216,681,479	21,341,922	32,556,984	270,580,385
Loss allowance	(1,056,288)	(1,258,540)	(8,891,524)	(11,206,352)
Carrying amount	215,625,191	20,083,382	23,665,460	259,374,033

Company

2024:	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total 31 December
<i>Risk classification</i>	KShs'000	KShs'000	KShs'000	KShs'000
Loans and advances to Customers at amortised cost				
Normal (Stage 1)	189,021,634	-	-	189,021,634
Watch (Stage 2)	-	7,389,398	-	7,389,398
Non-performing loans (Stage 3)	-	-	30,944,300	30,944,300
Gross carrying amount	189,021,634	7,389,398	30,944,300	227,355,332
Loss allowance	(1,718,783)	(1,610,786)	(7,938,387)	(11,267,956)
Carrying amount	187,302,851	5,778,612	23,005,913	216,087,376

2023:	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total 31 December
<i>Risk classification</i>	KShs'000	KShs'000	KShs'000	KShs'000
Loans and advances to Customers at amortised cost				
Normal (Stage 1)	194,884,712	-	-	194,884,712
Watch (Stage 2)	-	17,998,638	-	17,998,638
Non-performing loans (Stage 3)	-	-	27,139,560	27,139,560
Gross carrying amount	194,884,712	17,998,638	27,139,560	240,022,910
Loss allowance	(972,722)	(1,232,168)	(6,579,304)	(8,784,194)
Carrying amount	193,911,990	16,766,470	20,560,256	231,238,716

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(i) Credit quality analysis – loans and advances to customers (continued)

The following shows the grading of loans and advances to customers in line with local prudential guidelines

Group:	2024	2023
Loans and advances to customers	KShs'000	KShs'000
Identified impairment:		
Grade 3: Substandard	9,381,477	8,995,748
Grade 4: Doubtful	18,481,232	16,991,251
Grade 5: Loss	5,087,912	6,569,985
	32,950,621	32,556,984
Specific allowances for impairment	(8,470,940)	(8,891,524)
Carrying amount	24,479,681	23,665,460
Unidentified impairment:		
Grade 1: Normal	207,489,982	217,311,142
Grade 2: Watch	10,782,936	20,712,259
	218,272,918	238,023,401
Portfolio allowances for impairment	(3,462,276)	(2,314,828)
Carrying amount	214,810,642	235,708,573
Total carrying amount	239,290,323	259,374,033
Provisions as per IFRS 9	11,933,216	11,206,352
Statutory loan loss reserve	10,547,305	10,204,249
Regulatory provisions	22,480,521	21,410,601

Company:	2024	2023
Loans and advances to customers	KShs '000	KShs '000
Identified impairment:		
Grade 3: Substandard	8,588,367	7,653,876
Grade 4: Doubtful	17,746,377	15,821,377
Grade 5: Loss	4,609,556	3,664,307
	30,944,300	27,139,560
Specific allowance for impairment	(7,938,387)	(6,579,304)
Carrying amount	23,005,913	20,560,256
Unidentified impairment:		
Grade 1: Normal	189,021,634	195,514,375
Grade 2: Watch	7,389,398	17,368,975
	196,411,032	212,883,350
Portfolio impairment provision	(3,329,569)	(2,204,890)
Carrying amount	193,081,463	210,678,460
Total carrying amount	216,087,376	231,238,716
Provisions as per IFRS 9	11,267,956	8,784,194
Statutory loan loss reserve	10,313,446	9,341,350
Regulatory provisions	21,581,402	18,125,544

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(i) Credit quality analysis – loans and advances to customers (continued)

Group:	Gross	Net
	KShs'000	KShs'000
Identified impairment:		
31 December 2024		
Grade 3: Substandard	9,381,477	9,738,257
Grade 4: Doubtful	18,481,232	12,017,355
Grade 5: Loss	5,087,912	2,724,069
	32,950,621	24,479,681
31 December 2023		
Grade 3: Substandard	8,995,748	10,496,527
Grade 4: Doubtful	16,991,251	10,330,923
Grade 5: Loss	6,569,985	2,838,010
	32,556,984	23,665,460
Unidentified impairment:		
31 December 2024		
Grade 1: Normal	207,489,982	205,694,593
Grade 2: Watch	10,782,936	9,116,049
	218,272,918	214,810,642
31 December 2023		
Grade 1: Normal	217,311,142	216,254,854
Grade 2: Watch	20,712,259	19,453,719
	238,023,401	235,708,573

Company:	Gross	Net
	KShs'000	KShs'000
Identified impairment:		
31 December 2024		
Grade 3: Substandard	8,588,367	9,079,645
Grade 4: Doubtful	17,746,377	11,334,871
Grade 5: Loss	4,609,556	2,591,397
	30,944,300	23,005,913
31 December 2023		
Grade 3: Substandard	7,653,876	9,504,238
Grade 4: Doubtful	15,821,377	9,409,871
Grade 5: Loss	3,664,307	1,646,147
	27,139,560	20,560,256
Unidentified impairment:		
31 December 2024		
Grade 1: Normal	189,021,634	187,302,851
Grade 2: Watch	7,389,398	5,778,612
	196,411,032	193,081,463
31 December 2023		
Grade 1: Normal	195,514,375	194,541,653
Grade 2: Watch	17,368,975	16,136,807
	212,883,350	210,678,460

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(i) Credit quality analysis – loans and advances to customers (continued)

Probability of defaults (PDs) applicable during the year as shown below;

Sector	20224			
	I&M Kenya		I&M Tanzania	
	Normal	Watch	Normal	Watch
Agriculture	1.19%	3.12%	0.33%	25.21%
Manufacturing	0.88%	0.72%	1.58%	21.96%
Building and construction	2.23%	11.11%	2.38%	9.51%
Mining & quarrying	0.45%	0.69%	15.92%	42.03%
Energy & water	1.18%	1.54%	0.00	0.00
Wholesale trade & retail trade	1.38%	4.11%	0.01	0.29
Tourism, restaurants and hotels	1.39%	6.12%	0.05%	0.05%
Transport & communication	1.04%	1.88%	0.81%	14.62%
Real estate	1.97%	2.10%	1.48%	10.60%
Financial services	1.23%	2.11%	0.01	0.24
Personal and household	1.30%	1.83%	2.80%	9.95%
Education	-	-	0.85%	12.91%

Impaired loans and securities

Impaired loans and securities are loans for which the Group determines that it is probable that it will be unable to collect all or part principal and interest due according to the contractual terms of the loan agreement(s). These loans are graded 3 (Substandard) to 5 (Loss) in the Group's internal credit risk and grading system.

Neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed with reference to the Group's internal rating system. All such loans must be performing in accordance with the contractual terms and are expected to continue doing so. Loans in this category are fully protected by their current sound net worth and paying capacity of the borrower. These loans and advances are categorised as normal in line with regulatory and prudential guidelines.

Past due but not impaired loans

These are loans where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group. These loans are stage 2 (Watch) in the Group's internal credit risk and grading system.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(ii) Credit quality analysis – trade receivables

The Group's exposure to trade receivables credit risk is influenced mainly by the individual characteristics of each customer. The Group uses an allowance matrix, using the simplified approach, to measure the lifetime ECLs of trade receivables for customers. Loss rates (Current 4%, 30-90 days 5%, 91-180 days 24%, 180-360 days 87% over 360 days 100%) are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

2024:	Gross KShs'000	Impairment KShs'000	Net KShs'000	Credit impaired
Current	16,103	1,236	14,867	No
Past due:				
30-90 days	16,746	1,482	15,264	No
91-180 days	20,566	11,943	8,623	Yes
180-360 days	35,008	25,037	9,971	Yes
Over 360 days	13,976	13,976	-	Yes
	102,399	53,674	48,725	
2023:	Gross KShs'000	Impairment KShs'000	Net KShs'000	Credit impaired
Current	13,796	1,574	12,222	No
Past due:				
30-90 days	12,984	1,662	11,322	No
91-180 days	14,712	7,118	7,594	Yes
180-360 days	14,540	8,862	5,678	Yes
Over 360 days	21,208	21,208	-	Yes
	77,240	40,424	36,816	

Impairment loss movement on trade receivables

	2024 KShs'000	2023 KShs'000
At 1 January	40,424	45,571
Charge for the year	13,250	(5,147)
At 31 December	53,674	40,424

Loss rates are based on actual credit loss experience over the past three years. All trade receivables that are past due over 360 days are considered uncollectible and fully impaired. All financial assets that are contractually 90 days in arrears are automatically classified as impaired under IFRS 9.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(ii) Credit quality analysis – trade receivables (continued)

The Group therefore is of the view that due to the short term nature of these instruments, the impact of economic conditions is immaterial. Consequently, the impact of forward looking information has not been taken on these financial statements.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes, if they are available; financial statements, credit agency information, industry information and in some cases references from other credible sources. Credit limits are established for each customer and reviewed frequently. Any credit exceeding those limits require approval from the risk management committee.

In addition, the Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of six months for customers. A significant part of the Group's customers have been transacting with the entities.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

(iii) Credit quality analysis – other assets

The Group has estimated that the ECL for the following financial assets has minimal credit risk as at 31 December 2024. Consequently, the ECL has not been carried in the books of accounts.

	Group		Company	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
Balances with central banks (Note 17)	19,577,858	20,003,355	15,399,932	17,138,096
Items in the course of collection (Note 18)	669,433	343,983	669,433	316,197
Loans and advances to banks (Note 19)	29,055,596	44,341,612	25,474,262	41,860,158
Financial assets at fair value through profit or loss (FVTPL)	90,078	738,185	-	538,513
Due from group companies (Note 27)	1,588,011	2,947,483	4,147,774	5,172,971
	50,980,976	68,374,618	45,691,401	65,025,935

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(iv) Collateral and other security enhancements

The Group holds collaterals against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowings activity. Collateral usually is not held against investment securities, and no such collateral was held at 31st December 2024 or 2023.

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

Loans and advances to customers	2024	2023
Group	KShs'000	KShs'000
Fair value of collateral held – against impaired loans	24,479,681	23,665,460
Company		
Fair value of collateral held - against impaired loans	23,005,913	20,560,256

The Group routinely obtains collateral and security to mitigate credit risk. The Group ensures that any collateral held is sufficiently liquid, legally effective, enforceable and regularly reassessed. Before attaching value to collateral, business holding approved collateral must ensure that they are legally perfected. Security structures and legal covenants are subject to regular review, at least annually, to ensure that they remain fit for purpose and remain consistent with accepted local market practice.

The principal collateral types held by the Group for loans and advances are:

- Mortgages over residential properties.
- Charges over business assets such as premises, inventory and accounts receivable.
- Charges over financial instruments such as debt securities and equities.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(iv) Collateral other security enhancements (continued)

Group maximum credit risk exposure

2024	Exposure	Physical collateral	Cash collateral	Other	Net exposure
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cash and balances with central banks	24,011,805	-	-	-	24,011,805
Items in the course of collection	669,433	-	-	-	669,433
Financial assets at fair value through other comprehensive income	66,099,496	-	-	-	66,099,496
Financial assets at amortised cost	68,299,366	-	-	-	68,299,366
Financial assets at fair value through profit or loss	90,078	-	-	-	90,078
Loans and advances to banks	29,055,596	-	-	-	29,055,596
Other assets	4,801,256	-	-	-	4,801,256
Loans and advances to customers	239,290,323	74,378,437	42,906,309	87,807,854	34,197,723
Credit exposures relating to off-balance sheet items	113,002,254	31,021,466	18,916,020	41,498,323	21,566,445
Due from group companies	1,588,011	-	-	-	1,588,011
	546,907,618	105,399,903	61,822,329	129,306,177	250,379,209

2023	Exposure	Physical collateral	Cash collateral	Other	Net exposure
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cash and balances with central banks	24,124,036	-	-	-	24,124,036
Items in the course of collection	343,983	-	-	-	343,983
Financial assets at fair value through other comprehensive income	56,010,179	-	-	-	56,010,179
Financial assets at amortised cost	36,407,474	-	-	-	36,407,474
Financial assets at fair value through profit or loss	738,185	-	-	-	738,185
Loans and advances to banks	44,341,612	-	-	-	44,341,612
Other assets	3,959,856	-	-	-	3,959,856
Loans and advances to customers	259,374,033	83,031,014	39,242,420	80,366,399	56,734,200
Credit exposures relating to off-balance sheet items	121,214,587	34,423,825	17,773,638	38,288,267	30,728,857
Due from group companies	2,947,483	-	-	-	2,947,483
	549,461,428	117,454,839	57,016,058	118,654,666	256,335,865

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(iv) Collateral other security enhancements (continued)

Company maximum credit risk exposure (continued)

2024	Exposure	Physical collateral	Cash collateral	Other	Net exposure
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cash and balances with Central Bank of Kenya	19,396,678	-	-	-	19,396,678
Items in the course of collection	669,433	-	-	-	669,433
Financial assets at fair value through other comprehensive income	65,897,100	-	-	-	65,897,100
Financial assets at amortised cost	59,413,933	-	-	-	59,413,933
Financial assets at fair value through profit or loss	-	-	-	-	-
Loans and advances to banks	25,474,262	-	-	-	25,474,262
Other assets	4,083,612	-	-	-	4,083,612
Loans and advances to customers	227,355,332	64,482,027	40,181,338	80,251,618	42,440,349
Credit exposures relating to off-balance sheet items	106,283,584	30,143,917	18,783,884	37,515,851	19,839,932
Due from group companies	4,147,774	-	-	-	4,147,774
	512,721,708	94,625,944	58,965,222	117,767,469	241,363,073

2023	Exposure	Physical collateral	Cash collateral	Other	Net exposure
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cash and balances with Central Bank of Kenya	20,884,419	-	-	-	20,884,419
Items in the course of collection	316,197	-	-	-	316,197
Financial assets at fair value through other comprehensive income	55,710,597	-	-	-	55,710,597
Financial assets at amortised cost	26,878,671	-	-	-	26,878,671
Financial assets at fair value through profit or loss	538,513	-	-	-	538,513
Loans and advances to banks	41,860,158	-	-	-	41,860,158
Other assets	3,481,960	-	-	-	3,481,960
Loans and advances to customers	240,022,910	69,404,882	35,637,497	72,352,079	62,628,452
Credit exposures relating to off-balance sheet items	114,751,754	33,200,071	17,047,323	34,609,873	29,894,487
Due from group companies	5,172,971	-	-	-	5,172,971
	509,618,150	102,604,953	52,684,820	106,961,952	247,366,425

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) *Amounts arising from ECL*

Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 3(f)(iii).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due and or when there are qualitative indicators such as decline in trading activities and change in industry behaviour. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- a quantitative test based on movement in PD;;
- a backstop of 30 days past due is applied; and
- quantitative indicators
- qualitative factors such as change in industry behaviours eg breach in covenants, restructuring and decline in trading activities.

Credit risk grading

Other than for loans and advances to banks and investment securities where the Group relies on internal credit rating models, the Group relies substantially on macroeconomic variables and historic data in the market it operates in for credit risk grading that reflect its assessment of the probability of default of individual counterparties.

In addition, the prudential guidelines are supplemented

- by Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures.)
- External data such as credit bureau scoring information on individual borrowers.
- Expert judgement from the Credit Risk Officer to be fed into the final credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Credit risk grading (continued)

The following are additional considerations for each type of portfolio held by the Group:

Customer loans and advances

After the date of initial recognition, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural score. A relationship manager will also incorporate any updated or new information/credit assessments into the credit system on an ongoing basis.

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for loans and advances. The Group collects performance and default information about its credit risk exposures analysed by country and borrower as well as by credit risk grading.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macroeconomic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macroeconomic indicators include: GDP growth, benchmark interest rates and exchange rate.

Based on advice from the Risk Committees and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Group then uses these forecasts to adjust its estimates of PDs.

The Group has applied a simpler methodology (lifetime ECL) for its other exposures including lease receivables and trade receivables.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 3(f)(v).

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Modified financial assets (continued)

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms;
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired / in default. A customer needs to demonstrate consistently good payment behaviour over a period of time (at least 12 months) before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

During the year, the Group has offered various forms of assistance to customers. The assistance included arrangements such as temporary deferral of principal and interest repayments, replacing principal and interest with interest only repayments, and extension of loan maturity dates. Refer to Key Judgements and Estimates in this Note for details of the impact of deferrals when determining if there has been a Significant Increase in Credit Risk (SICR).

The loan repayment deferral package is considered to be a loan modification under IFRS 9. This either results in the loan being derecognised and replaced with a new loan (substantial modification) or the existing loan continuing to be recognised (non-substantial modification).

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Modified financial assets (continued)

The table below shows the outstanding balance as at 31 December 2024 of all loans that have been modified (both substantial and non-substantial modifications):

	2024		2023	
	Group	Company	Group	Company
	KShs'000	KShs'000	KShs'000	KShs'000
Assistance package category				
<i>Loan deferral package</i>				
Corporate & Institutional Banking	251,271	251,271	7,300,099	7,249,472
Business Banking	252,659	252,659	448,557	448,557
Premium Banking	53,026	53,026	133,397	133,397
Personal Banking	10,016	10,016	1,762	1,762
<i>Interest only</i>				
Corporate & Institutional Banking	1,187,123	1,187,123	1,526,728	1,526,728
Business Banking	34,582	34,582	445,561	445,561
Premium Banking	-	-	52,613	52,613
Personal Banking	-	-	12,014	12,014
<i>Term extensions</i>				
Corporate & Institutional Banking	1,984,906	12,849	1,038,168	1,038,168
Business Banking	62,546	62,546	157,839	157,839
Premium Banking	-	-	3,246	3,246
Personal Banking	-	-	-	-
Total				
Corporate & Institutional Banking	3,423,300	1,451,243	9,864,995	9,814,368
Business Banking	349,787	349,787	1,051,957	1,051,957
Premium Banking	53,026	53,026	189,256	189,256
Personal Banking	10,016	10,016	13,776	13,776
	3,836,129	1,864,072	11,119,984	11,069,357

If the terms of a financial asset are modified or an existing financial asset is replaced with a new one for either credit or commercial reasons, an assessment is made to determine if the changes to the terms of the existing financial asset are considered substantial. This assessment considers both changes in cash flows arising from the modified terms as well as changes in the overall instrument risk profile; for example, changes in the principal (credit limit), term, or type of underlying collateral. Where a modification is considered non-substantial, the existing financial asset is not derecognised and its date of origination continues to be used to determine SICR. Where a modification is considered substantial, the existing financial asset is derecognised and a new financial asset is recognised at its fair value on the modification date, which also becomes the date of origination used to determine SICR for this new asset.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

Incorporation of forward-looking information

For banking subsidiaries, the Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the respective countries' Board Credit Committee (BCC) and consideration of a variety of external actual and forecast information, the banking subsidiaries formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios.

This process involves developing two additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Bank operates, supranational organisations such as the International Monetary Fund (IMF), World Bank and selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the banking subsidiaries carry out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

The banking subsidiaries have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables, credit risk and credit losses.

In each country, the Banking Industry non-performing loans (NPL%) was a reasonable approximation to the default risk. The correlation between the Banking Industry non-performing loans (NPL%) with the macroeconomic factors was then inferred to the Bank's predicated Probabilities of Default.

Further, in determining the economic scenarios to be applied, each of the economic variable was adjusted either upside or downside using the historical standard deviation.

In determining the likelihood of each of the macroeconomic scenarios based on sectors, a weighting of 50% (base case), 20% (upside case) and 30% (downside case) was applied for Kenya.

The macroeconomic model is based on a statistical modelling approach that employs a beta regression technique. The dependent variable in the regression is the bank's historical yearly NPL rates at a sector-level, and the independent variables are the country's historical macroeconomic variables data. The macroeconomic data series consists of both the historical data series as well as the forecasted macroeconomic variables within a period of 10 years. Expected relationships between the macroeconomic variables and the NPL experience are defined, and only macroeconomic variables meeting these defined relationships are selected for the additional statistical tests which are carried out.

In selecting the macroeconomic variables to be used, various tests are carried out to ensure the variables selected have the strongest link to the credit experience of the bank. Some of the statistical tests employed in the variable selection include:

- Correlation Test
- Time Series Test
- Multi-Collinearity Test
- Univariate Beta Regression p-value test
- Lasso Regression
- Boruta Feature Selection and
- Recursive Feature Elimination

Selection of the macroeconomic variables to be used is an iterative process, and one of the first tests is selecting variables that pass the stationarity test. A stationary variable is one whose statistical properties such as mean, variance, autocorrelation, etc. are all constant over time.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

The model also assesses the correlation between the bank's historical sector-level NPLs and each observed macroeconomic variable (the variables that passed the time series test). The model identifies a selection of macroeconomic variables based on correlation with historic NPL rates. Variables which are highly correlated with the historical NPLs, and also meet the expected economic relationship are included in the subsequent tests.

Multicollinearity tests (where two or more predictor variables are highly correlated) are also carried out, and highly correlated variables are dropped out. This ensures that the model includes only variables that contribute unique information. The model subsequently applies univariate Beta regression p-value testing on the variables which pass the above tests. Variables with P-values of less than 5% are used, since this indicates that the macroeconomic variable has a significant impact on the NPL experience. Several statistical iterations, including Lasso Regression and Boruta Feature Selection, are applied to inform the final macroeconomic variables that are applied. Once the final macroeconomic variables for each sector are selected, adjustment factors are calculated, and these adjustment factors are applied to the PDs.

For I&M Bank Kenya, the economic scenarios used as at 31 December 2024 included the following ranges of key indicators based on sectors;

Agriculture	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Selected Macroeconomic variables			
Total expenditure (Local currency)			
Short-term external debt per capita (USD)	100%	93.7%	106.7%
Public external debt stock (USD)			

Building & construction	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Selected Macroeconomic variables			
Total revenue (Local currency)			
Total revenue (USD)	100%	98.0%	101.1%

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Financial Services	Average base scenario adjustment factor	Average upside scenario adjustment factor	Average downside scenario adjustment factor
Selected Macroeconomic variables			
Public external debt stock per capita (USD)			
Net exports per capita (Local currency)	100%	98.50%	101.50%
Real GDP growth			

Mining & Quarrying	Average base scenario adjustment factor	Average upside scenario adjustment factor	Average downside scenario adjustment factor
Selected Macroeconomic variables			
Export price index			
Total revenue (USD)			
Short-term external debt per capita (USD)	100%	96.30%	108.80%
Nominal GDP per capita (USD)			
Public external debt stock (USD)			

Transport & Communication	Average base scenario adjustment factor	Average upside scenario adjustment factor	Average downside scenario adjustment factor
Selected Macroeconomic Variables			
Consumer Price Index inflation			
Money supply (Local currency)	100%	99.00%	101.00%
Import price index			
Nominal effective exchange rate			

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Wholesale & Retail	Average base scenario adjustment factor	Average upside scenario adjustment factor	Average downside scenario adjustment factor
Selected Macroeconomic variables			
Nominal GDP per capita (local currency)	100%	91.50%	109.30%
Long term external debt stock per capita (USD)			

Energy & water	Average base scenario adjustment factor	Average upside scenario adjustment factor	Average downside scenario adjustment factor
Selected Macroeconomic variables			
Total expenditure (Local currency)	100%	94.90%	105.30%
Short-term external debt per capita (USD)			
Net exports per capita (Local currency)			
Public external debt stock per capita (USD)			

Manufacturing	Average base scenario adjustment factor	Average upside scenario adjustment factor	Average downside scenario adjustment factor
Selected Macroeconomic variables			
Nominal GDP (local currency)	100%	99.10%	101.00%
Net exports per capita (Local currency)			
Long term external debt stock per capita (USD)			

Real estate	Average base scenario adjustment factor	Average upside scenario adjustment factor	Average downside scenario adjustment factor
Selected Macroeconomic variables			
Money supply (Local currency)	100%	99.30%	100.70%
Short-term external debt per capita (USD)			
Total expenditure (Local currency)			
Savings (Local currency)			

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Tourism	Average base scenario adjustment factor	Average upside scenario adjustment factor	Average downside scenario adjustment factor
Selected Macroeconomic variables			
Nominal GDP (Local currency)	100%	99.10%	101.00%
Total revenue (Local currency)			

Personal	Average base scenario adjustment factor	Average upside scenario adjustment factor	Average downside scenario adjustment factor
Selected Macroeconomic variables			
Nominal GDP per capita (Local currency)	100%	99.00%	101.00%
Foreign reserves			

The economic scenarios used as at 31 December 2023 for I&M Bank Kenya included the following ranges of key indicators based on sectors;

Agriculture	Weighting			
	Coefficients	Base	Upside	Downside
		63%	21%	17%
Central Bank Rate	33.96840	12.88%	13.53%	12.23%
GDP	(7.00500)	4.61%	3.88%	5.33%
Constant	(5.16420)	-	-	-

Building & Construction	Weighting			
	Coefficients	Base	Upside	Downside
		63%	21%	17%
Three Sixty-Four-day T-bills	11.55120	13.76%	14.85%	12.67%
Inflation	6.97240	6.84%	7.84%	5.84%
Constant	(3.30380)	-	-	-

Financial services	Weighting			
	Coefficients	Base	Upside	Downside
		63%	21%	17%
Central Bank Rate	17.51410	11.94%	12.59%	11.30%
GDP	(3.01930)	4.61%	3.88%	5.33%
Constant	(3.35450)	-	-	-

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Mining & Quarrying	Weighting			
	Coefficients	Base	Upside	Downside
		63%	21%	17%
Inflation	15.97420	6.84%	7.84%	5.84%
GDP	(7.05390)	4.61%	3.88%	5.33%
Constant	(3.80050)	-	-	-

Transport & Communication	Weighting			
	Coefficients	Base	Upside	Downside
		63%	21%	17%
Three Sixty-Four-day T-bills	16.09630	14.67%	15.76%	13.57%
Constant	(3.98150)	-	-	-

Wholesale & Retail Trade	Weighting			
	Coefficients	Base	Upside	Downside
		63%	21%	17%
Three Sixty-Four-day T-bills	14.37680	13.99%	15.08%	12.90%
Constant	(3.58050)	-	-	-

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on PD, EAD and LGD vary by financial instrument.

In determining the likelihood of each of the macroeconomic scenarios based on sectors, a weighting of 71% (base case), 13% (upside case) and 17% (downside case) was applied for I&M Bank Tanzania.

Tanzania 2024				
Agriculture	Weighting			
	Coefficient/ sensitivity	Base %	Upside %	Downside %
Weighting		71%	13%	17%
Repo	35.1	5.30%	4.18%	6.42%
Constant	(1.7)	-	-	-

Hotel & Restaurant	Weighting			
	Coefficient/ sensitivity	Base %	Upside %	Downside %
Weighting		71%	13%	17%
Repo	30.0	5.30%	7.06%	3.54%
Deposit	(90.7)	8.12%	7.79%	9.88%
Constant	4.8	-	-	-

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Building & Construction	Tanzania 2024			
	Coefficient/ sensitivity	Base %	Upside %	Downside %
Weighting		71%	13%	17%
364 Day T-bills	18.3	9.98%	11.63%	8.33%
Currency exchange rates	9.6	(4.04%)	(1.53%)	(6.54%)
Constant	(1.8)	-	-	-

Other services	Weighting			
	Coefficient/ sensitivity	Base %	Upside %	Downside %
Weighting		71%	13%	17%
91 Day T-bills	(42.6)	5.60%	4.14%	7.07%
Deposit	(174.3)	8.12%	7.79%	8.44%
Constant	12.6	-	-	-

Personal Loan	Weighting			
	Coefficient/ sensitivity	Base %	Upside %	Downside %
Weighting		71%	13%	17%
91 Day T-bills	14.4	5.60%	7.07%	4.14%
364 Day T-bills	11.5	10.12%	11.76%	8.47%
Constant	(4.8)	-	-	-

Real estate	Weighting			
	Coefficient/ sensitivity	Base %	Upside %	Downside %
Weighting		71%	13%	17%
Central bank rate	10.5	6.00%	6.23%	5.77%
Inflation	27.9	3.02%	3.07%	2.97%
Constant	(3.9)	-	-	-

Trade	Weighting			
	Coefficients	Base %	Upside %	Downside %
Weighting		63%	21%	17%
Central Bank rate	34.0	12.88%	13.53%	12.23%
GDP	(7.0)	4.61%	3.88%	5.33%
Constant	(5.2)	-	-	-

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Tanzania 2024				
Manufacturing	Weighting			
	Coefficients	Base	Upside	Downside
Interbank	(23.7)	63%	21%	17%
Currency exchange rates	8.0	7.28%	6.91%	7.66%
Public debt to GDP	109.8	0.87%	1.10%	0.64%
Constant	(42.6)	36.13%	36.19%	36.06%
		-	-	-

Tanzania 2023				
Agriculture	Weighting			
	Coefficient/ sensitivity	Base	Upside	Downside
		%	%	%
Weighting		58%	30%	13%
Interbank rate	67.2850	2.49%	2.73%	2.25%
Public Debt to GDP	38.4550	34.96%	35.27%	34.65%
Constant rate	(17.3590)			

Hotel & Restaurant	Weighting			
	Coefficient/ sensitivity	Base	Upside	Downside
		%	%	%
Weighting		58%	30%	13%
Interbank rate	36.9230	2.43%	2.67%	2.19%
Savings rate	(67.5410)	7.25%	7.51%	6.99%
Constant rate	2.8960			

Trade	Weighting			
	Coefficient/ sensitivity	Base	Upside	Downside
		%	%	%
Weighting		58%	30%	13%
Interbank rate	14.1460	2.43%	2.67%	2.19%
Public debt to GDP	71.1550	35.53%	35.84%	35.22%
Constant rate	(29.3990)			

Mining & Quarrying	Weighting			
	Coefficients	Base	Upside	Downside
Inflation	15.97420	63%	21%	17%
GDP	(7.05390)	6.84%	7.84%	5.84%
Constant	(3.80050)	4.61%	3.88%	5.33%
		-	-	-

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Transport & Communication		Weighting		
	Coefficients	Base	Upside	Downside
Three Sixty-Four-day T-bills	16.09630	63%	21%	17%
Constant	(3.98150)	14.67%	15.76%	13.57%
		-	-	-

Wholesale & Retail Trade		Weighting		
	Coefficients	Base	Upside	Downside
Three Sixty-Four-day T-bills	14.37680	63%	21%	17%
Constant	(3.58050)	13.99%	15.08%	12.90%
		-	-	-

Some sectors did not have an intuitive relationship with macroeconomic factors and had weak correlations. These include: Housing, Transport & Communication, Mining & Quarrying, Other Services, Tourism, Agriculture, Education and Hotels & Restaurants. For these sectors, an average adjustment of sectors with intuitive relationship with macroeconomic factors and credit conversion above 40% was used to adjust Historical PDs.

Other Sectors had no historical default rates and historical PDs were noted as 0%. This included Education, Agriculture (Stage 2) and tourism, restaurant and hotels (Stage 2). In view of this, management judgements were applied by taking a minimum PD of 0.05% for purposes of ECL calculation.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

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

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Measurement of ECL (continued)

Where it is available, market data may also be used to derive the PD for loans and advances to LGD as the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based mainly on the counterparties' collateral and also on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- segment type;
- credit risk grading; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

ECL - Sensitivity analysis

Given current economic uncertainties and the judgment applied to factors used in determining the expected default of borrowers in future periods, expected credit losses reported by the Group should be considered as a best estimate within a range of possible estimates.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

ECL Sensitivity analysis (continued)

The table below illustrates the sensitivity of collectively assessed ECL to key factors used in determining it as at 31st December 2024 and 31 December 2023:

Group	2024		2023	
	ECL	Impact	ECL	Impact
	KShs'000	KShs'000	KShs'000	KShs'000
100% upside scenario	3,592,588	(23,306)	2,194,297	(291,926)
100% base scenario	3,611,695	(4,200)	2,510,050	(27,047)
100% downside scenario	3,632,127	16,233	2,855,856	369,634

Company	2024		2023	
	ECL	Impact	ECL	Impact
	KShs'000	KShs'000	KShs'000	KShs'000
100% upside scenario	3,549,037	(29,480)	2,143,224	(299,166)
100% base scenario	3,575,690	(2,827)	2,467,827	(25,437)
100% downside scenario	3,602,728	24,211	2,821,380	378,990

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 3(f)(iii).

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL – continued

Loans and advances to customers at amortised cost

Group	Provisions (ECL allowance)			Exposure (Gross balance)				
	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)		
		KShs'000	KShs'000		KShs'000	KShs'000	KShs'000	
Balance at 1 January 2024	1,056,288	1,258,540	8,891,524	11,206,352	216,681,479	21,341,922	32,556,984	270,580,385
Transfer from 12 months ECL (Stage 1)	(56,390)	31,291	25,099	-	(11,462,729)	7,826,525	3,636,204	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	256,187	(767,654)	511,467	-	9,941,685	(14,198,882)	4,257,197	-
Transfer from Lifetime ECL credit impaired (Stage 3)	131,110	77,770	(208,880)	-	1,322,287	512,285	(1,834,572)	-
Net remeasurement of loss allowance	68,872	983,830	1,717,177	2,769,879	(12,589,580)	(4,714,020)	(1,179,040)	(18,482,640)
New financial assets originated or purchased	369,635	96,415	507,439	973,489	17,917,260	634,524	566,804	19,118,588
Financial assets derecognised	(24,538)	(5,345)	(84,889)	(114,772)	(11,110,436)	(127,055)	(352,125)	(11,589,616)
Write off	-	-	(2,598,791)	(2,598,791)	-	-	(3,903,013)	(3,903,013)
Translation difference	(5,775)	(7,960)	(289,206)	(302,941)	(3,209,984)	(492,363)	(797,818)	(4,500,165)
Balance at 31 December 2024	1,795,389	1,666,887	8,470,940	11,933,216	207,489,982	10,782,936	32,950,621	251,223,539

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Loans and advances to customers at amortised cost (continued)

Group	Provisions (ECL allowance)			Exposure (Gross balance)				
	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Balance at 1 January 2023	228,775	3,317,171	11,862,428	15,408,374	172,001,551	23,380,927	23,381,046	218,763,524
Transfer from 12 months ECL (Stage 1)	(28,018)	19,272	8,746	-	(14,492,277)	11,022,631	3,469,646	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	61,266	(261,404)	200,138	-	3,466,784	(16,190,307)	12,723,523	-
Transfer from Lifetime ECL credit impaired (Stage 3)	15,896	18,808	(34,704)	-	169,529	201,843	(371,372)	-
Net remeasurement of loss allowance	528,392	(1,917,527)	6,868,522	5,479,387	22,909,124	3,383,054	4,686,817	30,978,995
New financial assets originated or purchased	254,106	77,472	223,198	554,776	37,210,270	805,097	554,247	38,569,614
Financial assets derecognised	(11,410)	(19,612)	(22,732)	(53,754)	(7,360,517)	(1,681,973)	(887,370)	(9,929,860)
Write off	-	-	(10,626,570)	(10,626,570)	-	-	(11,682,069)	(11,682,069)
Translation difference	7,281	24,360	412,498	444,139	2,777,015	420,650	682,516	3,880,181
Balance at 31 December 2023	1,056,288	1,258,540	8,891,524	11,206,352	216,681,479	21,341,922	32,556,984	270,580,385

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Loans and advances to customers at amortised cost (continued)

Company	Provisions (ECL allowance)			Exposure (Gross balance)		
	Lifetime ECL		Lifetime ECL credit impaired (Stage 3)	Lifetime ECL not credit impaired (Stage 2)		Lifetime ECL credit impaired (Stage 3)
	12 Month ECL (Stage 1)	not credit impaired (Stage 2)		12 Month ECL (Stage 1)	Total ECL (Stage 1)	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Balance at 1 January 2023	219,206	3,077,974	10,311,214	156,870,933	21,089,009	19,662,342
Transfer from 12 months ECL (Stage 1)	(27,910)	19,271	8,639	-	10,080,220	3,450,058
Transfer from Lifetime ECL not credit impaired (Stage 2)	61,265	(261,403)	200,138	2,893,085	(14,898,958)	12,005,873
Transfer from Lifetime ECL credit impaired (Stage 3)	13,890	18,808	(32,698)	-	201,843	(240,406)
Net remeasurement of loss allowance	464,557	(1,683,359)	5,348,133	23,650,502	1,772,726	2,657,316
New financial assets originated or purchased	252,216	75,781	223,197	30,624,131	715,370	554,247
Financial assets derecognised	(10,502)	(14,904)	(22,731)	(5,662,224)	(961,572)	(887,370)
Write off	-	-	(9,456,588)	-	-	(10,062,500)
Balance at 31 December 2023	972,722	1,232,168	6,579,304	194,884,712	17,998,638	240,022,910

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Loan commitments and financial guarantee contracts

Group	Provisions (ECL allowance)			Exposure (Gross balance)			Total
	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Balance at 1 January 2024	229,859	20,675	45,288	118,585,939	2,204,170	424,478	121,214,587
Transfer from 12 months ECL (Stage 1)	(123)	67	56	(542,280)	534,764	7,516	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	5,809	(5,809)	-	832,167	(839,017)	6,850	-
Transfer from Lifetime ECL credit impaired (Stage 3)	284	-	(284)	500	-	(500)	-
Net remeasurement of loss allowance	(12,059)	1,792	135,986	(3,263,856)	(628,367)	(129,020)	(4,021,243)
New financial assets originated or purchased	33,614	929	570	6,875,103	48,964	570	6,924,637
Financial assets derecognised	(16,447)	(961)	-	(9,917,947)	(209,623)	(36,383)	(10,163,953)
Translation difference	(718)	(854)	-	(942,372)	(9,402)	-	(951,774)
Balance at 31 December 2024	240,219	15,839	181,616	111,627,254	1,101,489	273,511	113,002,254

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Loan commitments and financial guarantee contracts (continued)

Group	Provisions (ECL allowance)			Exposure (Gross balance)			Total
	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Balance at 1 January 2023	66,012	23,821	60,188	82,295,522	3,181,629	449,563	85,926,714
Transfer from 12 months ECL (Stage 1)	(1,548)	1,506	42	(2,340,457)	2,058,512	281,945	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	10,172	(10,859)	687	1,523,882	(1,558,177)	34,295	-
Transfer from Lifetime ECL credit impaired (Stage 3)	4,025	-	(4,025)	7,000	-	(7,000)	-
Net remeasurement of loss allowance	105,366	14,104	(123)	5,303,428	(360,427)	(60,189)	4,882,812
New financial assets originated or purchased	60,476	1,412	-	43,053,051	60,666	25,169	43,138,886
Financial assets derecognised	(14,757)	(10,419)	(11,481)	(12,458,999)	(1,179,685)	(299,305)	(13,937,989)
Translation difference	113	1,110	-	1,202,512	1,652	-	1,204,164
Balance at 31 December 2023	229,859	20,675	45,288	118,585,939	2,204,170	424,478	121,214,587

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(v) Amounts arising from ECL (continued)

Loan commitments and financial guarantee contracts (continued)

Company	Provisions (ECL allowance)			Exposure (Gross balance)			Total
	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Balance at 1 January 2024	228,452	9,049	45,288	112,186,947	2,140,329	424,478	114,751,754
Transfer from 12 months ECL (Stage 1)	(123)	67	56	(542,280)	534,764	7,516	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	5,809	(5,809)	-	832,167	(839,017)	6,850	-
Transfer from Lifetime ECL credit impaired (Stage 3)	284	-	(284)	500	-	(500)	-
Net remeasurement of loss allowance	(18,472)	12,556	135,986	(4,525,905)	(573,929)	(129,020)	(5,228,854)
New financial assets originated or purchased	33,614	929	570	6,875,103	48,964	570	6,924,637
Financial assets derecognised	(16,447)	(961)	-	(9,917,947)	(209,623)	(36,383)	(10,163,953)
Balance at 31 December 2024	233,117	15,831	181,616	104,908,585	1,101,488	273,511	106,283,584

For The Year Ended 31 December 2024

(a) Credit risk (continued)

Loan commitments and financial guarantee contracts (continued)

Our Financials

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(b) Liquidity risk

The definition of liquidity risk is the risk that the Group is unable to meet its obligations as they fall due as a result of a sudden, and potentially protracted increase in net cash outflows. Such outflows would deplete available cash resources for customer lending, trading activities and investments.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the Asset and Liabilities Committee. The Asset and Liabilities Committee (ALCO) also monitors the liquidity gap and at first instance would source funds from the market using interbank borrowings and, as a last resort, use repo and reverse repo arrangements with the central banks. The Group has also arranged for long-term funding as disclosed under Note 32 and Note 33.

The liquidity ratios at the reporting date and during the reporting period (based on month end ratios) were as follows:

	Kenya		Tanzania	
	2024	2023	2024	2023
At 31 December	47%	39%	35%	29%
Average for the period	44%	42%	31%	35%
Highest for the period	50%	47%	38%	27%
Lowest for the period	37%	39%	25%	23%

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at 31st December 2024 and 2023. The amounts are gross and undiscounted.

Deposits from customers represent transactional accounts, savings accounts, call and fixed deposit balances, which past experience has shown to be stable.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Group	Contractual cash flows					
	Within 1 month	Due within 1-3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years	Carrying value
31 December 2024	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	Total KShs'000
Financial assets						
Cash and balances with central banks	24,010,511	1,294	-	-	-	24,011,805
Items in the course of collection	669,433	-	-	-	-	669,433
Financial assets at fair value through profit or loss (FVTPL)	-	90,078	-	-	-	90,078
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	2,585,073	11,710,181	18,439,095	33,228,295	65,962,644
Financial assets at amortised cost	1,167,810	26,089,729	16,681,939	10,112,895	14,108,190	68,160,563
Loans and advances to banks	4,860,374	19,624,631	4,506,426	-	-	28,991,431
Loans and advances to customers	10,683,297	43,461,508	45,555,442	93,945,851	45,644,225	239,290,323
Assets held for sale	-	-	507,314	-	-	507,314
Due from group companies	-	4,298,530	-	-	-	4,298,530
	41,391,425	96,150,843	78,961,302	122,497,841	92,980,710	431,982,121
Financial liabilities						
Deposits from banks	1,075,613	26,782,915	-	-	-	27,858,528
Deposits from customers	130,096,042	138,244,082	64,914,783	4,178,432	-	337,433,339
Due to group companies	2,958,039	-	-	2,674,055	-	5,632,094
Other liabilities	2,576,916	4,690,956	394,072	-	-	7,661,944
Long term debt	-	-	1,456	209,298	-	210,754
Subordinated debt	-	3,917,170	-	7,961,493	-	11,878,663
Contractual off-balance sheet financial liabilities	-	-	178,429,335	-	-	178,429,335
Capital commitments	-	-	2,584,106	-	-	2,584,106
Lease liabilities	18,893	24,990	29,620	54,604	-	128,107
	136,725,503	173,660,113	246,353,372	15,077,882	-	564,431,918
At 31 December 2024						
	136,725,503	173,660,113	246,353,372	15,077,882	-	564,431,918
Liquidity gap as at 31 December 2024						
	(95,334,078)	(77,509,270)	(167,392,070)	107,419,959	92,980,710	(134,820,496)

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Group	Within 1 month	Due within 1-3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years	Total	Carrying value
31 December 2023	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Financial assets							
Cash and balances with central banks	25,875,374	1,570	-	-	-	25,876,944	24,124,036
Items in the course of collections	341,828	-	-	-	-	341,828	343,983
Financial assets at fair value through profit or loss (FVTPL)	-	722,704	-	-	-	722,704	738,185
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	580,340	4,227,408	11,296,989	39,694,699	55,799,436	56,010,179
Financial assets at amortised cost	403,892	2,489,793	6,181,622	12,001,653	14,284,685	35,361,645	36,407,474
Loans and advances to banks	47,500,018	144,247	1,007,621	-	-	48,651,886	44,341,612
Loans and advances to customers	37,861,947	26,010,580	39,900,852	86,772,687	66,646,434	257,192,500	259,374,033
Assets held for sale	-	307,501	-	-	-	307,501	307,501
Due from group companies	217,262	5,172,971	-	-	-	5,390,233	2,947,483
	112,200,321	35,429,706	51,317,503	110,071,329	120,625,818	429,644,677	424,594,486
Financial liabilities							
Deposits from banks	830,873	16,643,940	4,797,349	-	-	22,272,162	21,629,821
Deposits from customers	128,238,355	127,180,024	81,327,983	9,805,813	-	346,552,175	341,154,590
Due to group companies	7,144,886	-	-	-	-	7,144,886	4,699,449
Other liabilities	1,133,984	4,100,452	523,449	-	-	5,757,885	5,824,471
Long term debt	-	-	-	247,421	-	247,421	204,921
Subordinated debt	-	-	406,924	5,285,852	10,872,250	16,565,026	12,532,190
Contractual off-balance sheet financial liabilities	-	-	171,552,054	-	-	171,552,054	171,552,054
Capital commitments	-	-	2,406,152	-	-	2,406,152	2,406,152
Leases	41,535	87,868	213,095	1,028,958	360,945	1,732,401	2,098,743
At 31 December 2023	137,389,633	148,012,284	261,227,006	16,368,044	11,233,195	574,230,162	562,102,391
Liquidity gap as at 31 December 2023	(25,189,312)	(112,582,578)	(209,909,503)	93,703,285	109,392,623	(144,585,485)	(137,507,905)

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Company	Contractual cash flows						Carrying value
	Within 1 month	Due within 1-3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years		
31 December 2024	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Financial assets							
Cash and balances with central banks	19,395,384	1,294	-	-	-	19,396,678	19,396,678
Items in the course of collection	669,433	-	-	-	-	669,433	669,433
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	2,585,073	11,710,181	18,439,095	33,228,295	65,962,644	65,897,100
Financial assets at amortised cost	-	25,187,597	14,479,873	9,097,052	10,649,411	59,413,933	59,413,933
Loans and advances to banks	4,860,374	19,624,631	989,257	-	-	25,474,262	25,474,262
Loans and advances to customers	4,034,573	41,316,069	40,254,340	87,092,059	43,390,335	216,087,376	216,087,376
Assets held for sale	-	-	507,314	-	-	507,314	507,314
Due from group companies	-	4,147,774	-	-	-	4,147,774	4,147,774
	28,959,764	92,862,438	67,940,965	114,628,206	87,268,041	391,659,414	391,593,870
Financial liabilities							
Deposits from banks	1,075,613	23,686,736	-	-	-	24,762,349	24,377,799
Deposits from customers	121,343,807	132,179,552	53,138,311	632,142	-	307,293,812	303,765,965
Due to group companies	2,684,270	-	-	-	-	2,684,270	2,674,020
Other liabilities	2,188,582	4,215,748	-	-	-	6,404,330	6,404,330
Subordinated debt	-	3,917,170	-	7,961,493	-	11,878,663	10,310,689
Contractual off-balance sheet financial liabilities	-	-	171,710,665	-	-	171,710,665	171,710,665
Capital commitments	-	-	2,051,347	-	-	2,051,347	2,051,347
Lease liabilities	-	-	-	-	-	-	1,773,905
	127,292,272	163,999,206	226,900,323	8,593,635	-	526,785,436	523,068,720
At 31 December 2024							
	(98,332,508)	(71,136,768)	(158,959,358)	106,034,571	87,268,041	(135,126,022)	(131,474,850)
Liquidity gap as at 31 December 2024							

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Company 31 December 2023	Within 1 month	Due within 1-3 months	Contractual cash flows			Due after 5 years	Carrying value
	KShs'000	KShs'000	Due between 3-12 months	Due between 1-5 years	KShs'000	KShs'000	KShs'000
Financial assets							
Cash and balances with central banks	20,882,848	1,570	-	-	-	20,884,418	20,884,419
Items in the course of collection	316,197	-	-	-	-	316,197	316,197
Financial assets at fair value through profit or loss (FVTPL)	-	538,513	-	-	-	538,513	538,513
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	491,501	4,227,408	11,296,989	39,694,699	55,710,597	55,710,597
Financial assets at amortised cost	-	1,522,297	3,863,279	10,902,740	10,590,355	26,878,671	26,878,671
Loans and advances to banks	45,723,285	-	647,003	-	-	46,370,288	41,860,158
Loans and advances to customers	31,949,365	25,204,496	32,709,207	76,060,854	65,314,794	231,238,716	231,238,716
Assets held for sale	-	307,501	-	-	-	307,501	307,501
Due from group companies	-	5,172,971	-	-	-	5,172,971	5,172,971
Total financial assets	98,871,695	33,238,849	41,446,897	98,260,583	115,599,848	387,417,872	382,907,743
Financial liabilities							
Deposits from banks	830,873	15,379,984	4,797,349	-	-	21,008,206	20,570,517
Deposits from customers	119,022,331	119,691,430	65,978,332	5,647,070	-	310,339,163	305,995,191
Due to group companies	5,106,707	-	-	-	-	5,106,707	5,087,206
Other liabilities	770,066	3,902,771	-	-	-	4,672,837	4,672,837
Subordinated debt	-	-	406,924	5,285,852	10,872,250	16,565,026	12,532,190
Contractual off-balance sheet financial liabilities	-	-	165,089,221	-	-	165,089,221	165,089,221
Capital commitments	-	-	1,634,544	-	-	1,634,544	1,634,544
Leases	19,379	58,757	180,340	964,924	360,945	1,584,345	1,584,345
At 31 December 2023	125,749,356	139,032,942	238,086,710	11,897,846	11,233,195	526,000,049	517,166,051
Liquidity gap as at 31 December 2023	(26,877,661)	(105,794,093)	(196,639,813)	86,362,737	104,366,653	(138,582,177)	(134,258,308)

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(c) Market risk

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

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

The Board of Directors of the individual Group entities have delegated responsibility for management of Market Risk to their respective Board Risk Committees. Exposure to market risk is formally managed within Risk Limits and Policy Guidelines issued by the Board, on recommendation of the Board Risk Committee. ALCO, a Management Committee is charged with the responsibility of ensuring implementation and monitoring of the risk management framework in line with policy guidelines. The Group is primarily exposed to Interest Rate and Foreign Exchange Risk. The policy guidelines and procedures in place are adequate to effectively manage these risks.

Exposure to interest rate risk

This is the risk of loss from fluctuations in the future cash flows of fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps. A summary of the Group's interest rate gap position reflecting assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates is shown below.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(c) Market risk (continued)

Exposure to interest rate risk (continued)

Group	Within 1 month	Due within 1-3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years	Non-interest bearing	Total
31 December 2024	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ASSETS							
Cash and balances with central banks	-	-	-	-	-	24,011,805	24,011,805
Items in the course of collection	-	-	-	-	-	669,433	669,433
Financial assets at fair value through profit or loss (FVTPL)	-	-	-	90,078	-	-	90,078
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	2,670,130	11,710,181	18,587,420	33,077,694	54,071	66,099,496
Financial assets at amortised cost	1,216,534	26,179,807	16,681,940	10,112,895	14,108,190	-	68,299,366
Loans and advances to banks	4,924,539	22,991,044	989,257	150,756	-	-	29,055,596
Loans and advances to customers	6,648,724	216,302,808	6,271,910	7,758,553	2,308,328	-	239,290,323
Due from group companies	-	-	-	-	-	1,588,011	1,588,011
Other assets	-	-	-	-	-	4,801,256	4,801,256
31 December 2024	12,789,797	268,143,789	35,653,288	36,699,702	49,494,212	31,124,576	433,905,364
LIABILITIES							
Deposits from banks	1,069,818	26,381,905	-	-	-	-	27,451,723
Items in the course of collection	-	-	-	-	-	2,237	2,237
Deposits from customers	122,622,252	136,672,350	63,100,639	3,671,733	-	6,976,992	333,043,966
Due to group companies	-	-	-	-	-	2,533,081	2,533,081
Other liabilities	-	623,311	394,072	-	-	6,726,744	7,744,127
Long term debt	-	-	1,396	173,346	-	-	174,742
Subordinated debt	-	10,310,689	-	-	-	-	10,310,689
31 December 2024	123,692,070	173,988,255	63,496,107	3,845,079	-	16,239,054	381,260,565
Interest rate gap	(110,902,273)	94,155,534	(27,842,819)	32,854,623	49,494,212	14,885,522	52,644,799

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(c) Market risk (continued)

Exposure to interest rate risk (continued)

Group 31 December 2023	Within 1 month KShs'000	Due within 1-3 months KShs'000	Due between 3-12 months KShs'000	Due between 1-5 years KShs'000	Due after 5 years KShs'000	Non-interest bearing KShs'000	Total KShs'000
ASSETS							
Cash and balances with central banks	-	-	-	-	-	24,124,036	24,124,036
Items in the course of collection	-	-	-	-	-	343,983	343,983
Financial assets at fair value through profit or loss (FVTPL)	-	-	538,512	199,673	-	-	738,185
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	491,502	4,227,408	11,296,989	39,834,564	159,716	56,010,179
Financial assets at amortised cost	474,657	2,867,095	6,376,490	12,094,021	14,595,211	-	36,407,474
Loans and advances to banks	20,742,413	22,952,196	647,003	-	-	-	44,341,612
Loans and advances to customers	6,409,562	230,182,547	8,766,944	12,516,972	1,498,008	-	259,374,033
Due from group companies	-	-	-	-	-	2,947,483	2,947,483
Other assets	-	-	-	-	-	3,959,856	3,959,856
At 31 December 2023	27,626,632	256,493,340	20,556,357	36,107,655	55,927,783	31,535,074	428,246,841
LIABILITIES							
Deposits from banks	633,050	16,386,706	4,610,065	-	-	-	21,629,821
Deposits from customers	118,577,701	125,734,082	79,055,148	8,616,707	-	9,170,952	341,154,590
Due to group companies	-	-	-	-	-	4,699,449	4,699,449
Other liabilities	-	197,680	523,449	-	-	5,103,342	5,824,471
Long term debt	-	-	-	204,921	-	-	204,921
Subordinated debt	-	12,532,190	-	-	-	-	12,532,190
At 31 December 2023	119,210,751	154,850,658	84,188,662	8,821,628	-	18,973,743	386,045,442
Interest rate gap	(91,584,119)	101,642,682	(63,632,305)	27,286,027	55,927,783	12,561,331	42,201,399

Customer deposits up to three months represent transactional accounts, savings accounts and call deposit account balances, which past experience has shown to be stable and of a long term nature.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(c) Market risk (continued)

Exposure to interest rate risk (continued)

The Group's operations are subject to the risk of interest rate fluctuations to the extent that the interest earning assets (including investments) and interest bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Group's business strategies.

Company	Effective interest rate	Within 1 month	Due within 1-3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years	Non-interest bearing	Total
31 December 2024		KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ASSETS								
Cash and balances with Central Bank of Kenya	-	-	-	-	-	-	19,396,678	19,396,678
Items in the course of collection	-	-	-	-	-	-	669,433	669,433
Financial assets measured at fair value through other comprehensive income (FVOCI)	12.1%	-	2,951,470	11,710,181	18,439,095	32,796,354	-	65,897,100
Financial assets at amortised cost	11.0%	-	25,187,597	14,479,873	9,097,052	10,649,411	-	59,413,933
Loans and advances to banks	4.7%	4,860,374	19,624,631	989,257	-	-	-	25,474,262
Loans and advances to customers	11.7%	-	214,157,369	970,808	904,761	54,438	-	216,087,376
Due from group companies	-	-	-	-	-	-	4,147,774	4,147,774
Other assets	-	-	-	-	-	-	4,083,612	4,083,612
31 December 2024		4,860,374	261,921,067	28,150,119	28,440,908	43,500,203	28,297,497	395,170,168
LIABILITIES								
Deposits from banks	9.5%	1,069,818	23,307,981	-	-	-	-	24,377,799
Deposits from customers	5.3%	120,880,432	130,676,769	51,653,279	555,485	-	-	303,765,965
Due to group companies	-	-	-	-	-	-	2,674,020	2,674,020
Other liabilities	-	-	-	-	-	-	6,404,329	6,404,329
Subordinated debt	8.2%	-	10,310,689	-	-	-	-	10,310,689
31 December 2024		121,950,250	164,295,439	51,653,279	555,485	-	9,078,349	347,532,802
Interest rate gap		(117,089,876)	97,625,628	(23,503,160)	27,885,423	43,500,203	19,219,148	47,637,366

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(c) Market risk (continued)

Exposure to interest rate risk (continued)

Company	Effective interest rate	Within 1 month	Due within 1-3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years	Non-interest bearing	Total
		KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
31 December 2023								
ASSETS								
Cash and balances with Central Bank of Kenya	-	-	-	-	-	-	20,884,419	20,884,419
Items in the course of collection	-	-	-	-	-	-	316,197	316,197
Financial assets at fair value through profit or loss (FVTPL)	12.4%	-	-	538,513	-	-	-	538,513
Financial assets measured at fair value through other comprehensive income (FVOCI)	12.1%	-	491,501	4,227,408	11,296,989	39,694,699	-	55,710,597
Financial assets at amortised cost	11.0%	-	1,522,297	3,863,279	10,902,740	10,590,355	-	26,878,671
Loans and advances to banks	4.7%	20,734,336	20,478,819	647,003	-	-	-	41,860,158
Loans and advances to customers	11.7%	-	229,308,709	970,808	904,761	54,438	-	231,238,716
Due from group companies	-	-	-	-	-	-	5,172,971	5,172,971
Other assets	-	-	-	-	-	-	3,481,960	3,481,960
At 31 December 2023		20,734,336	251,801,326	10,247,011	23,104,490	50,339,492	29,855,547	386,082,202
LIABILITIES								
Deposits from banks	9.5%	826,396	15,134,056	4,610,065	-	-	-	20,570,517
Deposits from customers	5.3%	118,567,821	118,330,628	64,134,466	4,962,276	-	-	305,995,191
Due to group companies	-	-	-	-	-	-	5,087,206	5,087,206
Other liabilities	-	-	-	-	-	-	4,672,837	4,672,837
Subordinated debt	8.2%	-	12,532,190	-	-	-	-	12,532,190
At 31 December 2023		119,394,217	145,996,874	68,744,531	4,962,276	-	9,760,043	348,857,941
Interest rate gap		(98,659,881)	105,804,452	(58,497,520)	18,142,214	50,339,492	20,095,504	37,224,261

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(c) Market risk (continued)

Exposure to interest rate risk (continued)

Customer deposits up to three months represent current, savings and call deposit account balances, which past experience has shown to be stable and of a long term nature.

The Group's operations are subject to the risk of interest rate fluctuations to the extent that the interest earning assets (including investments) and interest bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Group's business strategies.

Sensitivity analysis

A change of 200 basis points in interest rates at the reporting date would have increased/decreased equity and profit or loss by the amounts shown below. The analysis assumes that all other variables in particular foreign currency exchange rates remain constant.

Group		
31 December 2024	Profit or loss	Equity net of tax
200 basis points	Increase/decrease in basis points (KShs'000)	Increase/decrease in basis points (KShs'000)
Assets	8,055,616	5,638,931
Liabilities	(7,300,430)	(5,110,301)
Net position	755,186	528,630

31 December 2023		
	Profit or loss	Equity net of tax
Assets	7,934,235	5,553,965
Liabilities	(7,341,434)	(5,139,004)
Net position	592,801	414,961

Company		
31 December 2024	Profit or loss	Equity net of tax
200 basis points	Increase/decrease in basis points (KShs'000)	Increase/decrease in basis points (KShs'000)
Assets	7,337,453	5,136,217
Liabilities	(6,769,089)	(4,738,362)
Net position	568,364	397,855

31 December 2023		
	Profit or loss	Equity net of tax
Assets	7,124,533	4,987,173
Liabilities	(6,781,958)	(4,747,371)
Net position	342,575	239,802

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk

The Group is exposed to currency risk through transactions in foreign currencies. The Group's transactional exposure gives rise to foreign currency gains and losses that are recognised in the profit or loss. In respect of monetary assets and liabilities in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate. The table below analyses the currencies which the Group is exposed to as at 31st December 2024 and 31st December 2023.

Group

At 31 December 2024	USD	GBP	EURO	Other	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ASSETS					
Cash and balances with central banks	6,193,133	548,270	898,446	18,813	7,658,662
Items in the course of collection	28,017	-	-	-	28,017
Financial assets at amortised cost	28,735,227	2,419,483	-	-	31,154,710
Loans and advances to banks	24,731,886	1,662,915	1,737,600	1,314,596	29,446,997
Loans and advances to customers	60,389,876	1,854,867	6,292,994	10,927	68,548,664
Due from group companies	392,174	93,853	-	28,918	514,945
Other assets	11,083,279	500,259	366,427	1,756	11,951,721
At 31 December 2024	131,553,592	7,079,647	9,295,467	1,375,010	149,303,716
LIABILITIES					
Deposits from banks	3,196,889	60,467	567,117	17,502	3,841,975
Deposits from customers	122,349,979	7,276,989	3,703,233	1,178,815	134,509,016
Other liabilities	897,133	13,028	9,552	30,525	950,238
Due to group companies	10,310,689	-	4,920	304	10,315,913
Subordinated debt	9,995,950	393,086	288,630	5,547	10,683,213
At 31 December 2024	146,750,640	7,743,570	4,573,452	1,232,693	160,300,355
Net on balance sheet position	(15,197,048)	(663,923)	4,722,015	142,317	(10,996,639)
Net notional off balance sheet position	16,438,123	765,447	(4,550,700)	(13,691)	12,639,179
Overall net position – 2024	1,241,075	101,524	171,315	128,626	1,642,540

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

Group (continued)

At 31 December 2023	USD	GBP	EURO	Other	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ASSETS					
Cash and balances with central banks	7,469,530	692,625	780,784	64,243	9,007,182
Items in the course of collection	59,362	-	862	-	60,224
Financial assets at amortised cost	21,077,972	-	-	-	21,077,972
Loans and advances to banks	36,291,595	3,546,638	1,475,983	56,164	41,370,380
Loans and advances to customers	82,840,687	3,913,010	8,882,860	983	95,637,540
Due from group companies	1,748,371	-	-	-	1,748,371
Other assets	9,159,548	320,026	227,879	24	9,707,477
At 31 December 2023	158,647,065	8,472,299	11,368,368	121,414	178,609,146
LIABILITIES					
Deposits from banks	4,489,451	34,780	581,923	73	5,106,227
Deposits from customers	139,168,269	9,882,906	4,558,750	50,645	153,660,570
Other liabilities	430,879	15,208	10,708	24,108	480,903
Due to group companies	12,532,190	-	-	-	12,532,190
Long-term debt	1,033,398	-	6,265	-	1,039,663
Subordinated debt	6,612,366	342,113	247,780	7,823	7,210,082
At 31 December 2023	164,266,553	10,275,007	5,405,426	82,649	180,029,635
Net on balance sheet position	(5,619,488)	(1,802,708)	5,962,942	38,765	(1,420,489)
Net notional off balance sheet position	4,803,649	1,903,452	(5,908,278)	10,328	809,151
Overall net position – 2023	(815,839)	100,744	54,664	49,093	(611,338)

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

Company

At 31 December 2024	USD	GBP	EURO	Other	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ASSETS					
Cash and balances with Central Bank of Kenya	3,739,699	541,013	884,829	426	5,165,967
Items in the course of collection	24,355	-	-	-	24,355
Financial assets at amortised cost	28,735,227	2,419,483	-	-	31,154,710
Loans and advances to banks	21,323,637	1,577,650	1,644,214	1,273,517	25,819,018
Loans and advances to customers	47,598,190	1,854,867	6,292,994	10,927	55,756,978
Due from group companies	392,174	93,853	-	28,918	514,945
Other assets	11,056,436	500,259	366,427	1,756	11,924,878
At 31 December 2024	112,869,718	6,987,125	9,188,464	1,315,544	130,360,851
LIABILITIES					
Deposits from banks	3,196,889	60,467	567,117	17,502	3,841,975
Deposits from customers	104,531,279	7,192,547	3,605,476	1,178,815	116,508,117
Other liabilities	-	-	-	-	-
Due to group companies	10,310,689	-	4,920	304	10,315,913
Long-term debt	-	-	-	-	-
Subordinated debt	9,995,950	393,086	288,630	5,547	10,683,213
At 31 December 2024	128,034,807	7,646,100	4,466,143	1,202,168	141,349,218
Net on balance sheet position	(15,165,089)	(658,975)	4,722,321	113,376	(10,988,367)
Net notional off balance sheet position	14,506,061	765,447	(4,719,350)	(13,691)	10,538,467
Overall net position – 2024	(659,028)	106,472	2,971	99,685	(449,900)

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

Company (continued)

At 31 December 2023	USD	GBP	EURO	Other	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ASSETS					
Cash and balances with Central Bank of Kenya	5,129,240	590,928	671,332	-	6,391,500
Items in the course of collection	59,362	-	862	-	60,224
Financial assets at amortised cost	21,077,972	-	-	-	21,077,972
Loans and advances to banks	36,291,595	3,546,638	1,475,983	56,164	41,370,380
Loans and advances to customers	64,472,681	3,913,010	8,882,860	983	77,269,534
Due from group companies	1,748,371	-	-	-	1,748,371
Other assets	9,123,852	320,026	220,249	-	9,664,127
At 31 December 2023	137,903,073	8,370,602	11,251,286	57,147	157,582,108
LIABILITIES					
Deposits from banks	4,489,451	34,780	581,923	73	5,106,227
Deposits from customers	119,795,638	9,795,721	4,452,438	50,645	134,094,442
Due to group companies	12,532,190	-	-	-	12,532,190
Long-term debt	-	-	6,265	-	6,265
Subordinated debt	6,612,366	342,113	247,780	7,823	7,210,082
At 31 December 2023	143,429,645	10,172,614	5,288,406	58,541	158,949,206
Net on balance sheet position	(5,526,572)	(1,802,012)	5,962,880	(1,394)	(1,367,098)
Net notional off balance sheet position	4,803,649	1,903,452	(5,908,278)	10,328	809,151
Overall net position – 2023	(722,923)	101,440	54,602	8,934	(557,947)

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

Sensitivity analysis

A reasonable possible strengthening or weakening of the USD, GBP, EUR against the Kenya shilling (KShs) would have affected the measurement of financial instruments denominated in foreign currency and effected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates remain constant.

At 31 December 2024	Profit or loss strengthening/ weakening of currency	Equity net of tax strengthening/ weakening of currency
	KShs'000	KShs'000
USD (± 2.5% movement)	31,027	21,719
GBP (± 2.5% movement)	2,538	1,777
EUR (± 2.5% movement)	4,283	2,998

At 31 December 2023	Profit or loss strengthening/ weakening of currency	Equity net of tax strengthening/ weakening of currency
	KShs'000	KShs'000
USD (± 2.5% movement)	(20,396)	(14,277)
GBP (± 2.5% movement)	2,519	1,763
EUR (± 2.5% movement)	1,367	957

Company:		
At 31 December 2024	Profit or loss strengthening/ weakening of currency	Equity net of tax strengthening/ weakening of currency
	KShs'000	KShs'000
USD (± 2.5% movement)	(16,476)	(11,533)
GBP (± 2.5% movement)	2,662	1,863
EUR (± 2.5% movement)	74	52

At 31 December 2023	Profit or loss strengthening/ weakening of currency	Equity net of tax strengthening/ weakening of currency
	KShs'000	KShs'000
USD (± 2.5% movement)	(18,073)	(12,651)
GBP (± 2.5% movement)	2,536	1,775
EUR (± 2.5% movement)	1,365	956

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(b) Capital management

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

Regulatory capital – Kenya

The Central Bank of Kenya sets and monitors capital requirements for the banking industry in Kenya.

The objective of the Central Bank of Kenya is to ensure that a Bank maintains a level of capital which:

- is adequate to protect its depositors and creditors;
- is commensurate with the risks associated with its activities and profile
- promotes public confidence in the Bank.

In implementing current capital requirements, the Central Bank of Kenya requires banks to maintain a prescribed ratio of total capital to total risk-weighted assets. Banks are expected to assess the credit risk, market risk and operational risk of the risk-weighted assets to derive the ratios. The Capital adequacy and use of regulatory capital are monitored regularly by management employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Central Bank of Kenya for supervisory purposes.

The Central Bank of Kenya requires a bank to maintain at all times:

- a core capital of not less than 8% of total risk-weighted assets, plus risk-weighted off-balance sheet items
- a core capital of not less than 8% of its total deposit liabilities
- a total capital of not less than 12% of its total risk-weighted assets, plus risk weighted off-balance sheet items

In addition to the minimum capital adequacy ratios of 8% and 12%, institutions are required to hold a capital conservation buffer of 2.5% over and above these minimum ratios to enable the institutions withstand future periods of stress. This brings the minimum core capital to risk-weighted assets and total capital to risk-weighted assets requirements to 10.5% and 14.5% respectively.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(d) Capital management (continued)

Regulatory capital – Kenya (continued)

A bank must maintain a minimum core capital of KShs 1 billion. The bank's regulatory capital is analysed into two tiers:

- Tier 1 capital. This includes ordinary share capital, share premium, retained earnings, and after deduction of investment in subsidiaries, goodwill, other intangible assets and other regulatory adjustments relating to items that are included in equity which are treated differently for capital adequacy purposes.
- Tier 2 capital. This includes 25% of revaluation reserves of property and equipment, subordinated debt not exceeding 50% of core capital, collective impairment allowances, and any other approved reserves.

The risk based approach to capital adequacy measurement is applied to both on-and-off balance sheet items. Risk weights are assigned on assets from assessing the following:

- Credit risk arising from the possibility of losses associated with reduction of credit quality of borrowers or counterparties;
- Market risk arising from movements in market prices pertaining to interest rate-related instruments and foreign exchange risk and commodities risk;
- Operational risk resulting from inadequate or failed internal processes, people and systems or from external events.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(d) Capital management (continued)

Regulatory capital – Kenya (continued)

The Bank's (Company's) regulatory capital position at 31 December was as follows:

Company:	2024	2023
	KShs'000	KShs'000
Core capital (Tier 1)		
Share capital	3,000,000	3,000,000
Share premium	5,531,267	5,531,267
Retained earnings	49,903,431	39,478,199
Other reserves	(4,800,000)	-
	53,634,698	48,009,466
Less: Deferred tax	(1,806,337)	(1,180,242)
Less: Investment in subsidiary	(3,882,612)	(3,882,612)
Total Core capital	47,945,749	42,946,612
Supplementary capital (Tier 2)		
Term subordinated debt	4,519,758	7,917,524
Statutory loan loss reserve	4,062,439	9,341,350
	8,582,197	17,258,874
Total capital	56,527,946	60,205,486
Risk weighted assets		
Credit risk weighted assets	258,155,358	276,325,122
Market risk weighted assets	21,391,035	19,737,672
Operational risk weighted assets	45,448,696	45,448,696
Total risk weighted assets	324,995,089	341,511,490
Deposits from customers	307,704,596	312,370,291
Capital ratios	Minimum*	
Core capital/Total deposit liabilities	8.0%	15.58%
Core capital/Total risk weighted assets	10.5%	14.75%
Total capital/Total risk weighted assets	14.5%	17.39%
* As defined by the Central Bank of Kenya		

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(d) Capital management (continued)

Regulatory capital – Tanzania

The Bank of Tanzania sets and monitors capital requirements for the Tanzania banking industry. The Bank of Tanzania has set among other measures, the rules and ratios to monitor adequacy of a bank's capital. In implementing current capital requirements, The Bank of Tanzania requires Banks to maintain a prescribed ratio of total capital to total risk-weighted assets. The Bank's regulatory is analysed in two tiers:

- Tier 1 capital: This includes ordinary share capital, share premium, retained earnings, after deductions for prepaid expenses, goodwill, other intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital: This includes qualifying subordinated liabilities, collective impairment allowances and the element of fair value reserve relating to unrealized gains on equity instruments classified as FVOCI.

Various limits are applied to elements of the capital base such as qualifying Tier 2 capital cannot exceed Tier 1 capital and qualifying subordinated debt may not exceed 50 percent of Tier 1 capital. There are also restrictions on the amount of collective impairment allowances that may be included as part of Tier 2 capital. Tier 1 capital is also subjected to various limits such as Tier 1 capital should not be less than 10 percent of the risk weighted assets.

In addition to the above requirements, the Bank of Tanzania require banks to maintain a capital conservation buffer of 2.5% over and above the regulatory capital ratios to enable the Bank to withstand stressful economic conditions. In situations where the buffer is less than 2.5%, the Bank is restricted from distributing any dividends to shareholders as well as paying bonus to senior management and other staff members. Further the Bank is required to submit a capital restoration plan to the Bank of Tanzania (BoT) within a specified period of time as determined by BoT. In the event the capital restoration plan is not approved by BoT, the Bank may be directed to raise additional capital in order to restore the capital conservation buffer.

The Bank's regulatory capital position is as illustrated below:

		2024	2023
		TZS'000	TZS'000
Risk weighted assets			
On balance sheet		439,667,173	419,307,628
Off balance sheet		65,544,063	36,534,619
Operational risk weighted assets		27,372,184	38,082,325
Capital charge for market risk		697,710	1,505,646
Total risk weighted assets		533,281,130	495,430,218
Capital ratios	Minimum*		
Core capital/total risk weighted assets	10.0%	18.18%	13.82%
Total capital/total risk weighted assets	12.0%	19.71%	18.26%
* As defined by the Bank of Tanzania			

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(e) Climate related risk

Climate-related risks are potential negative impacts on the Group arising from climate change. Climate-related risks have an impact on the principal risk categories discussed above (i.e. credit, liquidity, market and operational risks), but due to their pervasive nature, they have been identified and managed by the Group on an overall basis.

The Group distinguishes between physical risks and transition risks. Physical risks arise as result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels. Transition risks arise as a result of measures taken to mitigate the effects of climate change and transition to a low-carbon economy – e.g.

- changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

The Group Board Risk Committee, is responsible for developing group-wide policies, processes and controls to incorporate climate risks in the management of principal risk categories.

The Group has developed a climate risk framework for:

- identifying risk factors and assessing their potential impact on the Group's financial statements; and
- allocating responsibilities for managing each identified risk factor. The Group has also set out principles on how to incorporate climate-related risk into stress test scenarios.

The Group has identified the following climate-related risk factors as having an impact on the Group's financial instruments and included them in its principal risk management processes.

- Industries exposed to increased transition risks: The Group has identified industries that are subject to increased risk of climate regulation negatively affecting their business model. The Group Credit Committee has set overall lending limits for these industries.
- Physical risk to real estate: The Group has identified areas in which it operates that are exposed to increased physical risk such as hurricanes or floods. Heightened physical risk is considered in valuing collateral, such as real estate, plant or inventory.

In addition, the Group is in the process of developing models that aim to assess how borrowers' performance is linked to climate change. The Group plans to use these models in pricing credit risk and in calculating ECLs.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

5. Use Of Estimates and Judgement

Key sources of estimation uncertainty

(a) Allowance for credit losses

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3(f)(iii) which also sets out key sensitivities of the ECL to changes in these elements.

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(b) Income taxes

Significant estimates are required in determining the liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax balances and deferred tax liability in the period in which such determination is made. (refer to Note 14 and Note 26).

(c) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy 3(j)(ii) and computed in Note 25. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

(d) Critical accounting judgements in applying the Group's accounting policies

Critical accounting judgements made in applying the Group's accounting policies include financial asset and liability classification (Note 3), lease term (Note 32) and determination of FV of assets (unobservable inputs) (Note 6). The Group's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories in certain circumstances.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

5. Use Of Estimates and Judgement (Continued)

Key sources of estimation uncertainty (continued)

(d) Critical accounting judgements in applying the Group's accounting policies (continued)

In classifying financial assets as held to collect, the Group has determined that it has both positive intention and ability to hold the assets until their maturity date as required by the group's accounting policies.

Note 3(f)(ii). The classification of financial assets includes the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Notes 3(f)(iii) and 4(a). The impairment of financial instruments includes the assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of expected credit losses (ECL).

Note 23: Impairment testing for CGUs containing goodwill: Key assumptions underlying recoverable amounts.

Note 37 and Note 38: Recognition and measurement of contingencies: Key assumptions about the likelihood and magnitude of an outflow of resources.

Note 6: measurement of fair value of financial instruments with significant unobservable inputs.

6. Fair Value Hierarchy For Assets Carried at Fair Value

Accounting classifications at carrying amounts and fair values

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

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

The following sets out the Group's basis of establishing fair values of financial instruments: Investment securities with observable market prices including equity securities are fair valued using that information. Investment securities that do not have observable market data are fair valued either using discounted cash flow method or quoted market prices for securities with similar yield characteristics.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

6. Fair Value Hierarchy For Assets Carried at Fair Value

Accounting classifications at carrying amounts and fair values

Loans and advances to customers are net of allowance for impairment. The estimated fair value of loans and advances represents the discounted amount of future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. A substantial proportion of loans and advances are on floating rates and re-price within 12 months, hence, their fair value approximates their carrying amounts. The estimated fair value of deposits with no stated maturity is the amount repayable on demand. Estimated fair value of fixed interest-bearing deposits without quoted market prices is based on discounting cash flows using the prevailing market rates for debts with similar maturities and interest rates. A substantial proportion of deposits mature within 12 months and hence the fair value approximates their carrying amounts.

Cash and balances with Central Banks are measured at amortised cost and their fair value approximates their carrying amount.

Category of asset/liability	Valuation techniques applied	Significant observable inputs
Cash and cash equivalents, loans and advances to banks and due from group companies	Carrying amount since the amounts are receivable on demand as at the reporting date	
Loans and advances to customers	Discounted cash flow models	Interest rates
Government trading securities/ Government securities	Prices quoted in active market	Quoted prices
Foreign exchange derivatives	Discounted cash flow techniques and/or option pricing models, such as the Black Scholes model	Spot price, interest rate and/ or volatility
Deposits	Using the carrying amount since the amounts are payable on demand as at the reporting date	

The tables below show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

6. Fair Value Hierarchy For Assets Carried at Fair Value (Continued)

Accounting classifications at carrying amounts and fair values (continued)

Company	Carrying amounts					Fair value			
31 December 2024	Financial assets at amortised cost	Financial assets at FVOCI	Financial assets at FVTPL	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Financial assets									
Cash and balances with central banks	24,011,805	-	-	-	24,011,805	-	24,011,805	-	24,011,805
Items in the course of collection	669,433	-	-	-	669,433	-	-	-	-
Financial assets at fair value through profit or loss (FVTPL)	-	-	90,078	-	90,078	90,078	-	-	90,078
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	66,099,496	-	-	66,099,496	66,099,496	-	-	66,099,496
Financial assets at amortised cost	68,299,366	-	-	-	68,299,366	66,883,214	-	-	66,883,214
Loans and advances to banks	29,055,596	-	-	-	29,055,596	-	29,055,596	-	29,055,596
Loans and advances to customers	239,290,323	-	-	-	239,290,323	-	251,223,539	-	251,223,539
Due from group companies	1,588,011	-	-	-	1,588,011	-	-	-	-
Other assets	4,801,256	-	-	-	4,801,256	-	-	-	-
	367,715,790	66,099,496	90,078	-	433,905,364	133,072,788	304,290,940	-	437,363,728
Financial liabilities									
Deposits from banks	-	-	-	27,451,723	27,451,723	-	-	-	-
Deposits from customers	-	-	-	333,043,966	333,043,966	-	-	-	-
Due to group companies	-	-	-	2,533,081	2,533,081	-	-	-	-
Long term borrowings	-	-	-	174,742	174,742	-	-	-	-
Subordinated debt	-	-	-	10,310,689	10,310,689	-	10,610,171	-	10,610,171
Other liabilities	-	-	-	7,744,127	7,744,127	-	-	-	-
	-	-	-	381,258,328	381,258,328	-	10,610,171	-	10,610,171

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

6. Fair Value Hierarchy For Assets Carried at Fair Value (Continued)

Accounting classifications at carrying amounts and fair values (continued)

Company	Carrying amounts				Fair value				
31 December 2023	Financial assets at amortised cost	Financial assets at FVOCI	Financial assets at FVTPL	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Financial assets									
Cash and balances with central banks	24,124,036	-	-	-	24,124,036	-	-	-	-
Items in the course of collection	343,983	-	-	-	343,983	-	-	-	-
Financial assets at fair value through profit or loss (FVTPL)	-	-	738,185	-	738,185	738,185	-	-	738,185
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	56,010,179	-	-	56,010,179	56,305,957	-	-	56,305,957
Financial assets at amortised cost	36,407,474	-	-	-	36,407,474	34,991,322	-	-	34,991,322
Loans and advances to banks	44,341,612	-	-	-	44,341,612	-	-	-	-
Loans and advances to customers	259,374,033	-	-	-	259,374,033	-	270,580,385	-	270,580,385
Due from group companies	2,947,483	-	-	-	2,947,483	-	-	-	-
Other assets	3,959,856	-	-	-	3,959,856	-	-	-	-
	371,498,477	56,010,179	738,185	-	428,246,841	92,035,464	270,580,385	-	362,615,849
Financial liabilities									
Deposits from banks	-	-	-	21,629,821	21,629,821	-	-	-	-
Deposits from customers	-	-	-	341,154,590	341,154,590	-	-	-	-
Due to group companies	-	-	-	4,699,449	4,699,449	-	-	-	-
Long term borrowings	-	-	-	204,921	204,921	-	-	-	-
Subordinated debt	-	-	-	12,532,190	12,532,190	-	-	-	-
Other liabilities	-	-	-	5,824,471	5,824,471	-	-	-	-
	-	-	-	386,045,442	386,045,442	-	-	-	-

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

6. Fair Value Hierarchy For Assets Carried at Fair Value (Continued)

Measurement of fair values

Valuation techniques and significant unobservable inputs

Financial assets measured at fair value - At 31st December

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment Securities – Fair Value through Other Comprehensive Income	Prices quoted at securities exchanges	None	Not applicable

During the year , there were no transfers of financial instruments into and out of level 1, 2 and 3 hierarchy.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

6. Fair Value Hierarchy For Assets Carried at Fair Value (Continued)

Accounting classifications at carrying amounts and fair values (continued)

Company 31 December 2024	Carrying amounts			Fair value		
	Financial assets at amortised cost	Financial assets at FVOCI	Financial assets at FVTPL	Financial liabilities at amortised cost	Total	
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Financial assets						
Balances with Central Bank of Kenya	19,396,678	-	-	-	19,396,678	19,396,678
Items in the course of collection	669,433	-	-	-	669,433	-
Financial assets at fair value through profit or loss (FVTPL)	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	65,897,100	-	-	65,897,100	65,897,100
Financial assets at amortised cost	59,413,933	-	-	-	59,413,933	-
Loans and advances to banks	25,474,262	-	-	-	25,474,262	25,474,262
Loans and advances to customers	216,087,376	-	-	-	216,087,376	227,355,332
Due from group companies	4,147,774	-	-	-	4,147,774	4,147,774
Other assets	-	4,083,612	-	-	4,083,612	-
	325,189,456	69,980,712	-	-	395,170,168	276,374,046
Financial liabilities						
Deposits from banks	-	-	-	24,377,799	24,377,799	-
Deposits from customers	-	-	-	303,765,965	303,765,965	-
Due to group companies	-	-	-	2,674,020	2,674,020	-
Subordinated debt	-	-	-	10,310,689	10,310,689	10,610,171
Other liabilities	-	-	-	6,404,330	6,404,330	-
	-	-	-	347,532,803	347,532,803	10,610,171

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

6. Fair Value Hierarchy For Assets Carried at Fair Value (Continued)

Accounting classifications at carrying amounts and fair values (continued)

Company	Carrying amounts				Fair value				
31 December 2023	Financial assets at amortised cost	Financial assets at FVOCI	Financial assets at FVTPL	Other financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Financial assets									
Balances with Central Bank of Kenya	20,884,419	-	-	-	20,884,419	-	-	-	-
Items in the course of collection	316,197	-	-	-	316,197	-	-	-	-
Financial assets at fair value through profit or loss (FVTPL)	-	-	538,513	-	538,513	538,513	-	-	538,513
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	55,710,597	-	-	55,710,597	56,006,375	-	-	56,006,375
Financial assets at amortised cost	26,878,671	-	-	-	26,878,671	25,462,519	-	-	25,462,519
Loans and advances to banks	41,860,158	-	-	-	41,860,158	-	-	-	-
Loans and advances to customers	231,238,716	-	-	-	231,238,716	-	240,022,910	-	240,022,910
Due from group companies	5,172,971	-	-	-	5,172,971	-	-	-	-
Other assets	-	3,481,960	-	-	3,481,960	-	-	-	-
	326,351,132	59,192,557	538,513	-	386,082,202	82,007,407	240,022,910	-	322,030,317
Financial liabilities									
Deposits from banks	-	-	-	20,570,517	20,570,517	-	-	-	-
Deposits from customers	-	-	-	305,995,191	305,995,191	-	-	-	-
Due to group companies	-	-	-	5,087,206	5,087,206	-	-	-	-
Long term borrowings	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	12,532,190	12,532,190	-	12,532,190	-	12,532,190
Other liabilities	-	-	-	4,672,837	4,672,837	-	-	-	-
	-	-	-	348,857,941	348,857,941	-	12,532,190	-	12,532,190

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

7. Interest Income

	2024	2023
	KShs '000	KShs '000
(a) Group		
Loans and advances to customers	40,672,447	30,232,911
Loans and advances to banks	1,993,869	1,332,536
Investment securities:-		
- At amortised cost	6,537,732	4,012,373
- Fair value through other comprehensive income	6,654,270	5,063,169
	55,858,318	40,640,989
(b) Company		
Loans and advances to customers	36,139,056	26,983,044
Loans and advances to banks	1,928,605	1,253,907
Investment securities:-		
- At amortised cost	5,480,212	3,155,639
- Fair value through other comprehensive income	6,619,955	5,044,749
	50,167,828	36,437,339

8. Interest Expense

	2024	2023
	KShs '000	KShs '000
(a) Group		
Deposits from customers	22,826,953	15,799,226
Deposits from banks	2,284,305	1,577,359
Long term debt	14,162	87,214
Subordinated debt	1,001,490	1,012,648
Lease liabilities (Note 31)	251,510	145,731
	26,378,420	18,622,178
(b) Company		
Deposits from customers	21,185,632	14,491,877
Deposits from banks	2,205,976	1,488,626
Long term debt	-	41,663
Subordinated debt	1,001,490	1,012,648
Lease liabilities (Note 31)	203,675	130,137
	24,596,773	17,164,951

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

9. Net Fee And Commission Income/Expense

	2024	2023
	KShs '000	KShs '000
(a) Group		
Fee and commission income		
Commissions	4,417,361	3,957,967
Service fees	1,933,597	1,592,217
	6,350,958	5,550,184
Fees and commission expense		
Interbank transaction fees	(113,890)	(169,578)
Other	(389,809)	(252,061)
	(503,699)	(421,639)
Net fee and commission income	5,847,259	5,128,545

	2024	2023
	KShs '000	KShs '000
(b) Company		
Fee and commission income		
Commissions	3,693,066	3,453,711
Service fees	1,844,456	1,470,866
	5,537,522	4,924,577
Fees and commission expense		
Interbank transaction fees	(111,899)	(169,571)
Other	(388,282)	(249,634)
	(500,181)	(419,205)
Net fee and commission income	5,037,341	4,505,372

Fees and commission from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when the performance obligation is satisfied.

The following table provides information about the nature and timing of the satisfaction performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

9. Net Fee And Commission Income/Expense

Type of service	Nature of timing of satisfaction of performance, obligations, including significant payment terms	Revenue recognition policies under IFRS 15
Transactional service fees	Consist of fees charged for processing services such as cash management, global payments, clearing, international funds transfer and other trade services	Recognised as/when the associated service is satisfied, which normally occurs at the point in time the service is requested by the customer and provided
Deposit-related fees	Consist of service charges on deposit accounts and fees earned from performing cash management activities and other deposit account services	Fees are recognised in the period in which the related service is provided
Insurance distribution revenue/commission	Commissions earned from third-party insurance companies for marketing and selling insurance policies	Commissions are recognised in Commissions and fees at the point in time the associated service is fulfilled - when the insurance policy is sold to the policyholder.
Credit card and bank card income	Composed of interchange fees, which are earned by card issuers based on purchase sales, and certain card fees, including annual fees. Costs related to customer reward programs and certain payments to partners (primarily based on program sales, profitability and customer acquisitions	Costs related to card reward programs are recognised when the rewards are earned by the cardholders. Payments to partners are recognised when incurred

10. Net Trading Income

	2024	2023
	KShs '000	KShs '000
(a) Group		
Income from foreign exchange dealings	2,359,519	3,950,248
Net income on financial assets at fair value through profit or loss (FVTPL)	72,825	875,594
	2,432,344	4,825,842
(b) Company		
Income from foreign exchange dealings	1,911,245	3,566,279
Net income on financial assets at fair value through profit or loss (FVTPL)	70,216	863,910
	1,981,461	4,430,189

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

11. Other Operating Income

	2024	2023
	KShs '000	KShs '000
(a) Group		
(i) Other income		
Profit on sale of property and equipment	1,992	57
Management fees income	125,444	134,059
Other income	610,156	130,907
	737,592	265,023
(b) Company		
(i) Other income		
Profit on sale of property and equipment	1,992	57
Management fees	184,688	199,758
Other income	176,646	91,697
	363,326	291,512
(ii) Dividend income		
Dividend income - Giro Limited	27,000	27,000
Dividend income - I&M Bank (T) Limited	-	15,000
Dividend income -I&M Bancassurance Intermediary Limited	200,000	75,000
	227,000	117,000

12. Operating Expenses

	2024	2023
	KShs '000	KShs '000
(a) Group		
Staff costs		
Salaries and wages	5,349,990	4,416,119
Contribution to defined benefit and contribution plan	250,671	233,774
Statutory contribution	110,491	77,788
Other staff costs	755,128	569,636
	6,466,280	5,297,317

Other staff cost relates to staff insurance expenses, training expenses, team building, staff uniforms, staff subscriptions and per diem allowances.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

12. Operating Expenses (Continued)

	2024	2023
	KShs'000	KShs'000
(a) Group		
Premises and equipment costs		
Service charge	197,300	171,627
Utilities	229,779	210,049
Other premises and equipment costs	70,656	69,904
	497,735	451,580
General administrative expenses		
Deposit protection insurance contribution	498,583	430,096
Loss on disposal of property and equipment	54,739	-
Other general administrative expenses	6,410,655	5,150,723
	6,963,977	5,580,819
Depreciation and amortisation		
Depreciation on property and equipment (Note 24)	1,321,982	1,051,544
Amortisation of intangible assets (Note 25)	844,469	858,573
	2,166,451	1,910,117

The average number of employees employed by the Group are as follows:

	2024	2023
	KShs'000	KShs'000
Management	1,583	1,345
Others	486	307
	2,069	1,652

	2024	2023
	KShs '000	KShs '000
(b) Company		
Staff costs		
Salaries and wages	4,502,511	3,698,492
Contribution to defined benefit and contribution plan	246,732	229,938
Statutory contribution	37,958	15,537
Other staff costs	656,501	487,297
	5,443,702	4,431,264
Premises and equipment costs		
Service charge	163,530	156,182
Utilities	217,190	200,121
Other premises and equipment costs	46,171	42,317
	426,891	398,620
General administrative expenses		
Deposit protection insurance contribution	452,734	390,682
Other general administrative expenses	5,072,416	4,275,503
	5,525,150	4,666,185
Depreciation and amortisation		
Depreciation on property and equipment (Note 24)	1,148,882	959,948
Amortisation of intangible assets (Note 25)	753,911	754,143
	1,902,793	1,714,091

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

12. Operating Expenses (Continued)

The average number of employees employed by the Company are as follows:

	2024	2023
	KShs'000	KShs'000
(b) Company		
Management	1,363	1,170
Others	473	276
	1,836	1,446

13. Profit Before Income Tax

	2024	2023
	KShs'000	KShs'000
(a) Group		
Profit before tax is arrived at after charging:		
Depreciation	832,147	1,051,544
Amortisation of intangible assets	842,193	856,297
Directors' emoluments: - fees	58,742	45,764
Directors' emoluments: - other	243,642	298,940
Auditor's remuneration	30,417	27,845
Net (loss)/profit on sale of property and equipment	(52,747)	57
(b) Company		
Profit before tax is arrived at after charging:		
Depreciation	779,889	959,948
Amortisation of intangible assets	753,911	754,143
Directors' emoluments: - fees	41,368	30,183
Directors' emoluments: - other	243,642	298,940
Auditor's remuneration	17,810	16,629
Net profit on sale of property and equipment	1,992	57

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

14. Income Tax Expense and Tax Payable

(a) Income tax expense

	2024	2023
	KShs'000	KShs'000
(i) Group		
Current tax		
Current year's tax	4,954,924	3,737,347
Over provision in prior year	(312,676)	(12,479)
	4,642,248	3,724,868
Deferred tax (Note 26)		
Current year	(1,977,445)	(1,196,885)
Prior year adjustment	331,303	(47,657)
	(1,646,142)	(1,244,542)
Income tax expense	2,996,106	2,480,326

The tax on the Group's profit differs from the theoretical amount using the basic tax rate as follows:

	2024	2023
	KShs'000	KShs'000
Accounting profit before tax	15,355,158	12,566,914
Computed tax using the applicable corporation tax rate at 30%	4,606,547	3,770,074
Under provision in prior year	(312,676)	(12,479)
Effect on non-deductible costs/non-taxable income	(1,629,068)	(1,229,612)
Over provision in prior year - deferred tax	331,303	(47,657)
	2,996,106	2,480,326

(ii) Company		
Current tax		
Current year's tax at 30%	4,657,642	3,569,298
Over provision in prior year	(312,622)	(12,479)
	4,345,020	3,556,819
Deferred tax (Note 26)		
Current year	(1,958,653)	(1,140,962)
Prior year adjustment	331,303	(47,657)
	(1,627,350)	(1,188,619)
Income tax expense	2,717,670	2,368,200

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

14. Income Tax Expense and Tax Payable

The tax on the Company's profit differs from the theoretical amount using the basic tax rate as follows:

	2024	2023
	KShs'000	KShs'000
Accounting profit before tax	14,114,999	12,084,199
Computed tax using the applicable corporation tax rate at 30%	4,234,500	3,625,260
Under provision in prior year	(312,622)	(12,479)
Effect on non-deductible costs /non-taxable income	(1,535,511)	(1,196,924)
Under provision in prior year - deferred tax	331,303	(47,657)
	2,717,670	2,368,200

(b) Tax (recoverable)/payable

	2024	2023
	KShs'000	KShs'000
(i) Group		
At 1 January	(605,555)	(347,578)
Income tax expense (Note 14(a)(i))	4,642,248	3,724,868
Effect of tax in foreign jurisdiction	15,446	(19,542)
Tax paid (Note 35)	(3,049,637)	(3,963,303)
At 31 December	1,002,502	(605,555)
Tax recoverable	(131,300)	(605,555)
Tax payable	1,133,802	-
	1,002,502	(605,555)
(ii) Company		
At 1 January	(444,373)	(278,849)
Income tax expense (Note 14(a)(ii))	4,345,020	3,556,819
Tax paid (Note 35)	(2,781,674)	(3,722,343)
At 31 December	1,118,973	(444,373)

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

15. Earnings Per Share

	Group		Company	
	2024	2023	2024	2023
Net profit after tax attributable to owners of the company (KShs '000')	12,170,234	10,027,469	11,397,329	9,715,999
Weighted average number of ordinary shares in issue during the year ('000)	30,000	30,000	30,000	30,000
Earnings per share (KShs)	405.67	334.25	379.91	323.87

There were no potentially dilutive shares outstanding at 31 December 2024 (2023 – Nil).

16. Dividend Per Share

	2024	2023
	KShs'000	KShs'000
The calculation of dividend per share is based on:		
Final dividend proposed during the year (KShs'000)	4,800,000	4,050,000
	4,800,000	4,050,000
Number of ordinary shares in issue as at 31 December ('000)	30,000	30,000
Final dividend per share (KShs)	160	135

The payment of dividends is subject to withholding tax at the rate of 10% for all non-residents, 5% for Kenyan residents and Nil for resident Kenyan companies with shareholding of 12.5% or more.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

17. Cash And Balances With Central Banks

	2024	2023
	KShs'000	KShs'000
(a) Group		
Cash on hand	4,433,947	4,120,681
Balances with central banks:		
- Restricted balances (Cash reserve ratio)	14,797,677	14,737,042
- Unrestricted balances	4,780,181	5,266,313
	24,011,805	24,124,036
(b) Company		
Cash on hand	3,996,746	3,746,323
Balances with Central Bank of Kenya:		
- Restricted balances (Cash reserve ratio)	12,961,399	12,773,669
- Unrestricted balances	2,438,533	4,364,427
	19,396,678	20,884,419

The Group's Cash Reserve Ratio is non-interest earning and is based on the value of deposits as adjusted for the respective central banks requirements. At 31st December 2024, the cash ratio requirement was 4.25% (2023 – 4.25%) in Kenya and, 6.0% (2023 – 6.0%) in Tanzania of eligible deposits. These funds are available for use by the Company (I&M Bank LIMITED) in its day-to-day operations in a limited way provided that on any given day this balance does not fall below the 3.00% requirement and provided that the overall average in the month is at least 4.25% (2023 - 4.25%)

18. Items In The Course Of Collection

	2024	2023
	KShs'000	KShs'000
(a) Group		
Assets	669,433	343,983
Liabilities	2,237	-
(b) Company		
Assets	669,433	316,197

Items in the course of collection represent net settlement balances through the inter-banking clearing process.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

19. Loans And Advances To Banks

	2024	2023
	KShs'000	KShs'000
(a) Group		
Due within 90 days	26,793,276	44,340,965
Due after 90 days	2,262,320	647
	29,055,596	44,341,612
(b) Company		
Due within 90 days	23,211,942	41,859,511
Due after 90 days	2,262,320	647
	25,474,262	41,860,158

20. Loans And Advances To Customers

(a) Classification

	2024	2023
	KShs'000	KShs'000
(i) Group		
Overdrafts	69,480,795	70,590,993
Loans	161,823,407	183,894,462
Bills discounted	8,244,998	4,942,452
Finance leases	11,674,339	11,152,478
Gross loans and advances	251,223,539	270,580,385
Less: Impairment losses on loans and advances	(11,933,216)	(11,206,352)
Net loans and advances	239,290,323	259,374,033
(ii) Company		
Overdrafts	59,660,906	58,455,943
Loans	147,775,089	165,472,036
Bills discounted	8,244,998	4,942,452
Finance leases	11,674,339	11,152,479
Gross loans and advances	227,355,332	240,022,910
Less: Impairment losses on loans and advances	(11,267,956)	(8,784,194)
Net loans and advances	216,087,376	231,238,716

The movement in impairment loss reserves in compliance with IFRS 9 is disclosed on Note 5(a)(iii).

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

20. Loans And Advances To Customers (Continued)

(a) Impairment losses on financial assets – Group

	Loans and advances to customers at amortised cost	Loan commitments and financial guarantee contracts	Government securities	Trade receivables	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
2024:					
Net remeasurement of loss allowance	2,769,879	125,719	28,643	13,250	2,937,491
New financial assets originated or purchased	973,489	35,113	-	-	1,008,602
	3,743,368	160,832	28,643	13,250	3,946,093
Recoveries and impairment no longer required	(114,772)	(17,408)	-	-	(132,180)
Recoveries of loans and advances previously written off	1,199,820	-	-	-	1,199,820
Amounts directly written off during the year	2,033,759	-	-	-	2,033,759
	6,862,175	143,424	28,643	13,250	7,047,492
2023:					
Net remeasurement of loss allowance	5,479,387	119,347	-	(5,147)	5,593,587
New financial assets originated or purchased	554,776	61,888	-	-	616,664
	6,034,163	181,235	-	(5,147)	6,210,251
Recoveries and impairment no longer required	(53,754)	(36,657)	-	-	(90,411)
Recoveries of loans and advances previously written off	-	-	-	-	(296,042)
Amounts directly written off during the year	607,676	-	-	-	607,676
	6,292,043	144,578	-	(5,147)	6,431,474

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

20. Loans And Advances To Customers (Continued)

(b) Impairment losses on financial assets – Company

2024:	Loans and advances to customers at amortised cost	Loan commitments and financial guarantee contracts	Government securities	Total
	KShs'000	KShs'000	KShs'000	KShs'000
Net remeasurement of loss allowance	3,446,316	130,070	28,643	3,605,029
New financial assets originated or purchased	973,489	35,113	-	1,008,602
	4,419,805	165,183	28,643	4,613,631
Recoveries and impairment no longer required	(114,693)	(17,408)	-	(132,101)
Amounts directly written off during the year	1,285,118	-	-	1,285,118
	5,590,230	147,775	28,643	5,766,648

2023:	Loans and advances to customers at amortised cost	Loan commitments and financial guarantee contracts	Government securities	Total
	KShs'000	KShs'000	KShs'000	KShs'000
Net remeasurement of loss allowance	4,129,331	109,837	-	4,239,168
New financial assets originated or purchased	551,194	61,888	-	613,082
	4,680,525	171,725	-	4,852,250
Recoveries and impairment no longer required	(48,137)	(36,653)	-	(84,790)
Recoveries of loans and advances previously written off	(47,419)	-	-	(47,419)
Amounts directly written off during the year	602,061	-	-	602,061
	5,187,030	135,072	-	5,322,102

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

20. Loans And Advances To Customers (Continued)

(c) Non-performing loans and advances

Non-performing loans and advances net of impairment losses and estimated value of securities are disclosed in Note 5(a).

	2024	2023
	KShs'000	KShs'000
(i) Group		
Interest on impaired loans and advances which has not yet been received in cash	1,236,001	1,491,657
(ii) Company		
Interest on impaired loans and advances which has not yet been received in cash	1,130,942	733,299

(d) Gross loans and advances concentration by sector

	2024		2023	
	KShs'000	%	KShs'000	%
(i) Group				
Manufacturing	67,760,651	27%	77,571,947	29%
Wholesale and retail trade	57,159,613	23%	55,076,033	20%
Building and construction	12,251,007	5%	13,968,194	6%
Agriculture	13,342,893	5%	16,510,174	5%
Real estate	20,438,968	8%	30,268,753	15%
Transport and communication	22,451,463	9%	25,654,281	6%
Business services	8,149,937	3%	8,244,061	4%
Electricity and water	1,489,558	1%	1,445,581	1%
Finance and insurance	11,033,325	4%	9,512,480	3%
Mining and quarrying	1,588,605	1%	1,971,090	1%
Others	35,557,519	14%	30,357,793	10%
	251,223,539	100%	270,580,387	100%
(ii) Company				
Manufacturing	61,510,767	27%	69,740,067	30%
Wholesale and retail trade	50,018,183	22%	47,644,913	20%
Building and construction	11,104,489	5%	12,422,757	6%
Agriculture	11,932,666	5%	14,626,879	4%
Real estate	18,956,096	8%	25,427,867	14%
Transport and communication	20,652,295	9%	23,972,515	6%
Business services	7,625,976	3%	7,622,521	4%
Electricity and water	1,489,558	1%	1,445,581	1%
Finance and insurance	11,033,325	5%	9,512,480	3%
Mining and quarrying	1,588,605	1%	1,495,962	1%
Others	31,443,372	14%	26,111,368	11%
	227,355,332	100%	240,022,910	100%

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

20. Loans And Advances To Customers (Continued)

(e) Finance leases

Loans and advances to customers include finance leases receivable as follows:

	2024	2023
	KShs'000	KShs'000
(i) Group		
Receivable no later than 1 year	731,102	718,204
Receivable later than 1 year and no later than 5 years	8,232,994	8,877,007
Receivable later than 5 year	2,710,243	1,557,267
	11,674,339	11,152,478
(ii) Company		
Receivable no later than 1 year	731,102	718,204
Receivable later than 1 year and no later than 5 years	8,232,994	8,877,007
Receivable later than 5 year	2,710,243	1,557,268
	11,674,339	11,152,479

21. Investment Securities

(a) Investment securities at fair value through profit or loss (FVTPL)

	2024	2023
	KShs'000	KShs'000
(i) Group		
Derivative assets	-	538,513
Government securities	90,078	199,672
	90,078	738,185
(ii) Company		
Derivative assets	-	538,513
	-	538,513

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

21. Investment Securities (Continued)

(b) Investment securities measured at fair value through other comprehensive income (FVOCI)

	2024	2023
	KShs'000	KShs'000
(i) Group		
Equity investments	1,082,379	725,941
Preference shares investment in related parties*	3,243,115	4,640,941
Corporate bonds	289,186	295,778
Government securities	61,484,816	50,347,519
Government securities (Liquid)	-	-
	66,099,496	56,010,179
(ii) Company		
Equity investments	1,028,308	662,532
Preference shares investment in related party	3,243,115	4,640,941
Corporate bonds	289,186	295,778
Government securities	61,336,491	50,111,346
	65,897,100	55,710,597

*On 28 January 2016 and 6 July 2016, I&M Realty Limited issued 350 5% non-cumulative preference shares of a par value of KShs 10,000,000 each to the value of KShs 3.5 billion redeemable after a period of 7 years at the discretion of the issuer, which were fully subscribed to by I&M Bank LIMITED. An additional 30 non-cumulative redeemable preference shares of KShs 10,000,000 each were issued in 2019 by I&M Realty Limited and were fully subscribed by I&M Bank LIMITED. These additional preference rank pari passu in all respect with the existing non-cumulative redeemable preference shares.

*On 17 June 2021, Giro Limited issued 9,000,000 5% non-cumulative preference shares of a par value of KShs 30 each at KShs 60 each to the value of KShs 540,000,000 redeemable after a period of 5 years but before the expiry of 10 years at the discretion of the issuer, which were fully subscribed to by I&M Bank LIMITED.

(c) Investment securities at amortised cost

	2024	2023
	KShs'000	KShs'000
(i) Group		
Government securities	68,250,641	36,370,658
Trade receivables	48,725	36,816
	68,299,366	36,407,474
(ii) Company		
Government securities	59,413,933	26,878,671

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

21. Investment Securities (Continued)

The change in the carrying amount of investment securities held by the Company is as shown below:

Company	Investment securities at fair value through profit or loss (FVTPL)		Investment securities at amortised cost		Investment securities measured at fair value through other comprehensive income (FVOCI)				Total
	Government securities	Government securities	Government securities	Government securities	Government securities	Preference shares	Equity investments	Corporate bond	
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
31 December 2024									
At 1 January	538,513	26,878,671	50,111,346	4,640,941	662,532	295,778		83,127,781	
Additions	-	52,421,750	26,992,250	-	-	-	-	79,414,000	
Disposals and maturities	-	(17,386,433)	(19,169,720)	(750,000)	-	-	-	(37,306,153)	
Changes in fair value	(538,513)	-	3,421,773	(647,826)	372,597	-	-	2,608,031	
Amortisation of discounts and premiums, unearned interest, and interest receivable	-	(2,490,571)	-	-	(6,821)	(6,592)		(2,503,984)	
12-month ECL	-	(9,484)	(19,158)	-	-	-	-	(28,642)	
At 31 December	-	59,413,933	61,336,491	3,243,115	1,028,308	289,186	125,311,033		
31 December 2023									
At 1 January	15,080,925	22,655,837	44,181,604	4,648,443	496,475	295,778		87,359,062	
Additions	-	40,457,666	14,303,608	-	-	-	-	54,761,274	
Disposals and maturities	(14,341,027)	(36,751,957)	(6,067,989)	-	-	-	-	(57,160,973)	
Changes in fair value	(201,385)	-	(2,097,090)	(7,502)	83,521	-	-	(2,222,456)	
Amortisation of discounts and premiums, unearned interest, and interest receivable	-	517,125	(208,787)	-	82,536	-	-	390,874	
At 31 December	538,513	26,878,671	50,111,346	4,640,941	662,532	295,778	83,127,781		

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

22. Assets Held For Sale

As at 31 December 2023, the Group continued to recognise in its financial statements items of buildings obtained by possession of collateral. Sale of the buildings had not been completed for all the items at the balance sheet date but the Bank expects a sale to be completed in the following year, 2024.

	2024	2023
	KShs'000	KShs'000
(a) Group		
Assets held for sale	507,314	307,501
(b) Company		
Assets held for sale	507,314	307,501

Assets held for sale are assets foreclosed by the Group in the normal course of business and are primarily recovered through sale.

23. Investment In Subsidiaries

	Country of incorporation	Sector	2024		2023	
			KShs'000	% Ownership	KShs'000	% Ownership
I&M Bank (T) Limited	Tanzania	Banking	3,882,612	78.51%	3,882,612	78.51%
I&M Bancassurance Intermediary Limited	Kenya	Insurance	100	100%	100	100%
At 1 January and 31 December			3,882,712		3,882,712	

The Bank acquired 55.03% controlling equity stake in CF Union Bank Limited (now I&M Bank (T) Limited) on 14 January 2010 to offer banking services in Tanzania. In 2016, through a combination of rights issues (effective 12 October 2016) and a buyout of Proparco shares in I&M Bank (T) Limited (effective 26 October 2016) to get to 70.38%, 77.80% in 2022 to 78.51% in 2023 following take up of renounced rights issue shares.

I&M Bancassurance Intermediary Limited was incorporated on 23 July 2014 and commenced operations on 1 August 2014 to offer insurance agency services in Kenya.

A summary of the subsidiaries performance is shown below;

		Revenue	Expenses	Profit before tax	Profit after tax
		KShs'000	KShs'000	KShs'000	KShs'000
Entity	Year	a	b	c=(a-b)	d
I&M Bank (T) Limited	2024	5,163,877	(4,103,337)	1,060,540	878,630
	2023	3,466,375	(3,157,195)	309,180	275,099
I&M Bancassurance Intermediary Limited	2024	460,671	(126,850)	333,821	237,296
	2023	351,148	(78,511)	272,637	193,854

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

23. Investment In Subsidiaries (Continued)

	Bank	
	2024	2023
	KShs'000	KShs'000
At 1 January	3,882,712	3,057,685
Additional investment in I&M Bank (T) Limited	-	825,027
At 1 January and 31 December	3,882,712	3,882,712

Additional 762 Class A shares at par value TZS 1,000,000 each was acquired in 2023.

The following table summarises the information relating to Group's subsidiary that has non-controlling interest (NCI).

NCI percentage	2024	2023
	21.49%	21.49%
	KShs'000	KShs'000
Movement during the year		
At January	1,410,036	1,008,917
Comprehensive income		
Net (loss)/profit after tax	188,818	59,119
Translation reserve	(222,082)	195,104
Net fair value reserve	(180)	(384)
Total comprehensive income	(33,444)	253,839
Dividends paid	-	147,280
At 31 December	1,376,592	1,410,036
	2024	2023
	KShs'000	KShs'000
Summarised statement of financial position		
Loans and advances to customers	23,202,947	28,135,317
Other assets	19,678,348	18,142,427
Liabilities	(36,493,952)	(39,734,777)
Net Assets	6,387,343	6,542,967
Carrying amount of NCI	1,372,640	1,406,084
Share premium taken up solely by NCI	3,952	3,952
Total carrying amount of NCI	1,376,592	1,410,036
Summarised statement of profit or loss and other comprehensive income		
Net interest income	3,866,055	2,720,748
Profit/(loss) for the year	878,630	275,099
Total comprehensive income	878,630	275,099
Profit allocated to NCI	188,818	59,119
Summarised statement of cash flows		
Net cash generated from operating activities	43,328	50,810
Net cash used in investing activities	(89,783)	(105,288)
Net cash used financing activities before dividends to NCI	115,380	135,307
Net increase in cash and cash equivalents	68,925	80,829

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

23. (a) Property And Equipment

Group

2024:	Leasehold improvements	Furniture, fittings, fixtures and office equipment	Computers	Motor vehicles	Capitalizable work in progress	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cost						
At 1 January	2,270,538	1,989,641	2,177,151	159,948	196,133	6,793,411
Additions	233,539	158,222	166,947	9,943	244,206	812,857
Disposals	(50,009)	(63,109)	(10,046)	(3,377)	(18,046)	(144,587)
Reclassification/internal transfers	138,089	118,368	93,182	-	(379,512)	(29,873)
Translation differences	(45,267)	(76,094)	(9,975)	(6,558)	(2,375)	(140,269)
At 31 December	2,546,890	2,127,028	2,417,259	159,956	40,406	7,291,539
Depreciation						
At 1 January	1,788,801	1,296,472	1,641,981	127,012	-	4,854,266
Charge for the year	221,133	145,351	451,965	13,698	-	832,147
On disposal	(46,085)	(58,998)	(8,959)	(3,377)	-	(117,419)
Translation differences	(30,390)	(49,238)	(8,258)	(4,757)	-	(92,643)
At 31 December	1,933,459	1,333,587	2,076,729	132,576	-	5,476,351
Net book value at 31 December	613,431	793,441	340,530	27,380	40,406	1,815,188

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

24. (a) Property And Equipment (Continued)

Group (continued)

2023:	Leasehold improvements KShs'000	Furniture, fittings, fixtures and office equipment KShs'000	Computers KShs'000	Motor vehicles KShs'000	Capitalizable work in progress KShs'000	Total KShs'000
Cost						
At 1 January	2,179,309	1,833,725	1,857,630	129,356	101,125	6,101,145
Additions	11,282	75,929	74,172	12,550	469,362	643,295
Disposal	(21,730)	(45,411)	(3,435)	-	(21,172)	(91,748)
Reclassification/internal transfers	61,907	47,836	238,336	11,890	(339,603)	20,366
Transfer to intangible assets	-	-	-	-	(17,577)	(17,577)
Translation differences	39,770	77,562	10,448	6,152	3,998	137,930
At 31 December	2,270,538	1,989,641	2,177,151	159,948	196,133	6,793,411
Depreciation						
At 1 January	1,561,126	1,123,455	1,272,562	109,990	-	4,067,133
Reclassification	-	-	2,330	-	-	2,330
Charge for the year	215,301	144,400	362,135	12,735	-	734,571
Disposals	(21,452)	(21,747)	(3,292)	-	-	(46,491)
Translation differences	33,826	50,364	8,246	4,287	-	96,723
At 31 December	1,788,801	1,296,472	1,641,981	127,012	-	4,854,266
Net book value at 31 December	481,737	693,169	535,170	32,936	196,133	1,939,145

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

24. (a) Property And Equipment (Continued)

Company

2024:	Leasehold improvements	Furniture, fittings, fixtures and office equipment	Computers	Motor vehicles	Capitalizable work in progress	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cost						
At 1 January	2,014,082	1,419,000	2,186,971	120,279	146,221	5,886,553
Additions	89,192	77,042	163,474	-	244,206	573,914
Disposals	-	(1,770)	-	(2,450)	(18,046)	(22,266)
Reclassification/internal transfers	138,089	118,368	93,182	-	(349,639)	-
At 31 December	2,241,363	1,612,640	2,443,627	117,829	22,742	6,438,201
Depreciation						
At 1 January	1,564,731	923,198	1,606,106	97,278	-	4,191,313
On disposals	-	(1,231)	-	(2,450)	-	(3,681)
Charge for the year	207,860	118,119	445,899	8,011	-	779,889
At 31 December	1,772,591	1,040,086	2,052,005	102,839	-	4,967,521
Net book value at 31 December	468,772	572,554	391,622	14,990	22,742	1,470,680

Assets that are fully depreciated amounted to KShs 2,568,542,423 (2023 – KShs 2,473,724,661). If depreciation had been charged during the year on the cost of these assets at a nominal rate, it would have amounted to KShs 607,356,413 (2023 – KShs 588,502,437).

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

24. (a) Property And Equipment (Continued)

Company

2023:	Leasehold improvements	Furniture, fittings, fixtures and office equipment	Computers	Motor vehicles	Capitalizable work in progress	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cost						
At 1 January	1,962,623	1,351,406	1,885,310	95,839	67,141	5,362,319
Additions	11,282	70,527	68,802	12,550	439,855	603,016
Disposals	(21,730)	(32,445)	(3,435)	-	(21,172)	(78,782)
Reclassification/internal transfers	61,907	29,512	236,294	11,890	(339,603)	-
At 31 December	2,014,082	1,419,000	2,186,971	120,279	146,221	5,886,553
Depreciation						
At 1 January	1,381,866	848,821	1,253,246	88,398	-	3,572,331
On disposals	(21,452)	(31,260)	(3,292)	-	-	(56,004)
Charge for the year	204,317	105,637	356,152	8,880	-	674,986
At 31 December	1,564,731	923,198	1,606,106	97,278	-	4,191,313
Net book value at 31 December	449,351	495,802	580,865	23,001	146,221	1,695,240

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

24. (b) Right Of Use Assets

	2024	2023
	KShs'000	KShs'000
Group		
Cost		
At 1 January	3,592,966	2,323,501
Additions	512,694	1,338,776
Disposals	(174,857)	(121,218)
Translation difference	(114,641)	51,907
At 31 December	3,816,162	3,592,966
Depreciation		
At 1 January	1,317,296	1,081,135
Charge for the year	489,835	316,973
On disposals	(148,163)	(121,127)
Translation differences	(50,208)	40,315
At 31 December	1,608,760	1,317,296
Net book value at 31 December	2,207,402	2,275,670

	2024	2023
	KShs'000	KShs'000
Company		
Cost		
At 1 January	2,799,129	2,025,289
Additions	416,716	895,058
Disposals	-	(121,218)
At 31 December	3,215,845	2,799,129
Depreciation		
At 1 January	1,035,160	871,324
On disposals	-	(121,126)
Charge for the year	368,993	284,962
At 31 December	1,404,153	1,035,160
Net book value at 31 December	1,811,692	1,763,969

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

25. Intangible Assets

(a) Goodwill

The key judgements required in the determination of whether or not a goodwill balance is impaired:

- The level at which goodwill is allocated – consistent with prior periods the Cash Generated Units (CGUs) to which goodwill is allocated are the Group's revenue generating segments that benefit from relevant historical business combinations generating goodwill.
- Determination of the carrying amount of each CGU which includes an allocation, on a reasonable and consistent basis of corporate assets and liabilities that are not directly attributable to the CGUs to which goodwill is allocated.
- Assessment of the recoverable amount of each CGU used to determine whether the carrying amount of goodwill is supported is based on judgements including:
 - selection of the model used to determine the fair value – the Group has used the modified dividend approach to estimate the fair value; and
 - selection of the key assumptions in respect of future maintainable earnings, the P/E multiple applied, including selection of an appropriate comparator group and determination of an appropriate control premium, and costs of disposal as described above.

The assessment of the recoverable amount of each CGU has been made within the context of the prevailing market conditions on both earnings and asset prices and reflects expectations of future events that are believed to be reasonable under the circumstances.

	2024	2023
	KShs'000	KShs'000
(i) Group		
I&M Bank (T) Limited	572,320	671,161
Youjays Insurance Brokers Limited	232,284	232,284
Balance as 31 December	804,604	903,445
(ii) Movement of Goodwill		
At 1 January	903,445	799,365
Exchange differences	(98,841)	104,080
At 31 December	804,604	903,445

The recoverable amounts for I&M Bank (T) Limited has been calculated based on their value in use, determined by discounting the future cash flows expected to be generated from the continuing use of the Cash Generating Unit (CGU). The present value of the recoverable amounts on I&M Bank LIMITED share were KShs 5.623 billion (2023 – KShs 5.623 billion) for I&M Bank (T) Limited. No impairment losses were recognised during 2024 (2023 – Nil), because the recoverable amounts of these CGUs were determined to be higher than their carrying amounts. Applying a pretax discount rate of 23% or 26% on the modified free cash flows, there is no impairment sighted.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

25. Intangible Assets (Continued)

(a) Goodwill (continued)

The key assumptions used in the calculation of value in use were as follows:

	I&M Bank (T) Limited	Youjays Insurance Brokers Limited
	2024	2024
5 Year risk free rate	11.16%	13.21%
Risk premium	10.34%	10.01%
Terminal growth rate	5.00%	4.50%
Discount rate	21.00%	21.00%
Exchange rate	KShs 1 = TZs 18.75	KShs 1 = Kshs 1
	2023	2023
5 year risk free rate	11.16%	11.95%
Risk premium	12.30%	9.49%
Terminal growth rate	4.25%	4.00%
Discount rate	21.00%	21.00%
Exchange rate	KShs 1 = TZs 15.99	KShs 1 = Kshs 1

The discount rate utilised was the risk-free rate on the rate of 5 year government bonds issued by the government in the respective markets and in the same currency as the cash flows.

These cash flows have been projected for 5 years for I&M Bank (T) Limited based on the approved Business plans of the respective units. For I&M Bank (T) Limited the terminal growth rates estimated were 4.30%.

In the opinion of the Directors, there was no impairment of goodwill during the year.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

25. Intangible Assets (Continued)

(b) Computer software

(i) Group

2024:	Computer Software	Other intangible assets	Capitalizable work in progress	Total
	KShs'000	KShs'000	KShs'000	KShs'000
Cost				
At 1 January	5,977,527	45,516	326,842	6,349,885
Additions	204,981	-	527,168	732,149
Reclassification from capital work in progress	453,722	-	(423,849)	29,873
Translation differences	(110,441)	-	(4,639)	(115,080)
At 31 December	6,525,789	45,516	425,522	6,996,827
Amortisation				
At 1 January	3,704,728	11,379	-	3,716,107
Amortisation for the year	842,193	2,276	-	844,469
Translation differences	(88,324)	-	-	(88,324)
At 31 December	4,458,597	13,655	-	4,472,252
Carrying amount at 31 December	2,067,192	31,861	425,522	2,524,575

2023:	Computer Software	Other intangible assets	Capitalizable work in progress	Total
	KShs'000	KShs'000	KShs'000	KShs'000
Cost				
At 1 January	4,874,648	-	333,564	5,208,212
Additions	214,191	-	776,832	991,023
Reclassification from capital work in progress	783,554	-	(783,554)	-
Transferred from investment in subsidiary	-	45,516	-	45,516
Translation differences	105,134	-	-	105,134
At 31 December	5,977,527	45,516	326,842	6,349,885
Amortisation				
At 1 January	2,771,349	-	-	2,771,349
Transferred from investment in subsidiary	-	9,103	-	9,103
Amortisation for the year	856,297	2,276	-	858,573
Translation differences	77,082	-	-	77,082
At 31 December	3,704,728	11,379	-	3,716,107
Carrying amount at 31 December	2,272,799	34,137	326,842	2,633,778

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

25. Intangible Assets (Continued)

(b) Computer software (continued)

(ii) Company

2024:	Computer Software	Capitalizable work in progress	Total
	KShs'000	KShs'000	KShs'000
Cost			
At 1 January	5,290,249	273,337	5,563,586
Additions	129,877	498,676	628,553
Reclassification from capital work in progress	453,722	(453,722)	-
At 31 December	5,873,848	318,291	6,192,139
Amortisation			
At 1 January	3,131,107	-	3,131,107
Amortisation for the year	753,911	-	753,911
At 31 December	3,885,018	-	3,885,018
Carrying amount at 31 December	1,988,830	318,291	2,307,121

2023:	Computer Software	Capitalizable work in progress	Total
	KShs'000	KShs'000	KShs'000
Cost			
At 1 January	4,369,321	280,059	4,649,380
Additions	137,374	776,832	914,206
Reclassification from capital work in progress	783,554	(783,554)	-
At 31 December	5,290,249	273,337	5,563,586
Amortisation			
At 1 January	2,376,964	-	2,376,964
Amortisation for the year	754,143	-	754,143
At 31 December	3,131,107	-	3,131,107
Carrying amount at 31 December	2,159,142	273,337	2,432,479

The Company's computer software with a gross value of KShs 1,359,537,782 (2023 – KShs 1,338,172,622) are fully amortised but still in use. If amortisation had been charged during the year on the cost of these assets at a nominal rate, it would have amounted to KShs 271,907,556 (2023 – KShs 267,634,524).

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

26. Deferred Tax Assets

Deferred tax assets at 31 December 2024 and 31 December 2023 are attributable to the following:

(a) Group

2024:	Balance at 1 January	Prior year adjustment	Recognised in equity	Translation differences	Recognized in profit or loss	Balance at 31 December
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Equipment	125,582	-	-	36	(42,694)	82,924
Right of use asset	26,940	-	-	(3,914)	59,764	82,790
General provisions	2,415,380	-	-	(71,393)	495,969	2,839,956
Impairment allowances	5,011,339	(331,303)	-	(4,389)	1,465,189	6,140,836
Fair value reserves	2,216,373	-	(943,963)	745	(783)	1,272,372
	9,795,614	(331,303)	(943,963)	(78,915)	1,977,445	10,418,878

2023:	Balance at 1 January	Prior year adjustment	Recognised in equity	Translation differences	Recognized in profit or loss	Balance at 31 December
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Equipment	30,977	81,211	-	(4,686)	18,080	125,582
Right of use asset	(30,152)	2	-	3,516	53,574	26,940
General provisions	2,069,329	(33,744)	-	117,730	262,065	2,415,380
Impairment allowances	4,147,985	188	-	-	863,166	5,011,339
Fair value reserves	1,490,830	-	726,406	(863)	-	2,216,373
	7,708,969	47,657	726,406	115,697	1,196,885	9,795,614

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

26. Deferred Tax Assets (Continued)

(b) Company

2024:	Balance at 1 January	Prior year adjustment	Recognised in equity	Recognized in profit or loss	Balance at 31 December
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Equipment	106,015	-	-	(52,921)	53,094
Right of use asset	30,179	-	-	51,829	82,008
General provisions	1,660,022	-	-	476,973	2,136,995
Impairment allowances	4,985,330	(331,303)	-	1,482,772	6,136,799
Fair value reserves	2,223,010	-	(908,219)	-	1,314,791
	9,004,556	(331,303)	(908,219)	1,958,653	9,723,687

2023:	Balance at 1 January	Prior year adjustment	Recognised in equity	Recognized in profit or loss	Balance at 31 December
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Equipment	34,103	81,211	-	(9,299)	106,015
Right of use asset	(19,682)	2	-	49,859	30,179
General provisions	1,457,282	(33,744)	-	236,484	1,660,022
Impairment allowances	4,121,224	188	-	863,918	4,985,330
Fair value reserves	1,496,604	-	726,406	-	2,223,010
	7,089,531	47,657	726,406	1,140,962	9,004,556

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

27. (a) Due From Related Parties

(i) Group

	2024	2023
	KShs'000	KShs'000
I&M Realty Limited	359,688	550,522
I&M Bank (Rwanda) PLC	211,420	1,435,315
I&M Group PLC	14,420	-
I&M Bank (Uganda) Limited	1,002,483	961,646
	1,588,011	2,947,483

(ii) Company

I&M Realty Limited	359,067	549,905
I&M Bank (T) Limited	2,560,384	2,226,105
I&M Bank (Rwanda) PLC	211,420	1,435,315
I&M Group PLC	14,420	-
I&M Bank (Uganda) Limited	1,002,483	961,646
	4,147,774	5,172,971

(b) Due To Related Parties

(i) Group

Giro Limited	990,408	761,345
I&M Group PLC	755,366	2,408,179
I&M Realty Limited	366,823	39,564
Investment & Mortgage Nominees limited	1,325	1,090
I&M Bank (Rwanda) PLC	335,006	407,742
I&M Realty (Tanzania) Limited	13,129	-
I&M Burbidge Capital Limited	2,273	10,153
I&M Capital Limited	8,812	3,941
I&M Bank (Uganda) Limited	59,939	1,067,435
	2,533,081	4,699,449

(ii) Company

Giro Limited	990,408	761,345
I&M Group PLC	755,366	2,408,179
I&M Realty Limited	366,823	39,564
I&M Bank (T) Limited	86,588	227,447
I&M Bank (Rwanda) PLC	201,085	407,742
I&M Bancassurance Intermediary Limited	201,401	160,310
Investment & Mortgage Nominees limited	1,325	1,090
I&M Burbidge Capital Limited	2,273	10,153
I&M Capital Limited	8,812	3,941
I&M Bank (Uganda) Limited	59,939	1,067,435
	2,674,020	5,087,206

The balances mostly relate to deposits and balances held with I&M Bank LIMITED

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

28. Other Assets

	2024	2023
	KShs'000	KShs'000
(a) Group		
Prepayments	890,842	661,651
Other receivables	3,910,414	3,298,205
	4,801,256	3,959,856
(b) Company		
Prepayments	779,522	548,444
Other receivables	3,304,090	2,933,516
	4,083,612	3,481,960

29. Deposits From Banks

	2024	2023
	KShs'000	KShs'000
(a) Group		
Due within 90 days	27,451,723	21,624,168
Due after 90 days	-	5,653
	27,451,723	21,629,821
(b) Company		
Due within 90 days	24,377,799	20,564,865
Due after 90 days	-	5,652
	24,377,799	20,570,517

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

30. Deposits From Customers

		2024	2023
		KShs'000	KShs'000
(a) Group			
Retail customer			
Savings Deposits		4,765,728	5,253,012
Current deposits		81,491,925	83,664,664
Term deposits		147,060,444	147,026,131
		233,318,097	235,943,807
Corporate customer			
Current deposits		45,776,081	41,433,415
Term deposits		53,745,658	63,517,929
Margin deposits		204,130	259,439
		99,725,869	105,210,783
Total		333,043,966	341,154,590

		2024	2023
		KShs'000	KShs'000
(b) Company			
Retail customer			
Savings deposits		1,454,359	998,404
Current deposits		74,656,794	74,924,729
Term deposits		136,939,033	137,719,793
		213,050,186	213,642,926
Corporate customer			
Current deposits		45,776,081	41,433,415
Term deposits		44,816,779	50,750,331
Margin deposits		122,919	168,519
		90,715,779	92,352,265
Total		303,765,965	305,995,191

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

31. Other Liabilities

	2024	2023
	KShs'000	KShs'000
(a) Group		
Accruals	2,574,952	1,909,363
Other accounts payables	1,528,844	1,338,930
Lease liability	2,160,149	2,098,743
Provisions for loan commitments*	437,674	295,822
Bankers cheques payable	121,014	181,613
Derivative liabilities	921,494	-
	7,744,127	5,824,471
(b) Company		
Accruals	2,090,384	1,706,036
Other accounts payables	1,084,871	938,584
Lease liability	1,773,905	1,584,345
Provisions for loan commitments*	430,564	282,789
Bankers cheques payable	103,112	161,083
Derivative liabilities	921,494	-
	6,404,330	4,672,837

*This represents impairment allowance for loan commitments and financial guarantee contracts.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

31. Other Liabilities (Continued)

(c) Lease liability

Below is the analysis of the lease liabilities during the year:

	2024	2023
	KShs'000	KShs'000
Group		
Expected to be settled within 12 months after the year end	73,503	342,498
Expected to be settled more than 12 months after the year end	2,086,646	1,756,245
	2,160,149	2,098,743
Company		
Expected to be settled within 12 months after the year end	-	258,476
Expected to be settled more than 12 months after the year end	1,773,905	1,325,869
	1,773,905	1,584,345

Extension options

Some leases of office premises contain extension options exercisable by the Group up to one year before the end of the non-cancelable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

	2024	2023
	KShs'000	KShs'000
Group		
Payments of principal portion of the lease liability	766,120	361,642
Interest paid on lease liabilities	251,510	145,731
	1,017,630	507,373
Company		
Payments of principal portion of the lease liability	227,156	293,863
Interest paid on lease liabilities	203,675	130,137
	430,831	424,000

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

31. Other Liabilities (Continued)

(c) Lease liability (continued)

Lease liability movement

	2024	2023
	KShs'000	KShs'000
Group		
Balance at 1 January	2,098,743	1,113,700
Additions	494,746	1,335,276
Interest expense	251,510	145,731
Lease payments	(1,017,630)	(507,373)
Translation difference	332,780	11,409
Balance at 31 December	2,160,149	2,098,743
Company		
Balance at 1 January	1,584,345	986,650
Additions	416,716	891,558
Interest expense	203,675	130,137
Lease payments	(430,831)	(424,000)
Balance at 31 December	1,773,905	1,584,345

Amount recognized in profit or loss

	2024	2023
	KShs'000	KShs'000
Group		
Interest on lease liabilities (Note 8)	251,510	145,731
Right to use asset charge for the year (Note 24(b))	489,835	316,973
	741,345	462,704
Company		
Interest on lease liabilities (Note 8)	203,675	130,137
Right to use asset charge for the year (Note 24b)	368,993	284,962
	572,668	415,099

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

32. Long Term Borrowings

	2024	2023
	KShs'000	KShs'000
(a) Group		
Less than one year	1,396	204,921
One to five years	173,346	-
	174,742	204,921

(a) Group

The Group's outstanding long-term borrowings constituted the following in I&M Bank (T) Limited:

The long term borrowing of TZS 3,250 million granted in two tranches of which (i) TZS 1,800 million was granted on 12th August 2022 with an effective rate of 7.5% for tenure of 5 years and (ii) TZS 1,450 million was granted on 30 August 2022 with an effective rate of 7.5% for a tenure of 3 years. The interest on the facility is repayable on a quarterly basis and the principal at maturity. The outstanding balance as at 31st December 2024 was TZS 3.25 billion (2023: TZS 3.25 billion).

	2024	2023
	KShs'000	KShs'000
(b) Company		
Less than one year	-	884,444

Loan movement schedule

	2024	2023
	KShs'000	KShs'000
(i) Group		
At 1 January	204,921	1,563,943
Payments on principal	(2,828)	(1,500,690)
Payments on interest	(13,001)	(104,945)
Interest payable	15,829	41,721
Translation differences	(30,179)	204,892
At 31 December	174,742	204,921
(ii) Company		
At 1 January	-	884,444
Payments on principal	-	(999,286)
Payments on interest	-	(37,125)
Interest payable	-	-
Translation differences	-	151,967
At 31 December	-	-

The fair value of the long-term borrowings are disclosed in Note 6. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that the Directors expect would be available at the year-end date. The repricing of the borrowings is done either quarterly or biannually based on the agreed loan covenant.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

33. Subordinated Debt

	2024	2023
	KShs'000	KShs'000
(a) Group & Company		
Less than one year	3,843,189	388,240
One to five years	6,467,500	12,143,950
	10,310,689	12,532,190

The subordinated debt would in the event of winding up of the respective companies be subordinated to the claims of depositors and all other creditors. The Group has not had any defaults of principal or interest with respect to these debts.

	2024	2023
	KShs'000	KShs'000
Group & Company		
At 1 January	12,532,190	9,800,069
Payments on interest	(665,785)	(624,532)
Interest payable	305,202	388,117
Translation (loss)/gain	(1,860,918)	2,968,536
At 31 December	10,310,689	12,532,190

The Company's subordinated debt constituted the following:

- (i) USD 27,350,000 medium term unsecured subordinated fixed and floating rate notes issued on 14 August 2019 for a tenor of 5 years with redemption on the maturity date.
- (ii) USD 50,000,000 subordinated facility issued on 28 June 2021 for a tenor of 6 years 9 months with redemption in four consecutive approximately equal instalments starting 15 September 2026 and on each interest payment date thereafter until and including 15 March 2028.

The fair value of the subordinated debt are disclosed in Note 6. Fair values, are based on discounted cash flows using a discount rate based upon the borrowing rate that the Directors expect would be available at the year-end date. The repricing of the borrowings is done either quarterly or biannually based on the individual agreed covenant.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

34. Share Capital And Reserves

Share capital

	Group and Company	
	2024	2023
	KShs'000	KShs'000
Authorised, issued and fully paid		
1 January and 31 December - 30,000,000 Ordinary shares of KShs 100 each	3,000,000	3,000,000

All the ordinary shares rank equally with regard to the Company's residual assets, are entitled to dividends from time to time and are entitled to one vote per share at general meetings of the Company.

(a) Major shareholders share capital and share premium

The major shareholders at 31 December 2024 and 2023 were as follows:

	%	Number of shares	Share Capital	Share Premium
			KShs'000	KShs'000
I&M Group PLC	100	30,000,000	3,000,000	5,531,267
At 31 December 2024 and 2023	100	30,000,000	3,000,000	5,531,267

(b) Statutory credit risk reserve

Where impairment losses required by legislation or regulations exceed those computed under IFRS Accounting Standards, the excess is recognised as a statutory reserve and accounted for as an appropriation of retained profits and the reverse for reductions. These reserves are not distributable. This is disclosed in the statement of changes in equity appearing on pages 64 - 67.

(c) Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations (namely I&M Bank (T) Limited - Tanzania) into the functional currency of the parent company. This is disclosed in the statement of changes in equity appearing on pages 64 - 67.

(d) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of FVOCI investments, excluding impairment losses, until the investment is derecognised. This is disclosed in the statement of changes in equity appearing on pages 64 - 67.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

34 Share Capital And Reserves (Continued)

(e) Cash flow hedge reserve

The hedging reserve comprises the effective portion of cumulative net change in fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss. This is disclosed in the statement of changes in equity appearing on pages 64 - 67.

(f) Dividend

The following dividend were declared and paid by the Company. No withholding tax was applied since dividend paid to a resident company with shareholding above 12.5% is exempted from tax.

	2024	2023
	KShs'000	KShs'000
KShs 135 per qualifying ordinary share (2023 – KShs 210)	4,050,000	6,300,000

After reporting date, the following dividends were proposed by the board of Directors. The dividends have not been recognized as liabilities and there no tax consequences.

	2024	2023
	KShs'000	KShs'000
KShs 160 per qualifying ordinary share (2023 - KShs 135)	4,800,000	4,050,000

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

35. Notes To The Statement Of Cash Flows

		2024	2023
	Note	KShs'000	KShs'000
Group			
Profit before income tax		15,355,158	12,566,914
Adjustments for:			
Depreciation on property and equipment	24(a)	832,147	734,571
Depreciation on right of use asset	24(b)	489,835	316,973
Amortisation of intangible asset	25(b)(i)	844,469	858,573
Interest on lease liabilities	8(a)	251,510	145,731
Loss/(profit) on sale of property and equipment		52,747	(57)
Net interest income		(29,479,898)	(22,018,811)
Net income on financial assets at fair value through profit or loss (FVTPL)	10(a)	(72,825)	(875,594)
Effect of exchange rate fluctuations on cash and cash equivalent held		7,008,767	(611,782)
Foreign exchange differences		(2,738,064)	3,906,667
		(7,456,154)	(4,976,815)
(Increase)/decrease in operating assets			
Movement in loans and advances to customers		20,083,710	(56,018,883)
Financial assets at fair value through profit or loss (FVTPL)		720,932	15,218,334
Financial assets measured at fair value through other comprehensive income (FVOCI)		(6,898,124)	(8,009,087)
Financial assets at amortised cost		(31,891,892)	(7,291,594)
Assets held for sale		(199,813)	441,348
Loans and advances to Banks		(2,261,673)	346,889
Cash and balances with Central Banks:			
– Cash Reserve Ratio		(60,635)	(3,755,281)
Due from group companies		1,359,472	(2,165,158)
Other assets		(841,400)	(359,832)
		(19,989,423)	(61,593,264)
Increase/(decrease) in operating liabilities			
Customer deposits		(8,110,624)	83,313,078
Deposits from banks		5,821,902	10,447,107
Due to group companies		(2,166,368)	2,967,007
Other liabilities		2,401,660	(178,689)
		(2,053,430)	96,548,503
Cash flows generated from operating activities		(29,499,007)	29,978,424
Tax paid	14(b)(i)	(3,049,637)	(3,963,303)
Interest on lease liabilities		(251,510)	(145,731)
Interest received		55,858,318	40,640,989
Interest paid on deposits		(26,378,420)	(18,622,178)
Interest paid on long term borrowings and debt capital		(678,786)	(729,477)
Net cash flows generated from operating activities		(3,999,042)	47,158,724

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

35. Notes To The Statement Of Cash Flows (Continued)

		2024	2023
	Note	KShs'000	KShs'000
Company			
Cash flows from operating activities			
Profit before tax		14,114,999	12,084,199
Adjustments for:			
Depreciation on property and equipment	24(a)	779,889	674,986
Depreciation on right of use asset	24(b)	368,993	284,962
Amortisation of intangible asset	25(b)(ii)	753,911	754,143
Interest expense on lease liabilities	8(b)	203,675	130,137
Profit on sale of property and equipment		(1,992)	(57)
Effects of exchange rate changes on cash and cash equivalents		6,510,045	(117,492)
Exchange reserves		(1,860,918)	3,120,503
Net interest income		(25,571,055)	(19,272,388)
Net income on financial assets at fair value through profit or loss (FVTPL)	10(b)	(70,216)	(863,910)
Dividend income	11(b)(ii)	(227,000)	(117,000)
Operating profit before movement in operating assets and liabilities		(4,999,669)	(3,321,917)
Increase/(decrease) in operating assets			
Movement in loans and advances to customers		15,151,340	(47,224,826)
Financial assets at fair value through profit or loss (FVTPL)		1,530,223	15,406,322
Financial assets measured at fair value through other comprehensive income (FVOCI)		(7,039,959)	(8,109,369)
Financial assets at amortised cost		(32,535,262)	(4,222,834)
Assets held of sale		(199,813)	441,348
Loans and advances to Banks		(2,261,673)	346,889
Due from group companies		1,025,197	(4,163,317)
Cash and balances with Central Bank of Kenya:			
– Cash Reserve Ratio		(187,730)	(3,129,410)
Other assets		(601,652)	(143,319)
		(25,119,329)	(50,798,516)
Increase/(decrease) in operating liabilities			
Customer deposits		(2,229,226)	72,188,395
Balances due to group companies		(2,413,186)	3,173,057
Deposits from banks		3,807,282	10,855,026
Other liabilities		806,494	(295,893)
		(28,636)	85,920,585
Cash flows generated from operating activities		(30,147,634)	31,800,152
Tax paid	14(b)(ii)	(2,781,674)	(3,722,343)
Interest on lease liabilities		(203,675)	(130,137)
Interest received on loans and advances		50,167,828	36,437,339
Interest paid on deposits		(24,596,773)	(17,164,951)
Interest paid on long term borrowings and debt capital		(665,785)	(661,657.00)
Net cash flows generated from operating activities		(8,227,713)	46,558,403

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

35. Notes To The Statement Of Cash Flows (Continued)

Analysis of cash and cash equivalents

Group

	Note	2024	2023	Change
		KShs'000	KShs'000	KShs'000
Cash and balances with central banks – excluding CRR	17(a)	9,214,128	9,386,994	(172,866)
Items in the course of collection	18(a)	667,196	343,983	323,213
Loans and advance to banks	19(a)	26,793,276	44,340,965	(17,547,689)
		36,674,600	54,071,942	(17,397,342)

Company

		2024	2023	Change
	Note	KShs'000	KShs'000	KShs'000
		a	b	c=(a – b)
Cash and balances with Central Bank of Kenya – excluding CRR	17(b)	6,435,279	8,110,750	(1,675,471)
Items in the process of collection	18(b)	669,433	316,197	353,236
Loans and advances to banks	19(b)	23,211,942	41,859,511	(18,647,569)
		30,316,654	50,286,458	(19,969,804)

36. Off Balance Sheet Contingencies And Commitments

(a) Legal proceedings

There were a number of legal proceedings outstanding against the Group at 31 December 2024. No provision has been made as professional advice and management view indicates that it is unlikely that any significant loss will arise.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

36. Off Balance Sheet Contingencies And Commitments (Continued)

(b) Contractual off-balance sheet financial liabilities (continued)

In the ordinary course of business, the Group conducts business involving guarantees, acceptances and letters of credit. These facilities are offset by corresponding obligations of third parties. At the year end, the contingencies were as follows:

	2024	2023
	KShs'000	KShs'000
Group		
Contingencies related to:		
Letters of credit	63,003,570	40,889,019
Guarantees	20,363,908	22,281,947
Other credit commitments	29,634,776	22,755,748
	113,002,254	121,214,587
Commitments related to:		
Outstanding spot/forward contracts	65,427,081	50,337,467
	178,429,335	171,552,054
Company		
Contingencies related to:		
Letters of credit	61,780,416	68,553,009
Guarantees	18,165,282	21,027,490
Other credit commitments	26,337,886	25,171,255
	106,283,584	114,751,754
Commitments related to:		
Outstanding spot/forward contracts	65,427,081	50,337,467
	171,710,665	165,089,221

Guarantees are generally written by a bank to support performance by a customer to third parties. The Bank will only be required to meet these obligations in the event of the customer's default.

Letters of credit commit the Bank to make payment to third parties, on production of documents, which are subsequently reimbursed by customers.

An *acceptance* is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented and reimbursement by the customer is almost immediate.

Forward contracts are arrangements to buy or sell a specified quantity of foreign currency, usually on a specified future date at an agreed rate.

The fair values of the respective currency forwards are carried on the face of the balance sheet.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

37. Contingent Liabilities

There are no contingent liabilities against the company arising from normal course of business that have been lodged.

38. Assets Pledged As Security

The below are government securities held under lien in favour of the Central Banks.

	2024	2023
	KShs'000	KShs'000
Company and Group		
Intraday Liquidity Facility	6,815,789	6,815,789

39. Related Party Transactions

In the normal course of business, the Group enters into transactions with related parties. All the loans and advances and deposits are issued or received from the related parties at market interest rates. There were no provisions held towards impairment of any of the advances to related parties. Related parties within this group are I&M Bank LIMITED, I&M Bank T Limited, and I&M Bancassurance Intermediary Limited.

	2024	2023
	KShs'000	KShs'000
(a) Transactions with directors/shareholders		
(i) Loans to directors/shareholders	21,987	21,146
Interest Income from loans to directors/shareholders	1,158	930
(ii) Deposits from directors/shareholders	495,138	2,760,985
Interest expense on deposits from directors/shareholders	39,411	158,640
(b) Transactions with related companies		
(i) Loans to related companies (virtue of common directorship)	1,282,436	2,236,455
Interest income from loans to related companies	368,160	256,718
(ii) Deposits from related companies (virtue of common directorship)	174,776	690,996
Interest expense on deposits from related companies	15,847	9,072
(iii) Amounts due from group companies subsidiaries	97,799	106,576
Interest income on amounts due from subsidiaries	-	-
(iv) Amounts due to group companies subsidiaries	2,674,020	5,087,080
Interest expense on amounts due from subsidiaries	-	-
(v) Preference shares in I&M Realty Limited (sister company)	3,339,048	3,800,000
(vii) Preference shares Giro Limited (sister company)	540,000	540,000
(c) Transactions with employees		
Staff loans	3,342,761	2,694,892
Interest earned on these loans was KShs	167,853	146,804

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

39. Related Party Transactions (Continued)

	2024	2023
	KShs'000	KShs'000
(d) Management fees received	184,688	10,288
(e) Management compensation (Short term benefits)	243,642	298,940

In the normal course of business, the Company enters into transactions with related parties/sister companies (Note 27). All the loans and advances and deposits are issued or received from the related parties at market interest rates. There were no provisions held towards impairment of any of the advances to related parties.

Loans to staff and senior management are at preferential rates for both secured and unsecured facilities while loans and deposit to directors and related companies are at market rates. Loan and deposits tenure varies based on agreed terms as at time of contracting.

40. Capital Commitments

	2024	2023
	KShs'000	KShs'000
Group	2,584,106	2,406,152
Company	2,051,347	1,634,544

These are capital commitments on leasehold improvements and digitisation initiatives being adopted by the Group.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

41. Current/Non-Current Distinction

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled.

	2024			
	Within 12 Months		After 12 months	
	GROUP	BANK	GROUP	BANK
	KShs '000	KShs '000	KShs '000	KShs '000
ASSETS				
Cash and balances with central banks	24,011,805	19,396,678	-	-
Items in the course of collection	669,433	669,433	-	-
Financial assets at fair value through profit or loss (FVTPL)	-	-	90,078	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	14,380,311	14,661,651	51,719,185	51,235,449
Other financial assets at amortised cost	44,078,281	39,667,470	24,221,085	19,746,463
Loans and advances to banks	28,904,840	25,474,262	150,756	-
Loans and advances to customers	229,223,442	215,128,177	10,066,881	959,199
Assets held for sale	-	-	507,314	507,314
Due from group companies	1,588,011	4,147,774	-	-
Tax receivable	131,300	-	-	-
Investment in subsidiaries	-	-	-	3,882,712
Other assets	4,801,256	4,083,612	-	-
Property and equipment	-	-	1,815,188	1,470,680
Right-of-use assets	-	-	2,207,402	1,811,692
Intangible assets - goodwill	-	-	804,604	-
Intangible assets - others	-	-	2,524,575	2,307,121
Deferred tax asset	-	-	10,418,878	9,723,687
TOTAL ASSETS	347,788,679	323,229,057	104,525,946	91,644,317
LIABILITIES				
Deposits from banks	27,451,723	24,377,799	-	-
Items in the course of collection	2,237	-	-	-
Deposits from customers	322,395,241	303,210,480	10,648,725	555,485
Deferred tax liability	-	-	-	-
Due to group companies	-	2,674,020	2,533,081	-
Tax payable	1,133,802	1,118,973	-	-
Other liabilities	1,017,383	6,404,330	6,726,744	-
Long term debt	1,396	-	173,346	-
Subordinated debt	10,310,689	10,310,689	-	-
	362,312,471	348,096,291	20,081,896	555,485
Net	(14,523,792)	(24,867,234)	84,444,050	91,088,832

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

41. Current/Non-Current Distinction (Continued)

	2023			
	Within 12 Months		After 12 months	
	GROUP	BANK	GROUP	BANK
	KShs '000	KShs '000	KShs '000	KShs '000
ASSETS				
Cash and balances with central banks	24,124,036	20,884,419	-	-
Items in the course of collection	343,983	316,197	-	-
Financial assets at fair value through profit or loss (FVTPL)	538,512	538,513	199,673	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	4,718,910	4,718,909	51,291,269	50,991,688
Other financial assets at amortised cost	9,718,242	5,385,576	26,689,232	21,493,095
Loans and advances to banks	44,341,612	41,860,158	-	-
Loans and advances to customers	245,359,053	230,279,517	14,014,980	959,199
Assets held for sale	307,501	307,501	-	-
Due from group companies	2,947,483	5,172,971	-	-
Tax receivable	-	-	605,555	444,373
Investment in subsidiaries	-	-	-	3,882,712
Other assets	4,083,612	3,481,960	(123,756)	-
Property and equipment	-	-	1,939,145	1,695,240
Right-of-use assets	-	-	2,275,670	1,763,969
Intangible assets - goodwill	-	-	903,445	2,432,479
Intangible assets - others	-	-	2,633,778	-
Deferred tax asset	-	-	9,795,614	9,004,556
TOTAL ASSETS	336,482,944	312,945,721	110,224,605	92,667,311
LIABILITIES				
Deposits from banks	21,629,821	20,570,517	-	-
Items in the course of collection	-	-	-	-
Deposits from customers	323,366,931	301,032,915	17,787,659	4,962,276
Deferred tax liability	-	-	-	-
Due to group companies	4,699,449	5,087,206	-	-
Tax payable	-	-	-	-
Other liabilities	5,824,471	4,672,837	-	-
Long term debt	-	-	204,921	-
Subordinated debt	12,532,190	12,532,190	-	-
	368,052,862	343,895,665	17,992,580	4,962,276
Net	(31,569,918)	(30,949,944)	92,232,025	87,705,035

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

42. Hedge Accounting

Cash flow hedge of interest rate risk and foreign currency debt securities issued

The Group uses interest rate swaps to hedge the interest rate risks in respect of the benchmark interest rate (mainly SOFR) from its issuance of floating-rate notes denominated in foreign currencies. The Group hedges interest rate risk to the extent of benchmark interest rate exposure on its floating-rate notes to mitigate variability in its cash flows. Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria.

The Group's approach to managing market risk, including interest rate risk and foreign currency risk, is discussed in Note 4. The Group's exposure to market risk is disclosed in Note 4C. The Group determines the amount of the exposure to which it applies hedge accounting by assessing the potential impact of changes in interest rates on the future cash flows from its issuance of floating-rate notes denominated in foreign currencies. This assessment is performed using analytical techniques, such as cash flow sensitivity analysis.

The Group determines whether an economic relationship exists between the cash flows of the hedged item and hedging instrument based on an evaluation of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Group considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Group evaluates whether the cash flows of the hedged item and the hedging instrument respond similarly to the hedged risk, such as the benchmark interest rate. The Group further supports this qualitative assessment by using regression analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the present value of the hedged item.

The Group assesses hedge effectiveness under the hypothetical derivative method, which creates a derivative instrument to serve as a proxy for the hedged transaction. The terms of the hypothetical derivative match the critical terms of the hedged item, and it has a fair value of zero at inception. The hypothetical derivative and the actual derivative are regressed to establish the statistical significance of the hedging relationship. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been highly effective in offsetting changes in cash flows of the hedged item (prospectively and retrospectively) using this regression analysis.

Under the Group's policy, in order to conclude that the hedging relationship is effective, all of the following criteria should be met.

In this hedging relationship, the main sources of effectiveness is the differences in maturity or timing of cash flows of the swap and the subordinated debt.

At 31 December 2024, the Group held the following instruments to hedge exposures to changes in interest rates and foreign currency.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

42. Hedge Accounting (Continued)

Cash flow hedge of interest rate risk and foreign currency debt securities issued (continued)

	Maturity 2024			Total
	Less than 1 year	1-5 Year	More than 5 years	
	KShs'000	KShs'000	KShs'000	KShs'000
Interest rate risk				
Interest Rate Swap				
Nominal amount	-	6,467,500	-	6,467,500
Average fixed interest rate		2.44%		

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

42. Hedge Accounting (Continued)

Cash flow hedge of interest rate risk and foreign currency debt securities issued (continued)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness at 31 December 2024.

		2024					Amount reclassified from hedge reserve to Statement of income
		Carrying value of hedging instrument	Line item in the statement of Financial Position where the hedging instruments is included	Changes in fair value used for calculating hedge ineffectiveness	Changes in fair value instrument recognized in OCI	Hedge ineffectiveness recognized in profit and loss	
		Nominal Amount					
		KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	
Interest rate risk							
Interest Rate Swap		6,467,500	299,483	Other assets	-	(119,147)	-

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

42. Hedge Accounting (Continued)

Cash flow hedge of interest rate risk and foreign currency debt securities issued (continued)

The amounts relating to items designated as hedge items at 31 December 2024 as follows

		2024		
	Line item in the statement of Financial position where the hedging instruments is included	Changes in fair value used for calculating hedge ineffectiveness	Cash flow hedge reserve	Balance remaining in the cashflow hedge reserve from hedging relationships for which hedge accounting is no longer applied
Interest rate risk				
USD Floating Rate	Subordinated debt	-	(119,147	-

43. Other Disclosures

(a) Operational risk

The overall responsibility of managing operational risks - the risk arising from failed or inadequate internal processes, people, systems and external events - is vested with the Board of Directors. The Board through the Board Risk Committee, issues policies that guide management on appropriate practices of operational risk mitigation.

An independent Risk Manager assures the Board Risk Committee of the implementation of the said policies.

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

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

The entire operational risk management framework is subjected to periodic independent audits (internal) in order for the bank to obtain an independent opinion on the effectiveness and efficiency of the framework. Further, the findings of the Internal Audit department are reviewed by the Board Audit Committee and recommendations made implemented in line with the agreed timeframe.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

43. Other Disclosures (Continued)

(a) Compliance and regulatory risk

Compliance and regulatory risk includes the risk of bearing the consequences of non-compliance with regulatory requirements. The compliance function is responsible for establishing and maintaining an appropriate framework of Group compliance policies and procedures. Compliance with such policies and procedures is the responsibility of all managers.

(b) Environmental and social risks

Environmental and social risks are the risks that the Group could bear the consequences of socio-environmental fall-out of transactions. Such risks could arise from failure of the bank to assess the impacts of activities (of both the group and its clients) which could harm the environment or have negative social impact.

The Group is aware that it has a responsibility to ensure that its internal practice and its lending activities do not have negative environmental and social impacts and is thus committed to ensure that such risks are sufficiently managed through its environmental and social management policy and by adopting the country's labour and environmental laws. The Group also adheres to international best practice (IFC performance standards and ILO standards as ratified by the Kenya Government).

An environmental and social management system is being put in place to ensure due diligence and monitoring of the environmental and social risk is done efficiently. Compliance to these laws is monitored by the compliance function.

The Directors are responsible for selection and disclosure of the Bank's critical accounting policies and estimates and the application of these policies and estimates.

(c) Climate-related risks

The Group is acutely aware of the substantial impacts climate change can have on both the financial and non-financial aspects of our operations, strategic decisions, and planning. In response, we are purposefully aligning our efforts with both national and international climate goals, such as the Paris Agreement and Nationally Determined Contributions (NDC), across the regions where we operate.

With sustainability as a central focus, we are committed to implementing recommendations from the IFRS S2 on climate related risk management, while also staying responsive to evolving standards and frameworks, such as the Taskforce on Nature-related Financial Disclosures (TNFD).

Our governance of climate-related risks and opportunities is seamlessly integrated within the Group's enterprise risk management framework. This integration allows us to manage climate risks not only as standalone issues but also in their intersections with conventional risks. Through these efforts, we have developed comprehensive strategic objectives that incorporate climate risk considerations into decision-making processes across all business operations.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

43. Other Disclosures (Continued)

(c) Climate-related risks

The Board of Directors plays a pivotal role in overseeing the implementation of our climate risk project for 2023/2024, underscoring our firm commitment to integrating climate-related risks and opportunities into the Group's business strategies. This commitment is evidenced by both Board oversight and management responsibility, ensuring proactive measures are in place to mitigate and adapt to the impacts of climate change across our value chain. Constant monitoring and performance assessment against climate-related targets further demonstrate our dedication to this cause.

(d) Environmental, Social and Governance (ESG) Principles

The Group is committed to a profound understanding and active management of Environmental, Social, and Governance (ESG) risks and opportunities. This commitment stems from its recognition of the significant impact that nature, climate change, social inequalities, and environmental degradation have on its operations and the broader community. We see these factors not only as potential threats to business resilience but also as challenges to its capability to support and invest in vulnerable sectors. This has led the Group to underscore the critical importance of sustainable business practices, emphasizing environmental stewardship, social responsibility, and ethical governance as core elements of its operational and strategic blueprint.

The integration of ESG and climate considerations into the enterprise risk management framework marks a significant step in reinforcing our dedication to cultivating a risk-aware culture. This is achieved through several key initiatives:

- Establishing a robust governance structure to oversee ESG risks and opportunities, ensuring accountability across our four lines of defense model.
- Formulating and refining guidelines to adeptly identify, assess, measure, and monitor ESG risks within the Group.
- Defining essential ESG risk metrics, alongside Key Performance Indicators (KPIs) and Key Risk Indicators (KRIs), to ensure comprehensive risk monitoring and value enhancement.
- Enhancing the existing ESG risk assessment processes across our value chain, ensuring a deep integration of ESG considerations.
- Promoting an ESG-aware culture throughout the Group through targeted training and awareness initiatives.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

43. Other Disclosures (Continued)

(d) Environmental, Social and Governance (ESG) Principles (continued)

Our strategic approach to mapping out and addressing ESG risks and opportunities is designed to support sustainable business practices fundamentally. This approach is aligned with our ambitious goal to positively impact 10 million lives from 2024 to 2026. At the heart of this goal is our commitment to providing financial products and services that bolster green investments, specifically focusing on renewable energy, energy efficiency, e-mobility, and agriculture, among other sectors.

Moreover, we are actively expanding our range of lending products, specifically tailored to address the needs of socially and demographically diverse groups, thereby enhancing financial inclusion for underserved communities.

A tangible manifestation of this commitment is the strategic expansion of I&M Bank Kenya's branch network, designed to improve accessibility to our banking services.

As we scale our operations, our focus is broadening to include the optimization of sustainable operations through careful resource management, the adoption of sustainable procurement practices, and the empowerment of communities via the I&M Foundation and CSR initiatives across our subsidiaries. To ensure positive environmental and social outcomes, we are investing in ongoing training programs to boost our staff's ability to effectively manage both emerging and existing ESG and climate-related risks and opportunities.

We adopt a collaborative approach to ESG and climate risk management, recognizing our collective responsibility towards social inclusivity and environmental sensitivity in every facet of our business operations.

This collaborative stance is geared towards fostering information sharing, ensuring balanced and uniform reporting, and delivering tangible outcomes that contribute to sustainable development. Central to our strategy is the adherence to international standards and guidelines, including the UN Global Compact, IFC performance standards, ILO labor conventions, and established sustainability and climate risk reporting guidelines, such as the IFRS SI & S2. Moreover, our ESG and climate risk management objectives are in line with the Nationally Determined Contributions (NDCs) specific to our operational markets, the Paris Agreement, and other relevant national and international policy frameworks.

Notes To The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2024

43. Other Disclosures (Continued)

(d) Environmental, Social and Governance (ESG) Principles (continued)

Sustainable Finance Practices

The Group recognizes sustainable lending practices as a cornerstone of our day-to-day operations. This recognition is evidenced by the integration of an Environmental and Social (E&S) risk management system into the credit appraisal process. Such integration ensures that E&S risks are systematically evaluated alongside other risks before any credit facility disbursement, heightening customer awareness of our E&S standards. This heightened awareness has led to improved E&S performance in our operations, aligning with regulations and strengthening our relationships with customers. We are committed to assisting our customers in addressing non-conformities and promoting the adoption of best industry practices.

The incorporation of E&S risk and opportunity management has spurred business growth, allowing us to develop customized products and services centered on positive social and environmental outcomes. Our sustainable finance initiatives include providing facilities to support the installation of Effluent Treatment Plants for water treatment and recycling, as well as facilitating solar-related energy infrastructure to ensure energy efficiency. This symbiotic relationship has fostered mutual business growth and enhanced environmental and social practices, contributing to the protection of natural resources, the utilization of renewable energy sources, and the reduction of our overall environmental footprint and operational costs.

44. Events After Reporting Date

There are no material events or circumstances that have arisen between the reporting date and the date of this report.



Milele Rewards

Kenya's BEST Card Loyalty Program

Earn up to 2%
On your spend!

Redeem For
Flights & Hotels
Shopping & Cashback

100% Pay-Out
1 point = KES 1

Get your card today



i&M Bank is regulated by the Central Bank of Kenya | T&Cs Apply

On Your Side