I&M | Group

A Golden Legacy

24

Integrated Report & Financial Statements 2024

Contents

Abbreviations

AGM	Annual General Meeting
ALM	Assets Liabilities Management
AML	Anti Money Laundering
BAC	Board Audit Committee
BARMC	Board Audit and Risk Management Committee
BCC	Board Credit Committee
BCP	Business Continuity Plan
BII	British International Investment
BITC	Board Information Technology Committee
BNRC	Board Nominations and Remuneration Committee
BNRGC	Board Nomination, Remuneration and Governance Committee
BPC	Board Procurement Committee
BRC	Board Risk Committee
BSC	Board Sustainability Committee
BSIC	Board Strategy & Investment Committee
BSSC	Board Strategy Steering Committee
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
CIA	Certified Internal Auditor
CMA	Capital Markets Authority
CPF	Counter Proliferation Financing
CRMC	Credit Risk Management Committee
CSR	Corporate Social Responsibility
CTF	Counter-Terrorist Financing
DRP	Disaster Recovery Plans
EAGH	East Africa Growth Holding
ED	Executive Director
ERMF	Enterprise Risk Management Framework
ESDD	Environmental and Social Due Diligence
E&S	Environmental and Social
ESG	Environment, Social, Governance
ESMS	Environmental and Social Management System
EXCO	Executive Committee
FCPA(K)	Fellow of the Certified Public Accountants
GALCO	Group Asset Liabilities Committee
GED	Group Executive Director
GEXCO	Group Executive Committee
GCMC	Group Credit Management Committee
GDP	Gross Domestic Product
GIAS	Global Internal Audit Standards
GRMC	Group Risk Management Committee
GROUP	I&M Group PLC and its subsidiaries and joint venture
HRC	Human Resources Committee
ICS-K	Institute of Certified Secretaries of Kenya
ICT	Information and Communication Technology
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
ISSB	International Sustainability Standards Board
IMBIL	I&M Bancassurance Intermediary Limited
IMGP	I&M Group PLC (Formerly I&M Holdings PLC)
ITSC	IT Steering Committee
Kshs	Kenya Shillings
KPI	Key Performance Indicators
L&D	Learning & Development
MANCO	Management Committee
MT	Management Trainees
NOHC	Non-Operating Holding Company
NPL	Non-Performing Loans
NSE	Nairobi Securities Exchange
POLD	Public Offers, Listings and Disclosures
RCEO	Regional Chief Executive Officer
RISKCO	Risk & Compliance Management Committee
SDGs	Sustainable Development Goals
SEZ	Special Economic Zone
USSD	Unstructured Supplementary Service Data

Welcome to the I&M Group PLC's Annual Integrated Report and Financial Statements. This report covers the Group's business, strategy, and performance for the financial year ended 31st December 2024. Its primary purpose is to explain how, over time, the Group continues to create value and contribute to the long-term well-being and prosperity of its stakeholders.

Reporting Scope and Boundary

This report provides material information about the financial, economic, social and environmental performance of the Group for the period 1st January 2024 to 31st December 2024. It provides insights into:

- Governance, including the Group's approach to risk
- Business model, Strategy and Value Creation
- Financial performance

Performance

Where applicable and relevant, any notable or material events after the financial reporting period and up until the approval of this Integrated Report are also included.

This report focuses on the Group's performance including its operating subsidiaries and joint venture. However, the report has a greater focus on I&M Bank Kenya, which represents over 72% of the Group's asset value.

The integrated reporting process and the content of this report are guided by the principles and requirements of the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC), as well as the International Financial Reporting Standards (IFRS).

As a non-operating holding company listed on the NSE and licensed and regulated by the CBK and CMA, the Company complies with the NSE and CMA Listing Requirements, the Kenya Companies Act of 2015, Corporate Governance Guidelines and Codes of Conduct prescribed by the CBK and to The Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 issued by CMA.

Materiality

The Group applies integrated thinking and a practical approach to defining material matters, the result of which informs its strategic activities. This report focuses on the issues, opportunities and challenges that could materially impact the Group and its ability to consistently deliver value to its stakeholders in a sustainable manner. The principle of materiality was applied in assessing which information to include in this Integrated Report.

Forward looking statements

This integrated report contains forward-looking statements regarding various targets, projections, forecasts, and other aspects of the Group's medium-term business plan. Such forward-looking statements are based on forecasts at the time this integrated report was prepared and include certain assumptions and judgements. Actual results may differ, in some cases materially, from the forecasts due to changes in various conditions.

Assurance

Contents of this report have undergone reviews by management, with the Board and Board committees providing an oversight role to ensure its accuracy.

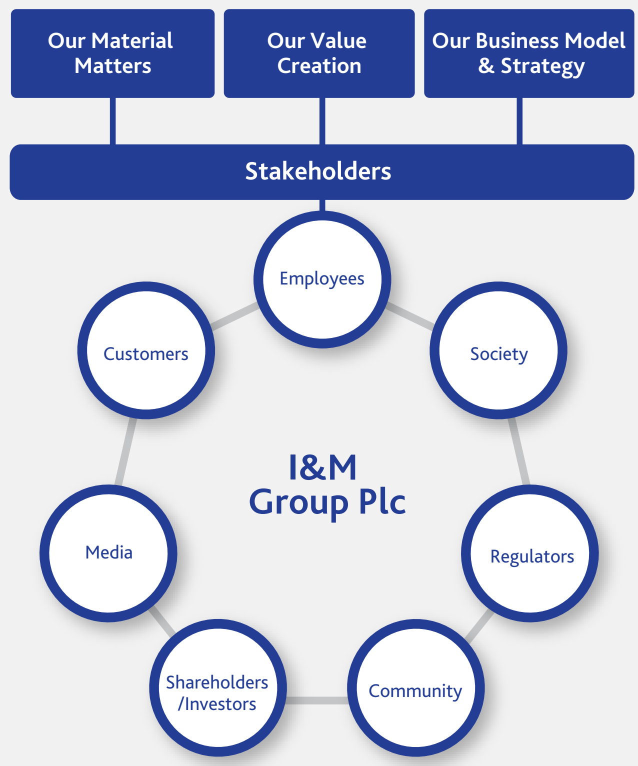
To enhance the integrity of the report, the financial statements were audited by KPMG, the Group's independent auditor, who have expressed an unqualified opinion for the period year ended 31 December 2024 as set out in their independent statement on page 126 to 132 of this report.

We appreciate your feedback

If you would like to know more about the I&M Group, please visit our website at www.imbankgroup.com

We welcome any feedback stakeholders may have on this report. Kindly email us at investor-relations@imgroup-plc.com

Our Integrated Reporting Boundary



Who We Are

Our Brand Promise
On your side

Our Purpose
Empowering your prosperity

Our Core Values
Courage • Innovation
Integrity • Respect • Trust

Our Behaviors
Agile • Candid • Collaborative
Data-Driven • Empowered
Risk Intelligent

	Customers	Branches	ATM's	Staff
Kenya	480,230	60	68	1,836
Uganda	77,335	12	14	306
Tanzania	20,607	8	10	197
Rwanda	100,014	20	41	485
Mauritius	49,009	7	10	422

>727k Customers

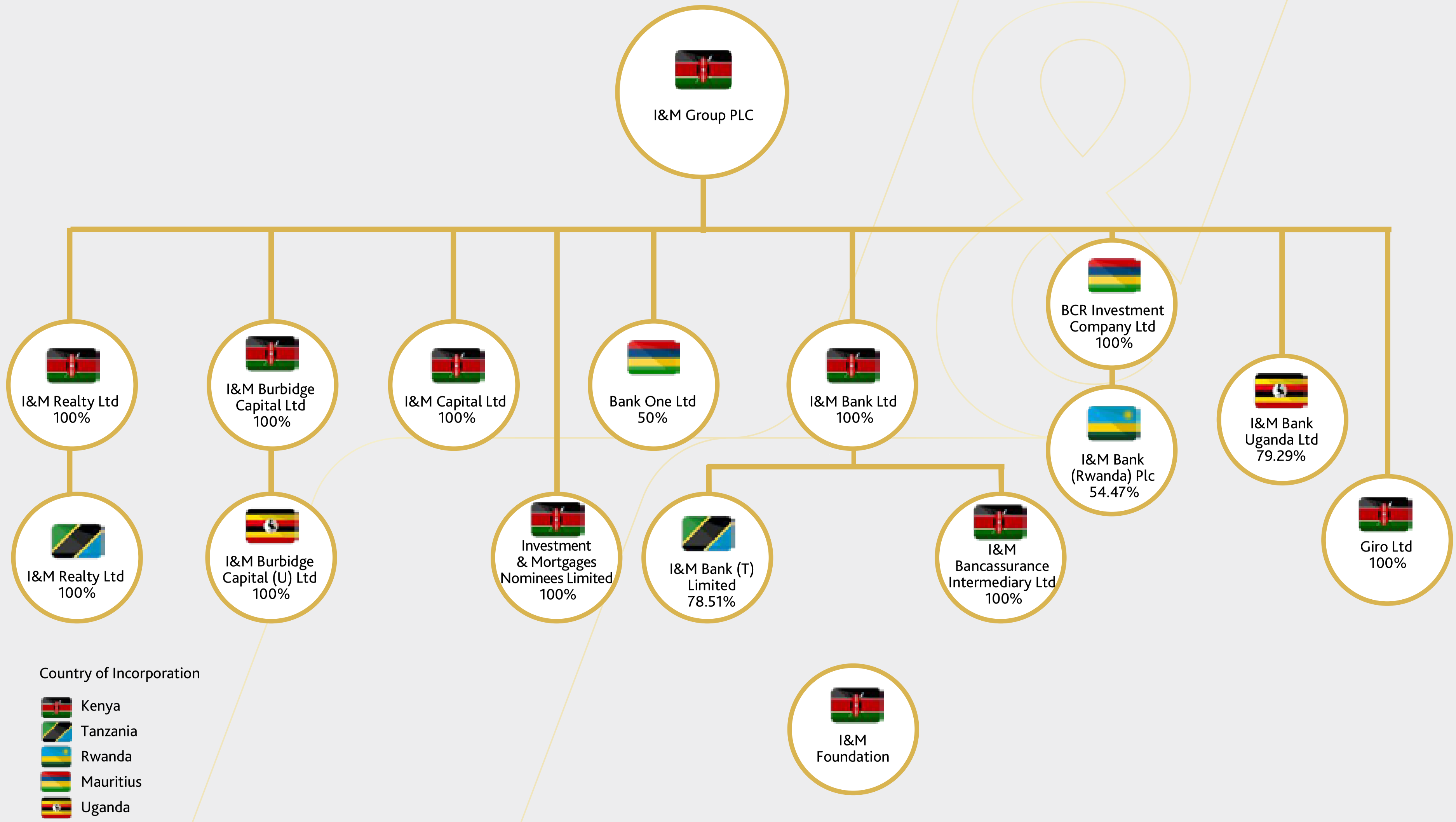
107 Branches

143 ATMs

Over 3k Staff

>Over 5.3k Shareholders

Group Structure



I&M Group Plc is listed on the Nairobi Securities Exchange (NSE) and
I&M Bank (Rwanda) Plc is listed on the Rwanda Stock Exchange Limited (RSE)

Key Milestones

1974
I&M Incorporated.

1996
I&M Licensed as a Commercial Bank.

2002
I&M Acquired Biashara Bank of Kenya.

2008
Acquisition of 50% shares in Bank One Limited Mauritius (Formerly known as First City Bank Ltd).

2010
Acquisition of 55% stake in I&M Bank (T) Limited (Formerly known as CF Union Bank Ltd).

2012
Acquisition of 55% effective shareholding of I&M Bank (Rwanda) PLC, (Formerly BCR, Rwanda).

2013
Set up of I&M Holdings as a non-operating holding company, listed on the NSE

Additional Tier II capital raise.

2014
Formation of I&M Insurance Agency Limited, I&M Realty Limited is formed.

2015
I&M Bank ventured into Agency Banking.

2016
Acquired 65% shares in I&M Burbidge Capital Limited CDC Group w becomes a significant shareholder of I&M Holdings.

2017
Acquired Giro Commercial Bank Limited.

2018
I&M Insurance Agency Limited acquired Youjays Insurance Brokers Limited.

2019
I&M recognized as Tier 1 Bank.

2021
Acquisition of I&M Uganda (formerly Orient Bank Uganda Ltd), Launch of I&M Capital Ltd.

2022
Acquisition of the remaining 35% stake in I&M Burbidge Capital.

2023
Disinvestment in I&M Bank Uganda (The Group reduced its ownership from the initial 90%)

2024
Formation of I&M Realty (Tanzania) Ltd (Incorporation of Subsidiary of I&M Realty Kenya).

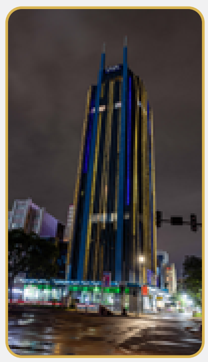
I&M Bank turns 50-Year-Old.

I&M at 50: Celebrating A Golden Legacy

In 2024, I&M Bank marked its Golden Jubilee, celebrating 50 years of excellence since the incorporation of Investments & Mortgages in 1974. Coinciding with this milestone was the 80th birthday of our Founder and Chairman Emeritus, Mr. S.B.R. Shah, making this dual celebration a historic and heartfelt occasion. On 8th June 2024, at the symbolic Uhuru Gardens in Nairobi where S.B.R. Shah had witnessed the Union Jack come down and the Kenyan flag go up at independence as a teenager, the Nairobi I&M at 50: A Golden Legacy Gala was a spectacular showcase of innovation and elegance. Similar customer events were held in Kampala (Uganda), Kigali (Rwanda), Dar-Es-Salaam, Arusha and Mwanza (Tanzania) and Mombasa (Kenya). In Nairobi, we also had a media engagement breakfast, regulator's cocktail and A Golden Legacy themed end of year staff party.

The I&M at 50: A Golden Legacy stakeholder engagement events were more than a celebration; they were a catalyst for relationships and business growth. They showcased I&M Group's commitment to deepening ties with our customers and staff. Additionally, by engaging local suppliers and talent, we contributed to the financial growth of small businesses. The events stand as a gold standard for corporate celebrations, blending heritage, innovation and emotional resonance.

Kenya



Kenya

Kenya

Rwanda

Tanzania




Uganda


Our Governance

Oliver Fowler

Independent Chairman
Appointed on 13th June 2023

Our Governance
Our Business
Our Financials

Chairman's Statement

> "In 2024, the Group impacted over 6.3 million lives through financial inclusion and impact oriented initiatives."

It gives me immense joy and pride to present our Integrated Report and Audited Financial Statements for the financial year 2024, a milestone year in which I&M Bank celebrated 50 years of existence.

In this Golden legacy year, the Group calibrated its expansion initiatives, setting the foundation for future growth, and lived up to its reputation, delivering strong operating efficiency and growth in profitability.

The strong foundation, steadfast integrity of the Group's leadership, and demonstration of strong values in interactions with all stakeholders position the Group strongly to deliver the envisioned growth.

The Golden Legacy celebrations featured a series of activities and events tailored to different stakeholder groups. Our banking subsidiaries organized an array of 50th anniversary-themed customer promotions across various markets to appreciate and celebrate our customers. The media fraternity was engaged through a media engagement event where the Group highlighted its milestones over the past 50 years while providing a glance into the next 50. The Group also held an engagement with the regulators aimed at building stronger relations and partnerships for growth. At the same time, the investor community benefited from a deep dive into the Group's refreshed strategy, iMara 3.0 providing insights on the Group's outlook during a half-day investor day. Throughout the year, our employees exemplified the PAMOJA spirit of collaboration and resilience in driving the strategy. As a token of appreciation for their contributions, all staff across the region marked the end of the year with I&M@50 celebrations. These festivities culminated in a grand gala event in Nairobi, attended by customers, the Group leadership team, and employees from the earlier years, honoring the legacy of the organization.

In 2024, we also hosted a physical Annual General Meeting, the first since the onset of the COVID-19 pandemic, further deepening our engagement with our shareholders. In addition, in November 2024, the Group declared an interim dividend of Kshs 1.30 to celebrate and appreciate the ongoing support of our shareholders.

The Golden Legacy celebrations also underscored our commitment to community welfare and environmental sustainability. This included a partnership with the Kenya Forest Service to rehabilitate the Ngong Road Forest Sanctuary Block, an initiative aimed at increasing forest cover and promoting eco-tourism.

Operating Environment

The operating environment in 2024 was one where the Sub-Saharan Africa region's growth narrative balanced between challenges and transformation. Economic stability faced challenges from rising interest rates, exchange rate volatility, and subdued commodity prices, resulting in fluctuating revenue streams for countries dependent on oil, minerals, and agricultural exports, as well as climate change events.

Despite these challenges, growth remained steady. Robust investments in energy, infrastructure, and technology continue to shape a brighter future for the continent. The IMF has projected regional GDP growth in 2024 to slightly outperform 2023, highlighting Africa's capacity to recover and adapt as countries prioritise inclusive governance, economic diversification, and regional cooperation.

While the external environment remained uncertain, our team at I&M Group proved to be a dependable and future-ready partner for all its stakeholders.

Performance

In its first year, the Group's iMara 3.0 strategy delivered good results an indication of how our business objectives, culture and purpose all came together.

Dividend payout

32%

Kshs 3.00

dividend per share

The performance enabled the Group to declare an interim dividend of Kshs 1.30 per share in November 2024. The Board is recommending a further final dividend of Kshs 1.70 per share, resulting in a total dividend payout of Kshs 3.00 per share, reflecting a payout of 32%.

Our Approach to Sustainability

I&M acknowledges its responsibility towards 'People' and 'Planet' and its role in creating a positive impact with an overarching aspiration to positively impact 50 million lives by 2030 and remains committed to this journey towards mitigating direct social and environmental risks while managing indirect impacts.

The Group's sustainability agenda has, therefore, been embedded within the iMara 3.0 strategy, cementing our commitment to supporting the transition towards sustainable economies. Our impact will be delivered through 3 key pillars:

- Enabling last-mile financial solutions,
- Building sustainable businesses with a focus on resource efficiency, sustainable procurement practices, people diversity and inclusion, and
- Enhancing the quality of life for our communities

To support pillar 3, each of the banking subsidiaries in the Group has committed to set aside a minimum of 1% and a maximum 2% of their annual profit before tax to enhance the quality of life for communities in the respective markets.

The Group has also taken action towards the forward faster initiatives under the UN Global Compact to align its corporate investments and financing activities with the Sustainable Development Goals (SDGs), fast-track gender diversity as a fundamental human right, empower women and girls, and close the living wage gap.

Our Approach to Sustainability

Environmental conservation remains a key focus for the Group, which has committed to supporting the creation and rehabilitation of urban green spaces to provide safe recreational spaces to promote wellness. The flagship project under this initiative began in April 2024 in collaboration with Kenya Forest Service to rehabilitate the Sanctuary block of Ngong Road Forest in Nairobi. The project includes fencing the 15-km long perimeter, rehabilitation of degraded forest areas, and infrastructure development, with completion expected within three years.

The Group closed 2024, having positively impacted 6.3 million lives across Kenya (3.5 million lives), Tanzania (1.2 million lives), Uganda (1 million lives) and Rwanda (0.6 million lives). This positive impact was as a result of (i) enabling financial inclusion by supporting our ecosystem partners and (ii) the Group's activities spread across several impact-oriented projects, as detailed elsewhere in this integrated report.

Governance

The Board remains dedicated to upholding the highest standards of corporate governance, ethics, and integrity in the effective implementation of its strategy across all entities while delivering value to its stakeholders.

During the year, the Board established a Board Sustainability Committee, reaffirming the Group's commitment to incorporating sustainability into its strategic framework in line with the iMara 3.0 strategy. Sustainability reporting has now been integrated as part of the Group's reporting framework with the inaugural standalone sustainability report FY2023 having been released in 2024.

In 2024, we witnessed the culmination of our partnership with British International Investment (BII) as a principal shareholder. The Group extends its profound gratitude to BII for its unwavering trust and support in fortifying our business and the substantial growth realised over their eight-year tenure as shareholders. Furthermore, I would like to take this opportunity to extend a warm welcome to our new institutional investor, East African Growth Holding, and we look forward to a robust and fruitful partnership in the years ahead.

The Group also held an additional virtual General Meeting in December 2024, where the special business resolutions were passed, including the approval to authorise the directors of the company to increase share capital and allot up to 86,500,000 new ordinary shares of Kshs 1.00 each in the Company and the subscription of the new shares by East Africa Growth Holding. This additional capital will support, inter alia, the Group's investment in its distribution channels to ensure reaching a much wider customer base, local and regional expansion to deepen its presence across Eastern Africa and continued compliance with regulatory requirements for capital adequacy requirements across each of the geographies where the Group is present.

The Articles of Association were amended to reflect the change in shareholding from the previous shareholder, British International Investments (BII) to East Africa Growth Holding (EAGH).

Board Changes

We are pleased to welcome Ms. Brenda Mugo, who was appointed as a member of the Group Board during the year following her approval by the Central Bank of Kenya.

I take this opportunity to appreciate and thank Dr Nyambura Koigi, who retired in October 2024, for her invaluable contribution, as well as each of the subsidiary Boards' directors who retired in 2024 for their service to our Group.

I&M Tanzania welcomed Ms Nancy Pendo Riwa and Mr Madabhushi Soundararajan to the I&M Tanzania Board.

Board Changes

In Mauritius, we welcomed a new Chief Executive Officer, Mr. Sunil Ramgobin, taking over from Mr. Mark Watkinson. Mr. Ramgobin's expertise spans Corporate and Investment Banking, Retail Banking, Business/SME Banking, Wealth Management, Custody, and Islamic Banking. We equally appreciate Mr. Watkinson's service to the Group for the last 4 years and wish him well in his future endeavours.

Looking Ahead

2024 was a year of stabilisation as we monitored the geopolitical volatility and macroeconomic uncertainties. As we look ahead, the economic and financial landscape is evolving fast than ever. The Group is poised to embrace these changes under the guidance of the iMara 3.0 strategy. Your Board is confident of achieving its growth and value creation objectives going into the second year of the strategy execution, given the momentum it has built up so far.

Before I conclude, I would like to thank my fellow Board members and the entire executive team for their unwavering commitment and dedication.

Looking Ahead

On behalf of the Board, I extend our heartfelt gratitude to everyone who has been part of our journey. This golden jubilee year is not just a celebration of our past achievements, but also the building block towards an even brighter future. We recognise and appreciate our passionate and dedicated team of employees for their commitment in driving the vision under iMara 3.0. We look forward to driving financial prosperity, fostering innovation and delivering exceptional banking experiences for the generations to come, honouring our motto ***"On your Side".***

Lastly, we thank each one of you; our shareholders for the trust you've shown in our growth strategies and leadership. We look forward to continuing this journey with you.

God bless!

Oliver Fowler

Independent Chairman

Our Governance Framework

Introduction

I&M Group PLC is dedicated to upholding the highest standards of corporate governance, ethics, and integrity in the effective implementation of its strategy across all entities while delivering value to its stakeholders. As the Group continues to execute its strategy, dubbed ‘iMara strategy’, now in its 3rd iterations, the Group recognizes the critical role that effective governance plays in ensuring long-term sustainability and responsible stewardship of the Group’s resources. Our corporate governance framework is built on the principles of integrity, accountability, and responsibility, aligned with the evolving regulatory landscape and best practices.

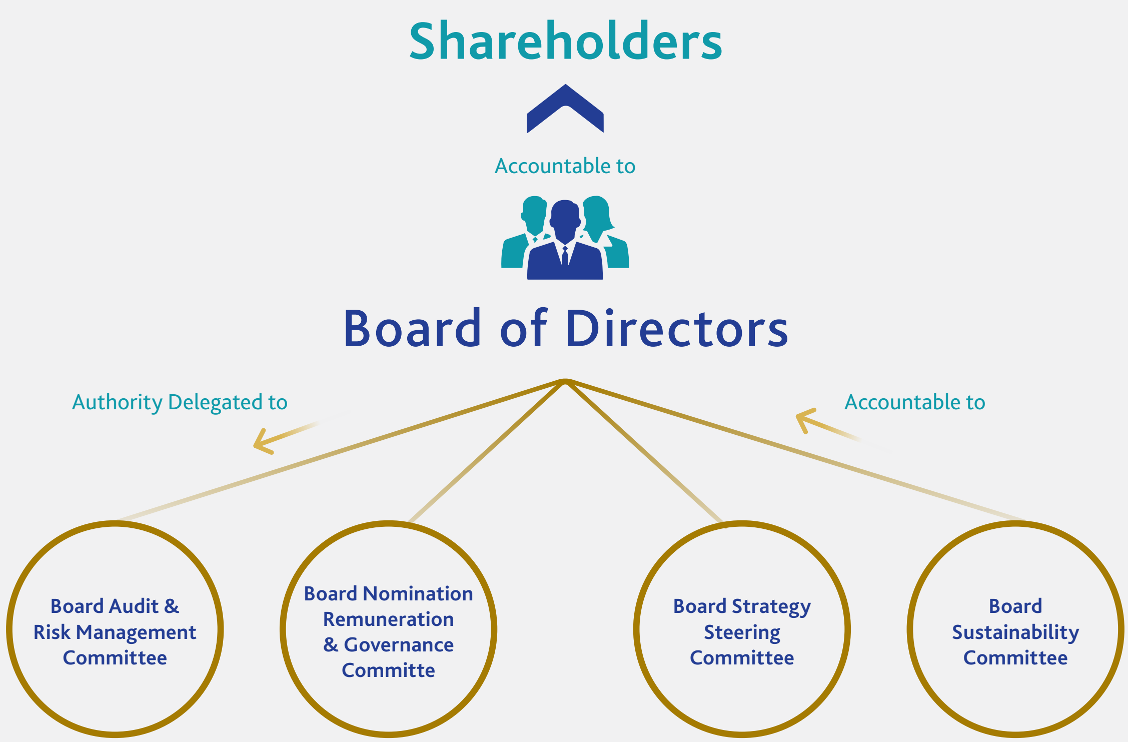
This report outlines the Group’s corporate governance framework including its governance structure, the role of the Board, Board operations and activities undertaken during the year, shareholder and stakeholder engagement practices. This report highlights the Group’s approach to corporate governance, including the internal controls established to foster an environment where best practices in corporate governance can flourish.

I&M is applying the recommended corporate governance practices stipulated in the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 issued by the Capital Markets Authority.

Governance Structure

I&M Group is licensed by the Central Bank of Kenya as a non-operating holding company (NOHC). In addition, while the regional subsidiaries and joint venture entities are governed by the regulations as applicable in their respective jurisdictions, the onus lies with the Group Board of Directors to ensure that compliance and best governance practices are applied uniformly across each of the Group entities. The Group has therefore developed its corporate governance framework and policies which are then cascaded to the various entities for adoption in line with the local applicable legislations. This practice is informed by the Group’s commitment to excellence in business with the highest standards of integrity, accountability, and transparency.

The relationship between the Shareholders, Board and Board Committees is illustrated below:



Our Shareholders

The Company is listed on the Nairobi Securities Exchange and had 5,340 shareholders as of 31 December 2024. The top 10 shareholders of the Company listed below hold 77.99% of the shares.

Name	Domicile	No of Shares	% Holding
Minard Holdings Limited	LC	357,035,864	21.59%
Tecoma Limited	LC	304,179,232	18.39%
Ziyungi Limited	LC	294,662,000	17.82%
East Africa Growth Holding	FC	176,915,300	10.70%
Bhagwanji Raja Charitable Foundation The Registered Trustees	LC	42,270,120	2.56%
Investments & Mortgages Nominees Ltd A/C 0004028	LC	34,024,744	2.06%
Investments & Mortgages Nominees Ltd A/C 0004047	LC	33,581,872	2.03%
Blanford Investments Limited	LC	18,314,408	1.11%
Lombard Holdings Limited	LC	14,745,448	0.89%
Sentinel Investments Limited	LC	13,847,972	0.84%
Others (5,340 shareholders not holding more than 5% individually)		364,044,516	22.01%
Total		**1,653,621,476**	**100.00%**

FC - Foreign company LC - Local company

Given below is the distribution of shareholders in terms of their holding.

Investor	Shares Held	Shareholding %
Local Institutions	1,231,529,523	74.47%
Foreign Investors	224,882,929	13.60%
Local Individuals	197,209,024	11.93%
Grand Total	**1,653,621,476**	**100.00%**

Our Board

The Board of Directors (the 'Board') is at the heart of our governance framework and plays a pivotal role in overseeing the Group's strategy, financial performance, risk management, and sustainability initiatives. The Board strives to promote the Group's long-term success, deliver sustainable value to shareholders, and promote a culture of transparency and accountability. In doing so, it is responsible for setting out the Group's strategy and providing leadership as well as overseeing execution of the strategy whilst ensuring that the Group adheres to the high corporate governance standards embedded within its corporate governance framework. The Board has zero tolerance for regulatory non-compliance across the Group and has explicitly conveyed this expectation to Management.

The Board carries out its mandate taking into consideration the best practices in corporate governance including the interests of the Group's stakeholders i.e. shareholders, customers, employees, regulators, local authorities, and the society at large. To effectively achieve this, the Group has a comprehensive range of policies and procedures in place designed to ensure that the Group is well managed, with effective oversight and controls.

The Board is cognisant of the fact that the Group operates in a dynamic and evolving environment. Keeping this in mind, the Board undertakes a review of the Group's corporate governance framework and policies on a regular basis. Such review considers, inter alai, changes in regulation, global, regional and local industry best practices, and stakeholder feedback, in particular feedback from the regulators and industry associations and forums. In setting up and reviewing the Corporate Governance framework, the Board is guided by the Companies Act, Central Bank of Kenya (CBK) Guidelines on Corporate Governance, Capital Markets Authority (CMA) Act and regulations thereof including the Code of Corporate Governance for Issuers of Securities to the Public, 2015 ('the Code'), the Capital Markets (Public Offers, Listings and Disclosures) Regulations 2023 (POLD) and best practice. The Board, Management and employees are bound by the principles espoused in this framework.

Board of Directors' Profiles

The Board comprises nine (9) directors comprising 5 Independent Non-Executive Directors (55.6%), 2 Non-Executive Directors 22.2%) and 2 Executive Directors (22.2%). The Board confirms that it has complied and surpassed the requirement of the CMA Code of Corporate Governance that independent and non-executive directors constitute at least two thirds of the Board.

The Board also confirms that its current composition comprising majority independent directors satisfies the representation of the minority shareholders.

The Board is diverse with a wide range of skills and a wealth of experience which enriches the decision-making process.

The brief profiles of the Board of I&M Group PLC are set out below:

Oliver Fowler

Independent Director & Board Chairman

Age: 72 yrs

Tenure on Board: Appointed on 13th Jun 2023

Committee membership/(s):

- Board Nomination, Remuneration & Governance Committee (Chair)

Qualification

- Mr. Fowler holds an LLB from University of Bristol and was admitted to the Kenyan High Court in 1979.

Profile

Mr. Oliver Fowler is a qualified Kenyan Advocate an English Solicitor and is a retired Partner of Kaplan & Stratton Advocates. His work encompassed commercial work, particularly financial, corporate and taxation matters. He has been extensively involved in project finance, capital markets, banking and foreign investments sectors. He sits on the boards of several companies.

Sarit S. Raja Shah

Group Executive Director

Age: 56 yrs

Tenure on Board: Appointed on 14 June 2013

Committee membership/(s):

- Board Nomination, Remuneration and Governance Committee
- Board Strategy Steering Committee
- Board Sustainability Committee

Qualification

- Masters' Degree in Internal Audit and Management from City University London.

Profile

Mr. Sarit S. Raja Shah has been the Executive Director of I&M Bank since 1993 with extensive experience in leadership and management. He was appointed as Group Executive Director of I&M Group PLC in June 2018. He also sits on the Boards of several companies.

Our Board

Age: 56 yrs

Tenure on Board: Appointed on 1st March 2023

Committee Membership/(s):

- Board Strategy Steering Committee
- Board Nomination, Remuneration and Governance Committee
- Board Sustainability Committee

Qualifications

- Bachelor's degree in Mathematics from Moi University
- Executive MBA from the University of Chicago – Booth School of Business.

Profile

Mr. Kihara Maina is a seasoned banker having served in senior leadership roles at various institutions. He joined the I&M Group in May 2016 as the Chief Executive Officer and Board member of I&M Bank Kenya. Prior to joining I&M Bank, Kihara was the Managing Director of Barclays Bank Tanzania (now Absa Bank Tanzania).

Christopher Kihara Maina

Regional Chief Executive Director

Suresh B. R. Shah, MBS

Non-Executive Director

Age: 81 yrs

Tenure on Board: Appointed on 14th June 2013

Committee membership/(s): None

Qualification

- Founder member.

Profile

Mr. Suresh Bhagwanji Raja Shah is a founder member and Chairman Emeritus of I&M Bank Limited. 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.

Our Board

Age: 64 yrs

Tenure on Board: Appointed on 3 March 2020

Committee membership/(s):

- Board Audit and Risk Management Committee (Chair)
- Board Sustainability Committee (Chair)

Qualification

- Master of Science degree in Risk Management from New York University, New York;
- Master of Business Administration from Adelphi University, New York; and
- Bachelor of Arts in Economics and French from the University of Nairobi, Nairobi.

Profile

Ms. Rose Kinuthia brings on board wealth of experience and knowledge having spent a significant part of her career as a seasoned risk practitioner for 20 years with extensive experience in risk management and specializing in banking, pension funds and insurance.

Rose W. Kinuthia

Independent Director

Risper Genga Ohaga

Independent Director

Age: 49 yrs

Tenure on Board: Appointed on 7 February 2023

Committee membership/(s):

- Board Audit and Risk Management Committee

Qualification

- Bachelor of Commerce (BCom) from University of Nairobi
- Certified Public Accountant of Kenya (CPA-K); and
- Certified Internal Auditor (CIA).

Profile

Ms. Risper Ohaga is a seasoned finance professional with over 23 years' experience in financial management, strategy, audit and risk management spanning multiple countries. She currently serves as the Group Chief Financial Officer of East African Breweries Limited (EABL), a subsidiary of Diageo Group. She also sits on the Board of EABL and its subsidiaries and APA Insurance.

Our Board

Age: 61 yrs

Tenure on Board: Appointed on 15th August 2023

Committee Membership/(s):

- Board Strategy Steering Committee (Chair)
- Board Audit & Risk Management Committee.

Qualifications

- Masters in Business Administration (MBA) from London Business School
- Certified Public Accountant (CPA-K)
- Fellow of the Association of Chartered Certified Accountants (ACCA).

Profile

Mr. Sood is an experienced corporate finance professional with over 40 years' experience in mergers & acquisitions (particularly in the financial services sector), corporate finance, capital market transactions design and implementation, management consulting and audit. Mr. Sood founded AstuteLogic Advisory Limited, a boutique advisory services firm in 2022. Immediately prior to this, he held a senior role as Head of Corporate Finance, East Africa at Stanbic Bank Kenya where he led teams that helped design and deliver some of the largest and most complex merger and acquisition and capital market transactions in East Africa in the 11-year period to 2022.

Naval Sood

Independent Director

Brenda Mugo

Independent Director

Age: 53 yrs

Tenure on Board: Appointed on 29th November 2024

Committee Membership/(s):

Board Nomination, Remuneration and Governance Committee

Qualifications

- Master of Arts, Leadership in Development Finance, Frankfurt School of Finance & Management, Germany
- Bachelor of Arts in Management, Hood College, USA.

Profile

Ms. Mugo is an experienced finance professional with over 27 years' experience in Corporate and Investment Banking, having worked at Citibank N.A Kenya as Vice President & Head of Financial Institutions East Africa, and at Standard Chartered Bank Kenya as Executive Principal, Head of Financial Institutions.

Ms. Mugo currently provides business consulting services in the areas of financial crime compliance, anti-money laundering, correspondent banking and business development to financial institutions. Brenda sits on several other boards, and is also a member of the Africa Secretariat of the Global Coalition for the Fight against Financial Crime (GCFFC).

Our Board

Age: 53 yrs

Tenure on Board: Appointed on 10 July 2015

Committee membership/(s): No

Qualification

- Bachelors of Science degree in Banking and Finance from City University London.

Profile

Mr. Sachit S. Raja Shah is the Executive Director of GA Insurance Limited. He previously worked with AMP Asset management in London and HSBC Bank PLC London. He sits on the Boards of various companies.

Sachit S. Raja Shah

Non-Executive Director

Former Directors who served on the Board within the year

Dr. Nyambura Koigi retired from the Board on 28th October 2024 after successfully completing her tenure on the Board.

Our Governance

Our Business

Our Financials

Board Operations and Control

Board Highlights:

9

Number of Directors

56%

of Board members are independent Directors.

33%

of the Board members are women.

59

Average age

4

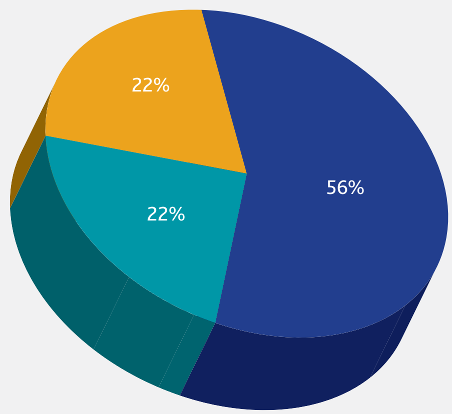
Number of Board meetings in 2024

14

Number of Committee meetings in 2024

Board Composition

The composition of the Board is guided by the Company's Articles of Association and the Board Charter. The Articles provide that the Board shall be composed of not less than seven and not more than twelve directors. Currently, the Board has 9 Directors with a balance of independent, executive and non-executive directors as outlined below:



**There are no Alternate Directors.*

Directors' Independence

Independent Directors play a crucial role in the development of strategy, enhancing accountability and ensuring that the Executive Directors and Senior Management are discharging their mandate effectively. The importance of independent directors is enshrined in the Articles of Association, the Board Charter and the Corporate Governance Policy. The Corporate Governance Policy was reviewed in 2024. As outlined above, the Board is majorly comprised of independent directors who provide unbiased perspectives in the Board deliberations. The tenure of independent directors is six (6) years as per the CMA regulations. The Board assesses the independence of directors annually as part of its work plan and review procedures.

Our Governance
Our Business
Our Financials

Board Governance and Responsibilities

The Board Charter outlines the role and responsibilities of the Board and the manner in which the Board ought to discharge its mandate. The responsibilities of the Board are summarised below:

- Oversee the overall conduct of the business
- Engage in directing and approving the strategic plan and its implementation.
- Establish appropriate systems and processes to ensure operations are conducted in a sustainable, ethical, responsible and safe manner.
- Ensure effective audit, risk management and compliance systems.
- Analyse and review material acquisitions, divestments and capital expenditure.
- Set delegated financial authority levels for the appointed signatories to the Company's bank accounts.
- Monitor financial performance and integrity of reporting.
- Ensure effective and timely reporting to shareholders.
- Safeguard and enhance the image and reputation of the Group and all related entities.
- Ensure corporate actions are compatible with societal objectives and expectations.
- Monitor the effectiveness of the corporate governance practices.

Separation of Roles and Responsibilities

The Board has put in place the necessary mechanisms to enable it to effectively discharge its roles and responsibilities. The specific roles and responsibilities of the Board, each of its Committees, the Chairperson of the Board, Group Executive Director, Regional Chief Executive Officer, other Directors individually and collectively, as well as the Company Secretary and Joint Secretary are outlined in the Board Charter. The Board Charter is reviewed at least once every two years to ensure relevance amidst changes in the Group's operating environment. The current Board Charter can be found on our website (Corporate Governance - I&M Group (imbankgroup.com).

The Board Charter also provides a delineation of roles between the various office holders. The responsibility of leading the Board vests with the Chair whereas, the responsibility for effectively communicating and executing out the Group's strategy as developed by the Board vests with the Executive Directors. The Executive Directors then ensure that the respective country heads execute the strategy as set out by the Board.

Meetings

The Board meets at least once every quarter. The Board has delegated some of its powers to Board Committees which also meet regularly. The Committees, through their respective Chairpersons report to the Board on their activities and deliberations in accordance with their respective terms of reference. The quorum for the Board and Board Committee meetings is guided by the Articles of Association for the Board and the Terms of Reference for the Board Committees respectively. Each meeting's proceedings are recorded by the designated Secretary and signed by the Chair.

The Board's activities are informed by the workplan which sets the Board activities for the year. Each annual work plan is developed with extensive input from the directors to ensure that the objectives, roles and responsibilities of the Board are met during the year's activities.

The Board recognises the importance of holding productive meetings and thus the agenda for each of the meetings is developed in line with the approved annual work plan. The agenda and attendant board papers are circulated in advance to allow the directors ample time to appreciate the information and facilitate meaningful and productive discussions during the meetings.

The Board Charter and the Committees' Terms of Reference were reviewed in the course of the year and revised versions approved by the Board. The Board Charter and a summary of the Board Committees' Terms of Reference are available on the Company's website www.imbankgroup.com

Director Appointment

The Board regularly reviews its composition to ensure compliance with the relevant laws, best practice and the best mix of skills that would provide effective and agile leadership to the Group. The Board Nomination, Remuneration and Governance Committee is tasked with reviewing the composition of the Board and nominating new members where vacancies arise between shareholder meetings. The Committee is guided by regulation and the applicable internal policies when vetting potential members of the Board. In considering potential directors, the Board seeks to not only identify candidates with appropriate skills, knowledge and experience to effectively oversee and guide the Group but also ensure achievement of diversity in its composition. Upon appointment, the directors are issued with letters of appointment which set out the terms and conditions of their appointment to the Board.

Director Induction, Orientation & Continuous Professional Development

Board Director Induction

The Board emphasises the importance of adequate training amongst the Directors. To facilitate this, the Board has developed a comprehensive induction programme that each newly appointed Director is required to undergo as part of the onboarding process. The induction programme equips the incoming directors with the context and necessary information required to serve on the Group Board. During the programme, the directors familiarise themselves with the Group's governance framework, constitutive documents, policies and regulation. The Directors are also familiarized with their duties, fiduciary responsibilities and governance requirements under the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 and the CMA Code of Corporate Governance and the Capital Markets (Public Offers, Listings and Disclosures) Regulations 2023. The Directors hold interactive sessions with Group executives to understand the operations of the Group and the various entities. Ms. Brenda Mugo was the only new Director appointed to the Board in 2024 and underwent a comprehensive two-day induction program.

The Board has unfettered access to the Company Secretary and Joint Secretary who advise the Board on their duties and responsibilities. Where necessary, the Board can seek independent advice externally from qualified experts and professionals in different areas as stipulated in the Board Charter and Committee Terms of Reference.

Board Director Training

To keep the Board up to date with the emerging trends within the spheres the Group operates in, the company organises regular continuous development programmes for the Directors. The continuous development programme covers areas such as corporate governance practice, audit and risk and other topical areas of relevance.

Below is the list of the Groupwide trainings held within 2024.

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

Board Skills, Experience and Diversity

The Group values diversity within its Board. Through the Board Nomination Remuneration & Governance Committee, the Board regularly reviews the Directors' skills and composition. The Board's diversity is reflected in the members' varied academic qualifications and professional skills, experience, race, industry knowledge, gender and age. The Board is compliant with best practice on gender diversity with at least one third of the Board comprising of women members.

Board skills	Audit and Finance Expertise	Banking & Financial institutions	Strategy development, planning & implementation	Technology & Innovation	Risk Management & Oversight	Corporate Governance	Law
No. of Directors	4	5	5	4	3	5	2

Conflict of Interest

The Group is guided by a Conflict of Interests Policy which binds all the directors to act ethically and, in a manner consistent with the values of the business both individually and collectively.

Any Director who considers that they may have a conflict of interest in any matter concerning the Company is required to immediately declare the potential conflict of interest to the Board.

Any Director with a conflict of interest in any matter that is being considered during any Board or Board Committee meeting, is required to declare their conflict and recuse themselves from discussion and voting on the matter.

Furthermore, the Company maintains a register of conflicts of interest which is updated regularly.

Directors' Interests in the Company as of 31st December 2024

Name of Director	Number of Shares	% Shareholding
Suresh Bhagwanji Raja Shah, MBS	174,947,573	10.58%
Sarit S. Raja Shah	37,595,103	2.27%
Sachit S. Raja Shah	37,152,231	2.25%
C. Kihara Maina	448,112	0.03%

Company Secretaries

The Company Secretary and Joint Secretary are members in good professional standing with the Institute of Certified Secretaries of Kenya (ICS-K) and appointed by the Board. Together, they are responsible for the effective implementation of the governance framework and monitoring compliance with the Board's stipulated policies, procedures and statutory requirements. They are also responsible for facilitating timely flow of information within the Board and its Committees and between the Directors and Management as well as overseeing induction of new Directors and facilitating ongoing professional development of Directors. In consultation with the Chairperson, they ensure regular assessments on the effectiveness of the Board and its Committees while their effectiveness is similarly assessed by the Board as part of the annual Board performance evaluation process.

Board Committees

The Board has delegated authority to four Board Committees to assist the Board to effectively discharge its mandate.

These are:

1) Board Audit and Risk Management Committee (BARMC)
2) Board Nomination, Remuneration and Governance Committee (BNRGC)
3) Board Strategy Steering Committee (BSSC)
4) Board Sustainability Committee (BSC)

The Board established the Board Sustainability Committee affirming the Group's commitment to integrate and embed sustainability in its strategic framework in alignment with the Group's iMara 3.0 strategy.

The Board Committees play a crucial role in supporting the Board in key areas. Each Committee has in place Terms of Reference approved by the Board that outline its responsibilities. The Terms of Reference are reviewed annually, and the Board Committee activities are reviewed regularly to ensure alignment with the Group's strategic goals. The Board regularly reviews the membership of the Committees.

2024 Key Activities - Board & Board Committees

Board activities:

During 2024, the Board undertook, inter alia, the following activities:

Strategy & Finance

- Reviewed and approved the annual Audited Financial Statements for the year ended 31st December 2023 and publications thereof.
- Reviewed and approved the Group consolidated forecasts for 2024.
- Approved a first and final dividend of Kshs 2.55 per share, one of the highest dividend pay-outs in the industry. Additionally, the Board approved an interim dividend of Kshs1.30 per share for FY2024.
- Reviewed the quarterly unaudited consolidated Group Management Accounts and peer bank analysis.
- Reviewed the annual budgets for the various subsidiaries within the Group.
- Reviewed strategic plans and objectives for the Group and subsidiaries and status of implementation against the iMara 3.0 strategy quarterly
- Reviewed quarterly performance updates from the banking and non-banking subsidiaries in the Group.
- Approved the establishment of a Special Economic Zone (SEZ) entity for the Group.
- Approved the establishment of a Leasing entity in the Group.
- Approved the raising of additional equity capital.
- Reviewed the amended Articles of Association for the Company and recommended this to the shareholders for approval.
- Discussed embedding of Sustainability in the Group
- Reviewed reports on Business Support, ICT, Projects, Marketing & Communications and Ecosystem Partnerships.
- Reviewed the proposal on rotation of external auditors for recommendation to the shareholders for approval.
- Approved the Consolidated Budget and Balanced Scorecard for FY2025.

Governance

- Approved the establishment of the Board Sustainability Committee and approved their membership and Terms of Reference.
- Reconstituted the composition of the Board Nominations, Remuneration & Governance Committee.
- Receive the Governance Audit and Legal & Compliance Audit reports. The auditors' statements are included in this report for reference.
- Approved the revised Board Charter.
- Established a Group Ethics Framework.
- Reviewed the Group succession plan for Board and Management.
- Reviewed the Stakeholder Engagement report.
- Reviewed Share Price Performance and Trading Statistics reports quarterly.
- Reviewed and approved the agenda and notice for the Annual General Meeting held in May 2024 and General Meeting held on 10th December 2024.
- Received updates from the Board Committees.
- Reviewed the annual board evaluation reports for the year 2023.
- Assessed the independence of the Independent Directors and confirmed that they continued to be independent as per the criteria of independence outlined by CMA.
- Reviewed the updated Board Skills Matrix.
- Approved various Group policies as recommended by the Committees.
- Review Conflicts of Interest declared and register of interests disclosed.
- Reviewed and approved the annual 2025 Board work plan.
- Reviewed the director development plan for 2025.
- Approved its annual calendar of meetings for 2025.

Board Committees – Composition & Key Activities

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

(i) Board Audit and Risk Management Committee (BARMC)

Rose W. Kinuthia

Chairperson

Members: Ms. Rose Kinuthia (Independent Director), Ms Risper Ohaga (Independent Director) & Mr Naval Sood (Independent Director).

Responsibilities: The key responsibilities of the BARMC are to assist the Board in fulfilling its statutory and fiduciary responsibilities, by providing an objective and independent review of the effectiveness of the external reporting of financial information and the internal control environment of the Group. The BARMC is also responsible for the oversight of the Group's risk management framework and reviewing the Group's risk appetite from time to time.

2024 Activities: BARMC held six scheduled meetings in the year including two separate meetings with the external auditors, KPMG, without Management present and is satisfied that the auditors remain independent.

The Committee undertook, inter alia, the following activities:

1. *Financial Reporting*
   - Reviewed the audited financial statements for FY 2023 and quarterly unaudited accounts for consideration and recommendation to the Board for approval.
   - The Committee reviewed the Group Audit Strategic initiatives for FY 2024.
2. *Internal Audit*
   - Approved and oversaw the implementation of the annual Group internal audit plan for FY 2024.
   - Reviewed the internal audit reports for audits undertaken during the year.
   - Reviewed the Group Internal Audit policy framework and Group Internal Audit Charter.
3. *External Audit*
   - Reviewed the external audit Management Letter with respect to audit for FY2023.
   - Reviewed and approved the external audit fees.
   - Considered a proposal on rotation of external auditors.

4. *Risk, Compliance & Internal Controls*

- Reviewed quarterly updates on Risk, Compliance & Internal Controls.
- Reviewed quarterly updates on ICT, Cybersecurity risks including ICT and Cybersecurity activities to enhance internal controls.
- Reviewed the Business Continuity Plans (BCP) and Disaster Recovery Plans (DRP) including periodic reports from Group entities on review of their BCP & DRP.
- Reviewed ESG implementation.

4. *Risk, Compliance & Internal Controls*

- Reviewed Compliance and Data Protection reports.
- Received and reviewed reports from Board Audit and Board Risk Committees in the subsidiaries.
- Reviewed and recommended various policies to the Board for approval including the Group Enterprise Risk Management Framework, Model Risk Management Policy, Sustainability Policy, Cloud Computing Policy, Group Minimum Standards Departmental Risk Maturity Score, Group Finance Reporting Policy, Group Minimum Standards Code of Conduct, Group Conflict of Interest Policy, Group Insider Trading Policy, Group Communication & Disclosure Policy and Group Accounting & Disclosures Policy.

5. *Governance & other matters*

- Reviewed its Terms of Reference to incorporate a recommendation on membership from the last Governance Audit and to expand its scope to specifically include oversight on ICT and Cybersecurity risk and Compliance risk.
- Provided oversight on the annual Group Audit & Risk Conference and actions agreed thereof.
- Reviewed the 2023 Internal Legal & Compliance Audit Report.
- Reviewed results of the annual evaluation of the Committee's performance.
- The Committee approved its 2025 Annual workplan.

(ii) Board Nomination, Remuneration and Governance Committee (BNRGC)

Oliver Fowler

(Chairperson w.e.f 13th December 2024)

Chairperson

Members: Mr Oliver Fowler (Independent Director), Ms Brenda Mugo (Independent Director), Mr. Sarit S. Raja Shah (Group Executive Director) & Mr Kihara Maina (Regional CEO).

Responsibilities: The BNRGC assists the Board in fulfilling its responsibilities by undertaking structured assessment of candidates for membership of the Board and Board Committees, and the establishment of an appropriate harmonized framework for remuneration of the Board members across the Group, in line with clearly defined remuneration principles. The Committee also provides oversight on governance-related matters at the Group level such as Board succession planning, induction for new board members, assisting the Board in reviewing the mix of skills and expertise of board members, reviewing the performance and effectiveness of the Board through the board evaluation process and generally providing oversight in relation to the general governance of the entities within the Group. This is to ensure that there is continued compliance with the corporate governance laws, regulations and best practice.

In addition, the Committee provides oversight in relation to the development and implementation of governance related policies at the Group level and ensures compliance with the prevailing corporate governance regulations and principles.

2024 Activities: BNRGC held two scheduled meetings in the year.

The Committee undertook, inter alia, the following activities:

1. *Nomination*
   - Reviewed board composition and succession for the entities within the Group.
   - Recommended nomination of Directors in the various subsidiary entity boards.
2. *Remuneration*
   - Reviewed the Board Directors' Fees.
   - Reviewed the Group Executive Director and Regional CEO's 2024 KPIs.
3. *Governance*
   - Reviewed the Statements on Corporate Governance, Chairman, Group Executive Director statement and Directors Remuneration report.
   - Approved the Group Ethics Framework.
   - Reviewed the training and development reports for the Directors in the Group entities.
   - Reviewed results of the annual board evaluation for FY2023 including the Committee's annual evaluation report.

- Reviewed progress on remedial action from the legal & compliance and governance audits.
- Reviewed reports on related party transactions, trading of shares by insiders and CSR activities within the Group.
- Reviewed the Group's updated Board Skills Matrix.
- Reviewed status updates on governance audit recommendations and Board Evaluation action items.
- Reviewed reports on trading of the Company's shares.
- Reviewed reports on whistleblowing.
- The Committee approved its 2025 Annual workplan.
- Reviewed results of the annual evaluation of the Committee's performance.
- Reviewed various policies and recommended to the Board for approval. These include the Revised Board Succession Policy, Revised Related Party Transactions Policy, Revised Stakeholder Engagement Policy, Revised Group Minimum Standards Code of Conduct, Revised Group Whistleblowing Policy and Group Minimum Standards on Corporate Governance, Revised Board Dispute Resolution Policy, Revised Board Remuneration Policy, Revised Group Talent Mobility policy.

4. *HR oversight*
    - Reviewed the Group's HR metrics including headcount and attrition trends, talent management, leadership development, compensation and benefits and outcome from the annual employee engagement survey.
    - Approved the revised Group Operating Model.
    - Reviewed highlights from the whistleblowing reports submitted through the Group's whistleblowing channel.
    - Oversight on culture including a review of the progress made on the Group's Culture Transformation Programme Received reports on actions taken by each entity on employee engagement.

Mr. Naval Sood

Chairman

Rose W. Kinuthia

Chairperson

(iii) Board Strategy Steering Committee (BSSC)

Members: Mr. Naval Sood, Mr. Sarit S. Raja Shah, Mr. Kihara Maina and Group Head of Strategy & Transformation (Rocky Olonde).

Responsibilities: The BSSC assists and provides guidance to the Board in fulfilling its responsibilities by considering matters pertaining to the Group's overall long term strategic direction as well as corporate objectives. The BSSC assists the Board in review of the optimum level of the Group's capital structure to support the Group's strategic and financial goals and review the Group's major strategic and investment decisions (including merger & acquisition transactions).

2024 Activities: BSSC held four scheduled meetings in the year.

The Committee undertook, inter alia, the following activities:

- Reviewed the Group's Strategy and performance against the Balance Scorecard.
- Recommended and monitored efforts to improve regional synergies.
- Monitored the implementation of iMara 3.0 Strategy across the Group entities.
- Reviewed the Group's digital ecosystem partnerships strategy.
- Received reports on mergers & acquisitions.
- Received reports from the Making Banking Great Steering Committee (now disbanded).
- Reviewed results of the annual evaluation of the Committee's performance.
- Approved the Committee's workplan for the year 2025.
- Reviewed the Committee's Terms of reference.

(iv) Board Sustainability Committee (BSC)

Members: Ms. Rose Kinuthia (Independent Director), Ms Phyllis Wakiaga (Independent Director), Ms Micheline Ntiru (Independent Director-I&M Bank Uganda), Sarit S Raja Shah (Group Executive Director), Kihara Maina (Regional CEO), Gul Khan (CEO-I&M Bank Kenya) and Group Executive GM Corporate Advisory (Gauri Gupta).

Responsibilities: The Board is committed to sustainability in its operations, to create a positive impact on the society and community at large. The Committee's mandate is to assist and provide guidance to the Board in fulfilling its responsibilities by considering matters pertaining to the Group's overall sustainability agenda, as well as oversight of implementation and alignment of the Group's sustainability agenda across the subsidiaries.

2024 Activities: BSC was constituted in June 2024 and held two meetings in the year.

The Committee undertook, inter alia, the following activities:

- Reviewed and approved the Group Sustainability Policy and Governance Framework.
- Reviewed and approved the Group's first Sustainability Report for FY2023.
- Reviewed, approved and received updates on sustainability initiatives within the Group.
- Reviewed the 2024 Sustainability Training & Awareness Plan.
- Reviewed the report on CSR activities across the Group.
- Received progress reports on the Group's Sustainability Flagship Project .

Board Attendance

The following table shows the number of meetings held during the year and the attendance of the individual directors:

Directors	22-Mar-2024	24-Jun-2024	20-Sept-2024	13-Dec-2024	Total Board Meetings Attended in 2024
Oliver Fowler	√	√	√	√	100%
S. B. R. Shah, MBS	√	X	√	√	83%
Sarit S. Raja Shah	√	√	√	√	100%
Sachit S. Raja Shah	√	X	√	√	83%
Kihara Maina	√	√	√	√	100%
Rose Kinuthia	√	√	√	√	100%
Risper Ohaga	√	√	√	√	100%
Naval Sood	√	√	√	√	100%
Brenda Mugo	N/A	N/A	N/A	√	100%
Dr. Nyambura Koigi *	√	√	√	N/A	100%

**Resigned from the Board on 28th October 2024*

Board Committee Attendance

	BARMC	BNRGC	BSSC	BSC
No of scheduled Meetings	**6**	**2**	**4**	**2**
Oliver Fowler	-	100%	-	-
Sarit S. Raja Shah	-	100%	75%	100%
Kihara Maina	-	100%	100%	100%
Rose Kinuthia	100%	-	-	100%
Risper Ohaga	66%	-	-	-
Naval Sood	100%	-	100%	-
Brenda Mugo*	-	-	-	-
Dr. Nyambura Koigi	-	100%	-	-
Gauri Gupta	-	-	-	100%
Rocky Olonde	-	-	100%	-

**Ms B Mugo was not yet a member of a Committee having joined the Board on 29th November 2024*

Shareholder Meetings

Directors	22-May-2024 (Annual General Meeting)	10-Dec-2024 (General Meeting)	% Attendance
Oliver Fowler	√	√	100%
S. B. R. Shah, MBS	√	√	100%
Sarit S. Raja Shah	√	√	100%
Sachit S. Raja Shah	√	√	100%
Kihara Maina	√	√	100%
Rose Kinuthia	√	√	100%
Risper Ohaga	√	√	100%
Naval Sood	√	√	100%
Brenda Mugo	N/A	√	100%
Dr. Nyambura Koigi	√	N/A	100%

Key:

√ Attended

X Absent with apologies

N/A Not Applicable

Meeting preceded appointment and regulatory approval or was after their resignation/retirement.

Board Evaluation

The Board has established a mechanism for evaluating the performance of the Board, Board Committees, Individual Directors, Executive Directors and Company Secretaries and the assessment of the Directors' independence. This is done annually as part of the Board evaluation. The process is reviewed regularly to enhance its effectiveness. The directors' feedback informs the Board of areas of improvement and the development of the directors training plan for the subsequent year. The Board submits the results of the survey to the Central Bank of Kenya in line with the CBK Prudential Guidelines and continuously tracks the status of implementation of recommended enhancements in governance.

Shareholder and Stakeholder Engagement

A key element in the Group's culture is the continuous engagement with its stakeholders. I&M recognizes and appreciates that engagement with, and active cooperation of its stakeholders, is essential for the Group's strong business performance on a sustainable basis, as well as to achieve and maintain public trust and confidence.

The Board approved the operationalization of the Group's revised Stakeholder Engagement Policy which is founded on the principles of transparency, active listening, and equitable treatment and favours a consultative and collaborative engagement with all stakeholders.

The Group engages both formally and informally throughout the year to:

- develop and promote a good understanding of stakeholder needs, interests, and expectations
- provide guidance on how the Group should engage with its stakeholders to strengthen and maintain relationships with them
- identify the opportunities and threats arising from stakeholders' material issues; and
- assist with strategic, sustainable decision-making.

The Group outlined a stakeholder engagement strategy and through the Stakeholder Engagement Matrix, is able to identify its stakeholders, determine the purpose and frequency of engagement and method of engagement with each stakeholder.

In addition, the Group ensures that foreign and institutional investors are treated equitably by engaging them regularly, on a quarterly basis when quarterly financial results are released and published on the website, and for investor briefings held half yearly and annually where they are able to follow proceedings virtually. In 2024, when the Group refreshed its strategy with the iMara 3.0 iteration, a dedicated Investor Day was held where these investors and the general investor community were briefed on the Group's refreshed strategy. During AGM and other general meetings, these investors are provided with the link to facilitate their participation virtually.

The Group constantly reviews its processes with regards to maintaining relationships with the shareholders. Image Registrars Ltd in conjunction with Management has improved efficiency in addressing any issues raised by the shareholders using technology in providing the shareholders with a seamless experience whilst giving management timely feedback.

All I&M Group 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 several opportunities that allow for anonymity (if desired) as well as independence to ensure a voice for concerned stakeholders. These include our client call centre that is the first point of call for all clients' requests and the section "Contact us" on the Group's corporate website.

Concerns raised by stakeholders are monitored on an ongoing basis for compliance by the Group Risk and Compliance Team and by the Board Audit and Risk Management Committee.

At the Board level, the Group Board Dispute Resolution Policy stipulates how disputes with various internal and external stakeholders including disputes amongst Board members are addressed and resolved based on principles of respect, trust, fairness, integrity and confidentiality. The policy is reviewed every 3 years and was last reviewed in 2024. There were no disputes between the Board members during the year under review.

The Group Communications & Disclosures Policy outlines the guidelines for all communications and disclosures in the Group. This is critical as it also safeguards against inadvertent disclosure of material non-public information and ensures compliance with all the disclosure reporting requirements. It also sets out the processes that the Company has established to facilitate communication with various stakeholders. From a shareholder perspective, this policy is aimed at nurturing their loyalty and confidence through frequent and forthright communication, both directly to shareholders and indirectly through analysts and the media. The Company seeks to ensure that interaction with each investor meets the highest levels of professionalism and quality. A copy of the policy is available on the Group's website (https://www.imbankgroup.com/).

Engagement of Minority & Institutional Investors

One of the methods of engagement with minority shareholders and institutional investors is through the shareholders' general meetings. In 2024, the Company held two general meetings, the Annual General Meeting in May 2024 and the General Meeting in December 2024. Voting at these meetings is undertaken by poll and results published according to regulatory requirements. These meetings, together with the regular investor briefings held during the year, provide shareholders and institutional investors with an opportunity to engage Executive Management and the Board assisted by the Share Registrars who ensure the smooth flow of information for shareholders.

Statement on Protection of Minority Shareholders

The Group is committed to ensuring that the interests of minority shareholders are fully recognized and protected by recognizing that minority shareholders play a vital role in the long-term success of the Company. The Board is dedicated to fostering transparency, fairness, and engagement in the engagement with all shareholders as part of the corporate governance practices.

This statement outlines the scope of protections offered to minority shareholders and the mechanisms in place to safeguard their rights.

a) Scope of Protections for Minority Shareholders

Minority shareholders constitute a key stakeholder group of the Company. The Company appreciates that these group of shareholders are entitled to specific protections to ensure their rights are upheld including the right to participate meaningfully in decision-making processes, access information relevant to their investment, and ensure their interests are considered in the Company's strategic direction.

b) Specific Rights of Minority Shareholders

Minority shareholders are granted the following key rights:

- **Right to Vote**: Minority shareholders have the right to vote on significant matters, such as the election of directors, approval of major transactions, amendments to the company's constitution and other decisions that directly affect their interests. At the Annual General Meeting held in May 2024, the shareholders, including minority shareholders, approved the annual report and audited financial statements for the year ended 31st December 2023, Directors' remuneration, dividend, re-election of Directors, election of members to the BARMC, re-appointment of auditors and a general approval to hold share capital in investment opportunities.
- At the General Meeting held in December 2024, shareholders, including minority shareholders, approved the increase in share capital of the Company and the revised Articles of Association presented for consideration.

- **Right to Information**: Shareholders are entitled to receive timely and accurate information about the Company's operations, financial performance, and strategic plans. This information is disclosed through periodic reports, investor communications, and shareholder meetings. The Group regularly publishes information on its financial performance and other material changes to ensure that all shareholders are kept informed. Several institutional investors are invited to participate in the investor briefing sessions held on various dates during the year.
- **Right to Participate in key decisions**: Minority shareholders are encouraged to participate in major decisions by expressing their views during general meetings, and their concerns will be considered as part of the decision-making process. At the general meetings held during the year, shareholders were given an opportunity to raise questions and seek clarifications from the Board members in the Q&A sessions held.

c) Mechanisms to Protect Minority Shareholders' Rights

To ensure the effective protection of these rights, the following mechanisms are in place:

- **Proxy Access**: In situations where minority shareholders are unable to attend meetings in person, they are entitled to appoint a proxy to vote on their behalf. This ensures that their voting rights are exercised even in their absence.
- **Independent Board Representation**: The Board of Directors includes independent members who are committed to representing the interests of all shareholders, including minority shareholders. Independent directors play a key role in ensuring that decisions are made with fairness and in the best interest of the Company and all its stakeholders.

d) Dispute Resolution and Grievance Mechanisms

In the event of differences arising between minority shareholders and the Company or other shareholders, the Group is committed to resolving these in an amicably. To address this, there are clear established procedures for resolving disputes and addressing grievances. Shareholders can submit concerns through the formal complaint mechanism to the Company's designated Investor Relations team. Shareholders also have the option to seek legal remedies, if necessary, in accordance with applicable laws and regulations.

e) Communication and Engagement with Minority Shareholders

The Group is committed to maintaining open lines of communication with its minority shareholders. Regular updates on the company's performance, governance practices, and strategic direction are provided through annual reports, press releases, and shareholder meetings. Minority shareholders are invited to engage with the Company and participate in the decision-making process, either through direct communication or in meetings.

The Company strives to create a fair, transparent, and inclusive environment where all shareholders, regardless of size, are treated with respect and have a meaningful voice in the direction of the Company.

Shareholder Meetings

Annual General Meeting (AGM)

I&M recognizes the importance of transparency and accountability to all stakeholders and in particular to the shareholders. The Company has various channels and mechanisms to communicate and engage with shareholders in addition to the Annual General Meeting. These include availing information on the website, publication of quarterly financial results and holding regular investor briefings. The Company remains committed to ensuring open communication with its shareholders and observing the highest standards of governance and shareholder communications.

For the 2024 AGM, to enhance engagement with and participation by minority shareholders, the Group opted to hold a Hybrid meeting, rather than a fully virtual AGM as had become the practice in the industry. This allowed shareholders to interact and engage with the Board and Management and was well received by the shareholders. Shareholders holding a total of 1,231,983,952 ordinary shares in I&M Group PLC registered and participated in the 2024 Hybrid Annual General Meeting representing 74.50% of the total issued ordinary shares of the Company.

To facilitate shareholders participation in the hybrid AGM, shareholders were provided the options of a web portal and an unstructured supplementary service data (USSD) to enable them to register, attend the meeting, ask questions and vote. The key items deliberated during the AGM were as per the AGM notice published on 24th April 2024. The AGM resolutions and polling results were published on the Company's website for reference.

The Company has an established Investor Relations function. The contacts for the Investor Relations team and for the Share Registrars are also available on the website for shareholders to contact the Group.

- Investor Relations: 24-hour Call Centre: +254 20 322 1000, Email: investor-relations@imgroup-plc.com
- Share Registrars: Image Registrars Ltd 5th Floor, Absa Towers Loita Street Nairobi Kenya Phone: +254 709 170 000 P.O.Box: 9287- 00100 GPO, Nairobi, Kenya, Email: info@image.co.ke

General Meeting

A virtual General Meeting was held in December 2024 where shareholders were able to participate in approving the increase of share capital, allotment of up to 86.5 million additional shares to East Africa Growth Holding, disapplication of pre-emption rights and amendment to the Company's Articles of Association. This was following publication of a detailed Shareholders' Circular outlining the pertinent details of the transaction.

For purposes of transparency and disclosure, the voting results and documents pertaining to general meetings are uploaded on the Company's website for ease of reference. (https://www.imbankgroup.com/investor-relations/shareholder-meetings/).

Engagement with other Stakeholders

The Board is committed to liaising with the investment community including institutional investors, brokers, analysts and rating agencies through investor briefing sessions and presentations discussing performance and providing information on the direction the Company is taking. The investor relations team collects feedback and communicates information relevant to the Group operations and strategy to the various stakeholders including shareholders through various channels. Financial information on the Company is made available on the Company's website and latest results being provided on a quarterly basis in national publications and the Company's website.

All shareholders queries, application for registration of transfer of shares of the Company, immobilization of shares and dividend queries are handled by the Company's Share Registrars.

The table below sets out the timelines of the key events and shareholder communication forums during the year.

Event/communication	Date
Financial year end	31 December
Release of full year results	26 March 2024
Investor briefing full year 2023 results	25 March 2024
Announcement of the Annual General Meeting	24 April 2024
Annual General Meeting	24 May 2024
Release of Quarter 1 Financial results	23 May 2024
Release of Half Year Financial results	21 Aug 2024
Investor briefing Half Year 2024 results	22 Aug 2024
Release of Quarter 3 Financial results	20 Nov 2024
General Meeting	10 Dec 2024

Boards of Subsidiary Companies

The subsidiary Boards have ultimate responsibility for their local business performance and are guided by regulations within the respective jurisdiction and Group Minimum Standards.

Each banking entity in the Group has set up various Board Committees to oversee the conduct of its business. The key ones include the following:

Board Audit Committee (BAC)

The BAC assists the Board in fulfilling its responsibilities by reviewing the financial condition of the Bank, its internal controls, performance and findings of the Internal Audit functions. Two BAC meetings are held in each year independent of management giving the internal and external auditors an opportunity to raise matters directly with members of the BAC.

Board Risk Committee (BRC)

The BRC, through the risk management function, is responsible for translating the Enterprise Risk Management Framework (ERMF) established by the Board of Directors into specific policies, processes and procedures that can be implemented and verified within the different business units, so that risks faced by the Bank are adequately considered and mitigated.

Board Credit Committee (BCC)

The BCC is responsible for review of the overall lending policy, conducting independent loan reviews, delegation and review of lending limits. It also ensures compliance with all statutory and regulatory requirements and is responsible for the overall management of credit risk. The Credit Risk Management Committee (CRMC) assists the BCC in its role.

Board Procurement Committee (BPC)

The BPC is responsible for reviewing and approving significant procurement proposals as well as proposed consultancy assignments and unbudgeted capital expenditure. In addition, the BPC also vets any agreements with and procurement from related parties.

Board Nomination & Remuneration Committee (BNRC)

The BNRC is responsible for assessment of Board requirements 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 senior executives, setting remuneration policies & strategic objectives of senior executives, providing oversight over HR matters and input into HR policies as appropriate.

Board Strategy Steering Committee (BSSC)/ Board Strategy & Investment Committee (BSIC)

The BSSC or BSIC in subsidiaries is responsible for providing guidance to the Board in matters pertaining to the Bank's overall long-term strategic direction, oversight of implementation of the Bank's strategy in-country and alignment with the Group's strategy across the subsidiaries. It also provides oversight on strategic projects and approves, within the remit of its delegated authority, any required investment to achieve the Bank's strategic objectives.

Board Information Technology Committee (BITCO)

The BITCO assists the Board in fulfilling its primary responsibilities by reviewing recommendations concerning IT needs, projects, plans and policies. Review the design and implementation of ICT strategies, ICT Investment Oversight (Value delivery), ICT Risks, Security and Cyber Security; it ensures that the Bank's Disaster Recovery Program is drawn up and/or formulated, aligned to the Business Continuity Plans and regularly tested.

Group Management

As part of the governance framework, the Group has nominated directors to the Boards of subsidiaries. The Regional Chief Executive Officer (RCEO) who reports to the Group Executive Director (GED) is a member of the boards of the banking subsidiaries. The Group also has Group Executive Committees that assist with the Group Management.

Relationship between Board and Management

Group Executive Committee (GEXCO)

The Group Executive Committee (GEXCO) is the apex Group level management committee whose main task is to ensure successful delivery of the Group's strategy, drive overall Group performance and leverage group synergies. The committee is also responsible reviewing recommendations of it's subcommittees such as the top Group risks, Group resourcing requirements and implementation of best practices.

Group Assets & Liabilities Committee (GALCO)

The Group Assets & Liability Committee reviews the future expectations and the potential impact of interest-rate movements, liquidity constraints, foreign-exchange exposure and capital adequacy across the region of the Group's operations and supports the subsidiary banking entities in, monitoring and reviewing the most appropriate strategy for each individual entity in terms of the mix of assets and liabilities.

Group Credit Management Committee (GCMC)

This is a Group level committee that supports the Group EXCO, the Board of Directors and Board Credit Committees of each subsidiary in their credit decision duties and reviewing of credit risk management across the Group. The committee is responsible for reviewing the Group credit policy & framework, the credit risk appetite parameters and advising the respective subsidiary Board Credit Committees on complex, high value, or new industry exposures as per agreed threshold.

Group Risk Management Committee (GRMC)

The Group Risk Management Committee promotes sound risk management practices and monitors overall Group exposure for all risk categories across all entities. The Committee is responsible for reviewing and approving the Group Enterprise Risk Management Framework as well as providing advice on international risk management best practices and emerging risks that might affect the Group, together with recommendation on mitigation and/or remedial actions.

Subsidiary Management Committees

Each banking entity in the Group has set up various Management Committees. The key ones include:

Executive/Management Committee (EXCO/MANCO)

This committee provides the link between the Board, Top Management and Department Heads. It is responsible for reviewing the individual Bank's corporate and Strategic objectives, business performance review of progress of special projects and to strategize on the way forward in line with market dynamism / conditions. The committee also considers and plans the required action, including assessment of impact thereof on the agreed Corporate Objectives for the year on significant matters agreed upon at the quarterly Board meetings.

Assets & Liabilities Committee (ALCO)

The Assets & Liability Committee is a sub-committee of the Board Risk Management Committee responsible for setting, monitoring and reviewing financial risk management policy and controls including devising the most appropriate strategy for each individual Bank in terms of the mix of assets and liabilities and this is based on the committee expectations of the future and the potential impact of interest-rate movements, liquidity constraints, foreign exchange exposure and capital adequacy.

Credit Risk Management Committee (CRMC)

CRMC is the link between the Board and Management in terms of implementing the credit and lending policies of each Bank. It is responsible for the sanction of credit proposals in line with the Bank's Credit Policy, effective management and follow-up of all credit-related matters and review of Non-Performing Accounts. The Non-Performing Accounts Committee assists the CRMC in its role.

Risk & Compliance Management Committee (RISKCO)

RISKCO is primarily responsible for integrating risk management into the organisation's goals. RISKCO defines risk review activities regarding the decisions, initiatives, transactions and exposures and prioritises these before prior to presentation to the Board. The committee also periodically reviews and assess the effectiveness of the Bank's enterprise-wide risk assessment processes and recommend improvements, where appropriate.

Human Resources Committee (HRC)

HRC assists the Board in fulfilling its Human Resource Management responsibilities with due recognition to this key resource. HRC oversees implementation of all major HR initiatives, rendering support and guidance as appropriate. It also facilitates periodic review of the Bank's HR policies and practices to ensure the Bank remains competitive and able to attract and retain competent Talent for its business.

IT Steering Committee (ITSC)

The ITSC in Kenya was reinstated to promote and support the effective use of technology and information across the Bank. ITSC is responsible for assisting the Board in its tasks of directing, evaluating and monitoring the governance of ICT, overseeing the implementation of the Digital Strategy and the ICT Strategy in line with the overall Group strategy, assessing the Bank's ICT capacity and its systems architecture to ensure sufficient resource investment and allocation. The Committee also monitors the progress and performance of ICT projects and reports regularly to the Board Risk Committee (BRC) on its activities.

Ethics & Conduct

Group Ethics Framework & Code of Conduct

I&M Group's ethics is rooted in integrity, transparency, fairness, compliance with regulations, accountability and social responsibility. Ethical conduct is fundamental to the Group's operations. The Group is bound by its Code of Conduct which applies to all Directors and employees reinforcing the Group's commitment to integrity and transparency.

While the Group operations have always been founded on ethical conduct, to enhance and formalize this approach, the Group approved a Framework on Ethics in September 2024. This framework documents the Group's ethics risk profile and approach, stipulates performance metrics to assess ethics and stipulates a structured approach on reporting. The framework facilities assessment of ethics in the Group's provision of products and services, ethics in the workplace culture and in the Group's banking approach. With this framework, the Board will ensure that going forward, the Group's performance on ethics is assessed, monitored and disclosed.

The Group also has put in place a Code of Conduct that 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 Conduct is reviewed periodically, and amendments are incorporated if necessary. The Group's Code of Conduct is reviewed regularly and was last reviewed in 2024.

Over and above the Code of Conduct applicable to all directors, management and employees, the Group introduced the Third-Party Code of Conduct. The Group expects Third Parties to uphold the same levels of integrity and business conduct both from their Personnel and to anyone outside their organisation that is engaged in the provision of services for or on behalf of the Group and its subsidiaries. The policy establishes guidelines and the Group's expectations with regards to business conduct for third parties engaged by or having any form of contractual obligations with the Group or any of its subsidiaries.

The Group continuously promotes ethical behaviour and employees and third parties are encouraged to report any concerns or violations through the established channels on whistleblowing.

Performance on Ethics

As part of the Board's ongoing commitment to upholding the highest ethical standards in the Company, the Board regularly reviews the policy framework on ethics and ensures that ethical considerations remain at the forefront of the Company's operations. A summary of activities undertaken in 2024 are provided below:

- The Code of Conduct & Ethics was reviewed and the Board also approved a Third-Party Code of Conduct in 2024 to govern ethics and conduct of third parties such as service providers to the Group.
- The Company ensured that the agreed ethical standards are integrated into the Company's iMara strategy and the Company's operations. The ethics are reflected in the Company's values of Integrity Trust, Respect.
- The Group established a governance framework on ethics that is integrated in the Company's operations and considers ethical considerations with respect to the products and services, the workplace culture and the Group's general banking approach. As part of its consumer protection practices, the Group Board regularly measures the turnaround time on resolution of customer complaints, avails a 24-hour Call Centre and undertakes regular NPS surveys and Employee Engagement Surveys to allow customers and staff to provide feedback and raise any issues of concern.
- BNRGC is the Committee designated to review, assess and monitor performance on ethics. As part of its deliberations, at every meeting, this Committee reviews all reports channelled through the whistleblowing channel available on the Company's website, where any untoward ethical matters can be raised anonymously. The Group is committed to facilitating 'speaking up' to raise concerns on any improper or unethical behaviour.

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, minimize the possibility of any conflict of interest with the Company or the Group by restricting involvement in other businesses that would be likely to lead to a conflict of interest. Where any director considers that they may have a conflict of interest in any matter pertaining to the Group or being considered at a Board or Committee meeting, they are required to immediately declare the potential conflict for the Board to review. The Director will excuse themselves from the relevant discussions and will not exercise their right to vote in respect of such matters. Directors also declare their pecuniary interests annually. At the Group subsidiaries, policy is directed not only to Directors but to all Senior management and employees who can influence any decisions of these subsidiaries.

Insider Trading & Related Party Transactions

The Group Insider Trading Policy 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 capitalize on advance, non-public knowledge of a large ("block") pending transaction that will influence the price of the underlying security.
- Obtaining gain by fraud.
- 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 Board Nomination, Remuneration and Governance Committee has oversight on insider trading and is made aware of insider trades as well as any breach of the Insider Trading Policy through semi-annual returns.

The Group Board 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. The Group Related Party Transactions was reviewed and updated in 2024. 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 related otherwise, such as directors and senior officers who may also have some ownership interest in the Group.

In line with the above-mentioned guideline, 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. All related party dealings/ transactions are disclosed under Note 37. The Board confirms that to the best of their knowledge, there were no known insider dealings in the year under review.

Whistleblowing Policy

The Group is committed to the highest standards of openness, probity, and accountability. In line with this commitment, the Group encourages all its stakeholders to come forward and report any unethical or illegal behaviour that in any way, shape, or form, relates to the operations of the Group.

The Group has in place a Whistle blowing policy and appropriate mechanisms to demonstrate its commitment to the highest standards of openness, probity and accountability. This policy was revised in 2022 to expand the scope of application to include the Group and all its subsidiaries, Directors, staff, contractors, agents, vendors, sponsors, customers and shareholders of the Group as well as the general public, in line with the recommendations from the previous governance audit. The Bank regularly holds staff plenary sessions sensitizing employees on the whistleblowing process and tools at their disposal. These mechanisms enable key stakeholders of the Group to voice concerns in a responsible and effective manner.

The policy is designed to encourage and facilitate raising concerns internally and externally on areas of real or perceived malpractice or impropriety. The policy is reviewed regularly to ensure relevance with best practice. The policy aims to:

- Encourage all stakeholders 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 losses to the Group and or any malicious act that may adversely affect the Group or its subsidiaries, its staff and stakeholders.
- Provide avenues for stakeholders to raise those concerns and receive feedback on any action taken.
- Reassure stakeholders that they will be protected from possible reprisals or victimization if they have reasonable belief that they have made any disclosure in good faith.
- Minimize the Group's or its subsidiaries' exposure to the damage that can occur when employees and key stakeholders circumvent internal mechanisms.
- Inform stakeholders that the Group and subsidiaries take a serious stand on adherence to the code of conduct and the various policies in place.

The Whistleblowing Reports are regularly reviewed and discussed by the Board Nomination Remuneration and Governance Committee. The Whistle blowing policy is also available on the Company website.

Our Governance
Our Business
Our Financials

Sustainability & Corporate Social Responsibility (CSR)

The Group is conscious of its responsibility to provide long term sustainable value to its stakeholders and the communities it serves. In June 2023, the International Financial Reporting Standards Foundation (IFRS) ushered in a new era of corporate sustainability-related disclosure to capital markets worldwide with the launch of IFRS S1, "General Requirements for Sustainability-related Financial Information" and IFRS S2 "Climate-related Disclosures." The IFRS Sustainability Standards were developed by the International Sustainability Standards Board ("ISSB"). These standards provide a global baseline for sustainability disclosures, providing companies with clear guidelines for globally consistent disclosure of sustainability-related financial information. I&M Group has embarked on capacity-building initiatives and alignment of reporting frameworks towards compliance with these disclosure requirements.

In 2024, the Group formed the Board Sustainability Committee and developed the Sustainability framework that was adopted across the Group in line with the iMara 3.0 2024-2026 strategy. This Committee is the designated Board Committee mandated to oversee sustainability and ESG practices across the Group to ensure that business practices are tailored towards long-term success.

The Committee's Terms of Reference mandate it to ensure that the Group's strategic plan supports long-term value creation. The Committee is mandated to direct and oversee the formulation of the Group's Sustainability Policy, the Group's overall sustainability strategies, sustainability framework, initiatives, priorities and targets (Sustainability Scorecard) as well as principles and policies which are aligned towards sustainability, the United Nations Sustainable Development Goals (SDGs), related regulations and standards. The Group Sustainability Policy provides guidelines on the various aspects of ESG and Sustainability.

The Group, through I&M Foundation, has put in place guidelines that aid in carrying out its Corporate Social Responsibility mandate at each entity's level. The Group seeks to deepen its relationship with various stakeholders while providing opportunities to its staff members to participate in various CSR activities, with a focus towards environmental conservation, education and skills development, economic empowerment and enabling giving. I&M Bank in Kenya supports the Foundation by allocating 2% of its Profit Before Tax to the Foundation's activities.

Accountability, Risk Management and Internal Controls

The Group is committed to maintaining robust internal controls and risk management systems to safeguard the Group's assets and ensure the effectiveness of operations. The Group has an integrated risk management framework in place to identify, assess, manage and report risks as well as risk-adjusted returns on a consistent and reliable basis. Further, the Group maintains a keen focus on ensuring that the risk management framework at a Group level is robust enough to safeguard the business processes and products of each entity.

Given that risk-taking is core to the Group's innovation capacity and ultimately its entrepreneurial success, the Group's approach to risk management is characterized by strong risk oversight at the board level and a strong risk management culture at all levels and across all functions. Such an approach supports and facilitates decision-making processes across the Group.

The Enterprise Risk Management Framework (ERMF) is set so that risks identified are adequately considered and mitigated. The ERMF ensures that the 'tone at the top' is aligned to the principles of the framework and that the Group maintains a risk-intelligent culture.

- The Board of Directors at the Group and individual entities assume the ultimate responsibility for the level of risks taken and are responsible for overseeing the effective implementation of the risk strategies;
- The organizational risk structure and the functions, tasks and powers of the committees, staff and departments involved in the risk processes are continuously reviewed to ensure their effectiveness and the clarity of their roles and responsibilities;
- Risk issues are taken into consideration in all business decisions. Risk and compliance metrics are embedded in staff personal score-cards to ensure there is risk-based performance measurement. This is supplemented by risk limits set at entity level;
- Risk management has been integrated into various management processes such as strategic planning, annual budgeting and performance measurement;
- Identified risks are reported in a transparent and timely manner;
- Appropriate and effective controls exist for all processes.

Each entity in the Group endeavours to be compliant with 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.

Environment, Social, Governance (ESG)

I&M Group and its subsidiaries aim to go beyond and understand how positively our solutions impact the society. Recognizing environmental, governance and social dynamics are key components of transformation and creation of a better world for present and future generations. As such, the Group acknowledges its responsibility in transition to a more sustainable world that takes cognizance of the Environmental, Social, and Corporate Governance (ESG) initiatives in the overall business strategy, products, services, and operations. The Group recognizes ESG as an all-inclusive process that requires commitment and support from all stakeholders including employees, partners, shareholders, suppliers, the market, and customers. The Group firmly believes that the business can help promote environmental preservation and generate social values.

The Group Sustainability Policy and Sustainability Action Plan affirm the Group's commitment to reinforce and integrate environmental and social responsibility in businesses, activities, and relationship with both internal and external stakeholders. The policy addresses the management of ESG risks and opportunities. I&M Group is profound in encouraging business associates and stakeholders to operate in line with the ESG principles and to advance ESG-related ventures. Through a collaborative approach, to create risk intelligent and empowered business growth, the Group aims to adopt corrective actions when needed, and support clients and businesses towards becoming more resilient, sustainable, and ethically responsive.

The policy ensures the formulation and implementation of an ESG framework in line with international best practice, the guidance on climate-related risk management issued by the Central Bank of Kenya and Nairobi Stock Exchange (NSE) manual guiding listed companies on measuring and reporting ESG matters.

Business Continuity Management (BCM)

The Group regularly revamps the BCM Policy to keep up with the changes in the business environment and technology. The policy sets the minimum requirements to be implemented to minimize the impact of operational disruptions and ensure business continuity for critical services and products. The subsidiaries regularly present their BCM plans to their respective boards in line with the Group policy. Entities within the Group continued to provide services seamlessly to all our partners focusing on transitioning most service to digital platforms. The Group's strategic investments in technology, with the aim of bolstering digital capabilities allowed the Group to not only improve efficiency in operations but also to strengthen the relationships with clients, prioritising client centricity and proactively anticipating client needs.

Compliance

The Board ensures that laws, rules and regulations, codes and standards applicable to the Group have been identified, documented and observed. Each of the Banking entities within the Group have independent compliance functions to continuously monitor the Company and its subsidiaries' compliance with applicable laws, rules and regulations, codes and standards to provide assurance in this respect to the Board on a quarterly basis.

All policies and procedures are tailored to ensure that the Group 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 Company puts in place the appropriate processes to ensure compliance from the effective date.

The Group has a designated Compliance Officer, Ms. Zipporah Gitau, who is the Group Chief Risk & Compliance Officer.

Risk-Based Internal Audit & Assurance

While the Board is responsible for the overall risk management and internal control systems, oversight of the Group's risk management process has been delegated to the Board Audit and Risk Management Committee. Every banking and regulated entity within the Group has established an independent Internal Audit function headed by the Group Chief Audit Executive, Ms. Ruma Shah who is a Fellow of the Certified Public Accountants - FCPA (K), Fellow of the Association of Chartered Certified Accountants (ACCA) and Certified Internal Auditor (CIA).

The respective Boards and Management set out the mandate for Internal Audit, defining its purpose, authority and responsibilities. The respective Boards ensure that the Head of Audit/Chief Audit Executive in each entity is not responsible for any other function in the entity and functionally reports directly to its Board Audit Committee.

The Internal Audit function provides independent assurance to its respective Board and Management that the governance, risk management and control processes are adequate and effective to enable the organization meet its objectives.

In addition, the Group has set up the Group Internal Audit function to provide independent assurance to the Company's Board through the Board Audit & Risk Management Committee and to, inter alia:

- Highlight high risk areas as reported by internal audit, external auditors and regulators for the respective group entities and action being taken by the respective entity Management and Board Audit Committee;

- Bring to attention any areas of concern on the adequacy and effectiveness of the respective entity processes for controlling its activities and managing its risks in the areas set forth under the scope of work that may require group direction; and
- Provide quality assurance on the audit activity deployed in the respective entities.

In 2024, the Group was an early adopter of the Internal Audit adopted the Global Internal Audit Standards 2024 (GIAS) which are tailored to enhance the consistency and quality of internal audit services in relation to various risk categories. Accordingly, the Group Internal Audit Policy and Group Internal Audit Charter were revised in 2024 to align with these standards.

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 audited entity or a related party;
- Bring to attention of the Board and management any matters that require urgent action. To facilitate this, the Board Audit and Risk Management Committee frequently meets with the external auditors without management to discuss pertinent issues relating to the audit.

The external auditors, KPMG, have been the auditors for the Group since 2015. During their tenure, the lead Engagement Partner has been rotated regularly in line with the requirements of the CBK Prudential Guidelines. In line with the requirements of the CMA Code of Corporate Governance, the external auditors will be rotated with effect from 2025 as agreed with CMA. The proposed new external auditors will be presented to the shareholders for approval at the 2025 AGM.

The audit fees paid to the external auditors during the year have been separately disclosed under Note 14 of the financial statements. There were no non-audit fees paid in the period.

Transparency and Disclosure

Capital Markets Authority (CMA) – Corporate Governance Assessment Report for the year ended 31 December 2023

The Capital Markets Authority assessed the status of implementation of the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, by I&M Group PLC for the year ended 31 December 2023. The overall rating awarded to the Company was maintained at a Leadership Rating of 91% (FY 2023), similar to the rating for FY 2022. This reflects the Group's commitment to upholding the highest standards of compliance.

Governance Audit

Section 2.11 of the CMA code requires that issuers of securities to the public undertake bi-annual Governance Audit by an accredited Governance Auditor. The Company subjected itself to an independent external Governance Audit in 2024 conducted by C. S. Catherine Musakali of Dorion Associates. The Governance Auditor's report is disclosed in this report.

Statement of Director's Responsibilities

The Kenya Companies Act, 2015("the Act") requires Directors to act in good faith, to promote the success of the Company for the benefit of its stakeholders and to avoid conflict between their personal interests and those of the Company, always acting in the best interest of the Company.

The Code of Corporate Governance for Issuers of Securities to the Public, 2015 ("the Code") requires listed companies to engage the services of an independent and accredited Governance Auditor to establish the extent to which the Board has applied corporate governance principles. The Code further requires that after undergoing the Governance Audit, the Directors should provide an explicit statement on the level of compliance.

As required by the Code therefore, the Directors commissioned a Governance Audit with the aim of ensuring that the Company has complied with the Act, the Code, and adopted best practices in corporate governance in order to deliver long term value to stakeholders.

The Directors are responsible for putting in place governance structures and systems that support the practice of good governance in accordance with best practice, the requirements of the Act, the Code and the Governance Audit Tool developed by the Institute of Certified Secretaries (ICS). The responsibility includes planning, designing and maintaining governance structures that ensure effective leadership and strategic management, transparency and disclosure, compliance with laws and regulations, communication with stakeholders, Board independence and governance, Board systems and procedures, consistent shareholder and stakeholders' value enhancement and corporate social responsibility and investment.

The Directors accept that:

(i.) The independent Governance Audit does not relieve them of their responsibilities.

(ii.) They are not aware of any material governance issues that may adversely impact the governance and operations of the Company.

The Directors have adopted this Governance Audit report for the year ended 31st December 2024, and which discloses the state of governance within the Company.

Adoption of the Governance Audit Report

The Governance Audit Report was adopted by the Board of Directors on the 21st day of March 2025.

Mr. Oliver Fowler

Board Chairman

Mr. Sarit Raja Shah

Group Executive Director

Governance Auditor's Report

The Code of Corporate Governance for Issuers of Securities to the Public, 2015 ("the Code"), requires the Board of a listed Company to subject the Company to an annual Governance Audit to check the level of compliance with sound governance practices.

The Code specifically requires the Annual Governance Audit to be conducted by a competent and recognized professional accredited for that purpose by the Institute of Certified Secretaries (ICS). In compliance with the Code, I & M Group PLC. retained Ms. Catherine Musakali of Dorion Associates **("the Auditor")** to conduct a Governance Audit of the governance structures, procedures and processes of the Company in order to assure the Board that its goals, structure and operations are consistent with the law, the Code, as well as the latest developments in Corporate Governance; and that the Company has adopted best practices in Corporate Governance as a means of ensuring sustainability. The Code further requires that after undergoing the Governance Audit, the Board should provide an explicit statement on the level of compliance.

The scope of the Audit is derived from the Code, the Companies Act, 2015 and the Governance Audit Tool developed by the ICS. More specifically, the Audit covers the following broad areas;

1. Leadership and strategic management;
2. Transparency and disclosure;
3. Compliance with laws and regulations;
4. Communication with stakeholders;
5. Board independence and governance;
6. Board systems and procedures;
7. Consistent shareholder and stakeholders' value enhancement; and
8. Corporate social responsibility and investment.
9. Sustainability.

Governance Auditor's Responsibility

Our responsibility is to express an opinion on the existence and effectiveness of governance instruments, policies, structures, systems and practices in the Company in accordance with best governance practices as envisaged within the legal and regulatory framework. We conducted our Audit in accordance with the Institute of Certified Secretaries' Governance Audit Standards and Guidelines, which conform to global Standards. These standards require that we plan and perform the Governance Audit to obtain reasonable assurance on the adequacy and effectiveness of the Company's policies, systems, practices and processes. The Audit involved obtaining audit evidence on a sample basis. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Opinion

In our opinion, the Board has put in place a governance framework that is in compliance with the legal and regulatory corporate governance requirements and in this regard, we issue an unqualified opinion.

Catherine Musakali

FCS. Catherine Musakali, ICPSK GA. No 006
Dorion Associates
Green Shades Apartments, Arwings Kodhek Rd., House 1C Nairobi.
Tel No.: +254 202353383/ +254 722616119
21st March 2025

Our Governance

Our Business

Our Financials

Legal & Compliance Audit

I&M Group PLC (**I&M**) is a non-operating holding company which is listed on the Nairobi Securities Exchange and regulated by the Capital Markets Authority of Kenya. I&M procured a legal audit for the financial year ending 31 December 2024 in accordance with the Corporate Governance Code for Issuers of Securities to the Public, 2015 (the **Code**). The Code requires that a comprehensive independent legal audit is carried out at least once every two years by a legal professional in good standing with the Law Society of Kenya. For the financial year ending 31 December 2024, an independent legal audit was carried out by Anjarwalla & Khanna LLP. The outcome of the audit process has confirmed that during the year in review I&M was generally in compliance with applicable laws and regulations including the Capital Markets Act, Chapter 485A, Laws of Kenya and the Companies Act, Chapter 486, Laws of Kenya.

Legal and Compliance Auditor's Opinion

The legal and compliance audit confirmed that during the year ending 31 December 2024, I&M was generally in compliance with applicable laws and regulations including the Capital Markets Act, Chapter 485A, Laws of Kenya and the Companies Act, Chapter 486, Laws of Kenya.

Our review has only been carried out to the extent required to express an opinion on I&M's general legal compliance based on the requirement in the CMA Code to carry out an independent legal audit once every 2 years. Therefore, our review and any comments and/or recommendations emanating therefrom should not necessarily be regarded as a comprehensive list of possible improvements to I&M's legal compliance, which a more extensive review might reveal.

This opinion is subject to the terms of the letter of engagement with I&M dated 17 October 2024 and the assumptions and limitations set out in the final legal and compliance audit report which the I&M has access to.

The independent legal and compliance audit was carried out by Anjarwalla & Khanna LLP, led by Ms. Rosa Nduati-Mutero, an Advocate of the High Court of Kenya in good standing with the Law Society of Kenya.

Yours faithfully

Rosa Nduati-Mutero

or and on behalf of Anjarwalla & Khanna LLP

Other Policy Disclosures

In addition to the policies mentioned above, the Group also makes the following key disclosures:

Information Technology Risk Policy

The Group acknowledges that ICT is essential for its continued successful operation that the availability, integrity and confidentiality of its information systems and associated data are maintained in a cost-effective manner and at a level that is appropriate to its business needs. The need for such protection arises because information systems are potentially vulnerable to unwanted events or threats.

The Group's Information Security Policy is aimed at enhancement of its ability to collect, store, process and transmit Information. Information Systems and Information Processing are vital to the various entities in the Group in pursuit of its business objectives, and it is important that it is managed with regard to:

Confidentiality - ensuring that information is accessible only to those authorised to have access.

Integrity - safeguarding the accuracy and completeness of information and processing methods.

Availability - ensuring that authorised users have access to information and associated assets when required.

Effectiveness - the capability to produce the desired results especially to ensure that regulatory, operational and contractual requirement are fulfilled.

Efficiency - the extent to which resources are used to achieve the desired results.

Data protection - ensuring that there are appropriate safeguards to ensure that data is handled in line with the provisions of the data protection regulations.

Procurement Policy

The Group has put in place a Group Procurement policy aimed at guiding the approach to procurement in the areas of systems implementation or significant upgrades of existing systems, acquisition of significant ICT infrastructure, deployment of standardized specifications such as for branding and marketing and for provision of critical services across the Group entities.

The coordinated approach to procurement of major goods and services is designed to deliver benefits in terms of standardized specifications, platforms for delivery of critical business operations and for deriving synergies, competitive pricing arising from economies of scale, a harmonized approach to business continuity in major business and operational matters and more importantly an efficient and reliable financial and management reporting as may be required from time to time by various stakeholders. It also ensures there is effective management of suppliers and customer relationships, adoption of uniform controls and integrated procurement processes.

The policy is guided by key governance principles to maintain the highest level of integrity and transparency. It is a pre-requisite that no entity shall seek to gain undue advantage over another in pursuance of any one procurement initiative at the Group level. The Procurement policy is also available on the Company's website.

Our Approach to Risk Management

Our risk management strategy is grounded in the **COSO Framework**, which offers a structured approach to identifying, assessing, mitigating, and monitoring risks. This framework comprises five interrelated components:

Internal Control Environment: Establishing a culture that emphasizes integrity and ethical values.

Risk Assessment: Systematically identifying and analyzing risks that could impede the achievement of objectives.

Control Activities: Implementing policies and procedures to address identified risks effectively.

Information and Communication: Ensuring pertinent information is disseminated in a timely manner to facilitate informed decision-making.

Monitoring: Continuously evaluating the effectiveness of internal controls and making necessary adjustments.

By integrating these components, we foster a 'risk-aware' culture that supports informed decision-making and strategic alignment. This approach enables us to navigate uncertainties and capitalize on opportunities, thereby enhancing our resilience and adaptability.

Risk Categories and Management

Crucial to our approach is the integration of the key risk categories with our overarching business strategy. Each of these risk categories, listed below, are assessed in light of how it aligns with and impacts our strategic goals. This alignment ensures that the Group's risk management processes are embedded into strategic planning and decision-making rather than being isolated.

Risk Category	Definition and Management
Credit Risk	Mitigated through prudent lending policies, comprehensive counterparty evaluations, diversification of credit exposures, and regular stress testing to ensure financial stability.
Market Risk	Managed by continuous monitoring of market variables, employing hedging strategies, and conducting scenario analyses to safeguard against adverse market movements.
Operational Risk	Addressed by implementing robust internal controls, fraud detection systems, regular process audits, and comprehensive disaster recovery and business continuity plans.

Risk Category	Definition and Management
Liquidity Risk	Mitigated through regular liquidity assessments, maintaining adequate liquidity buffers, and diversifying funding sources to meet financial obligations under various scenarios.
Strategic Risk	Managed by integrating risk considerations into strategic planning, conducting scenario analyses, and monitoring industry trends to ensure alignment with market dynamics.
Compliance Risk	Addressed by maintaining a robust compliance framework, conducting regular audits, and providing continuous training to ensure adherence to legal and regulatory standards.
Cybersecurity and ICT Risks	Mitigated through advanced cybersecurity measures, real-time monitoring, incident response plans, and strict IT governance frameworks to protect data integrity and availability.
Reputational Risk	Managed by maintaining transparent communication with stakeholders, monitoring public perceptions, and aligning actions with ethical standards to uphold trust.
Environmental, Social, and Governance (ESG) Risks	Addressed by integrating ESG considerations into decision-making processes, conducting regular assessments, and aligning with global sustainability benchmarks.

Risk Culture and Values

I&M's risk culture emphasizes the importance of accountability, transparency, and proactive risk management across all levels. This is ensured by fostering a culture where staff are required to identify and address risks early, ensuring that risk considerations are entrenched into every decision-making process.

Key principles of the Group's risk culture include:

- Promoting open communication and collaboration to ensure risks are identified and addressed promptly.
- Establishing clear roles and responsibilities to reinforce accountability for managing risks.
- Encouraging continuous learning and training to enhance awareness and understanding of emerging risks.
- Aligning risk management practices with our core values of integrity, ethical conduct, and commitment to sustainability.
- This strong risk culture enables the Group to adapt to changing business environments, seize opportunities responsibly, and maintain the trust of its stakeholders.

Risk Governance: The Bedrock of I&M's Strategy

Effective risk governance is essential for aligning risk management with our strategic objectives. This is achieved through:

Board Oversight:	Executive Management:	Risk Committees:
The Board of Directors provide strategic direction and oversight, ensuring that risk management is integrated into all decision-making processes.	Is responsible for implementing the risk management policies and procedures, and for fostering a risk-aware culture.	These specialized committees monitor specific risk areas, review risk assessments, and recommend mitigation strategies.

I&M's governance model is further strengthened by the Four Lines of Defense:

First Line of Defense: Operational managers and staff who directly manage and own risks within their respective areas of responsibility, implementing controls and ensuring compliance with the applicable regulatory framework as well as internal policies.

Second Line of Defense: The risk management and compliance teams provide oversight, guidance, and support to the first line, ensuring risks are identified and mitigated effectively.

Third Line of Defense: The internal audit function offers independent assurance to the Board on the adequacy and effectiveness of risk management frameworks and controls.

Fourth Line of Defense: The Board and senior leadership define the overall risk appetite, set strategic direction, and oversee the governance framework to ensure alignment with strategic objectives.

Fourth line of Defense

Board of Directors I&M Group PLC

Third line of Defense

Board Audit and Risk Management Committee I&M Group PLC

Second line of Defense: Subsidiary Board Risk Committees

- I&M Bank Ltd
  I&M Burbidge Capital Ltd
  I&M Capital Ltd
- Board Risk Committee Rwanda
- Board Risk Committee Tanzania
- Board Risk Committee Bank One, Mauritius (JV)
- Board Risk Committee Uganda

First line of Defense: Group Level Management Committees

Business Lines and Operational Staff at each entity

Risk Appetite

The Group's risk appetite is designed to balance risk-taking with financial stability, regulatory compliance, and strategic growth objectives. Our approach integrates quantitative financial thresholds with qualitative governance principles to ensure resilience in an evolving business environment. By maintaining a structured risk framework, we enable informed decision-making, operational efficiency, and long-term sustainability while safeguarding stakeholder interests.

The Group's risk appetite framework is dynamic and adaptable, ensuring that risk tolerance evolves in response to business growth, regulatory landscapes, and emerging challenges. By integrating data-driven insights, real-time risk analytics, and cross-functional collaboration, we maintain a balanced approach that supports innovation while safeguarding financial and operational integrity.

Quantitative Risk Parameters

Our risk appetite is underpinned by strict financial metrics that align with regulatory standards and economic conditions. These include:

Capital Adequacy Ratios: Ensuring a strong capital base to absorb unexpected losses and maintain market confidence.

Liquidity Thresholds: Maintaining sufficient liquidity buffers to support operations, meet financial obligations, and navigate periods of market stress.

Earnings Volatility Limits: Establishing thresholds to manage fluctuations in income, ensuring financial stability even in uncertain conditions.

Credit Exposure Diversification: Implementing sector-based and geographic diversification strategies to mitigate concentration risks and enhance portfolio resilience.

Stress Testing & Scenario Analysis: Conducting periodic stress tests to assess the potential impact of adverse macroeconomic conditions and adjust risk appetite accordingly.

These metrics are continuously reviewed and adjusted in response to market dynamics, regulatory changes, and internal performance assessments, ensuring that the Group remains financially robust and well-prepared for emerging risks.

Qualitative Risk Considerations

Beyond financial measures, we place significant emphasis on ethical governance, ESG integration, and reputational risk management. Our qualitative risk appetite is defined by:

Ethical & Compliance Standards: A zero-tolerance policy for regulatory breaches, corruption, financial crime, and unethical business practices.

ESG (Environmental, Social, and Governance) Alignment: Incorporating sustainability risk factors into business decisions to promote responsible investing, environmental protection, and social impact.

Reputational Risk Management: Maintaining brand integrity through transparent communication, stakeholder engagement, and proactive crisis response strategies.

Risk Culture & Accountability: Embedding a strong risk-aware culture across the Group, with structured training programs and leadership accountability.

Technology & Cybersecurity Risks: Strengthening risk controls related to digital transformation, data privacy, and cyber resilience to mitigate potential threats.

Our qualitative approach ensures that risk-taking is ethical, sustainable, and strategically aligned, reinforcing long-term business resilience and stakeholder trust.

ESG Principles

Environmental Stewardship: We are committed to reducing our carbon footprint through energy-efficient practices, transitioning to renewable energy sources, and providing sustainable financing. Climate risk assessments are integrated into credit decision-making processes, and we actively support green technologies and eco-friendly operations.

Social Responsibility: Our commitment to social responsibility includes fostering diversity and inclusion, supporting employee well-being through career development programs, and engaging with communities to enhance education, healthcare, and financial inclusion. These efforts ensure that we positively impact the communities where we operate.

Governance Excellence: Transparency, ethical conduct, and regulatory compliance are fundamental to our governance framework. Regular ESG performance reporting and stakeholder engagement reinforce accountability and trust. By integrating governance excellence into all aspects of our business, we maintain our reputation as a principled and forward-thinking organization.

Resilience and Sustainable Value Creation: Through a robust risk management framework and the integration of ESG principles, we remain committed to creating sustainable value for all stakeholders. By fostering resilience, adaptability, and innovation, we ensure long-term growth, ethical leadership, and trust across all markets where we operate.

Financial Crime Statement

The Group is committed to preventing and mitigating the risks associated with financial crime, including money laundering, terrorist and proliferation financing, fraud, bribery, and corruption. Our financial crime risk management framework is designed to ensure compliance with global and local regulatory requirements and to uphold the highest ethical standards.

Key Elements of Our Approach Include:

- Implementing robust anti-money laundering (AML), counter-terrorist financing (CTF) and counter proliferation financing (CPF) policies and procedures.
- Conducting due diligence on customers, third parties, and counterparties to identify and mitigate risks.
- Employing advanced monitoring systems to detect and prevent suspicious activities.
- Providing comprehensive training to employees to enhance their awareness and understanding of financial crime risks and prevention techniques.
- Regularly reviewing and updating policies to align with evolving regulatory standards and industry best practices.
- Our unwavering focus on financial crime prevention reinforces the integrity of our operations and safeguards the trust of our stakeholders.

Our Business

Highlights

6.3 Million
Lives Impacted

	2023	2024
Customer Numbers	+558k	+727k
Net Promoter Score	71%	75%
Digitally Active Customers	78%	83%
Employee Engagement Score	78%	78%

	2023	2024
Revenue Contribution from New Business	22%	25%
Subsidiary PBT Contribution	24%	29%
Return on Equity	15%	17%
Dividend Per Share (Kshs)	2.55	3.00 (2024*)

*Interim Dividend - Kshs 1.30 and Final Dividend Kshs 1.70.

What We Offer

- Commercial Banking Services - Retail, SME, Corporate & Institutional
- Bancassurance
- Custody and Investment Services
- Financial Advisory Services
- Wealth Management Services
- Real Estate Investments

Commercial banking represents the largest portion of the Group's assets with presence throughout the East Africa region. The products and services are segmented to meet the needs of each customer base and which in turn stems from our strategic goals of being the best bank for our customers. This now includes increased convenience through the digitization of our services.

Who We Serve

Although the Group is traditionally known for its large customer base of high-net-worth customers and large corporate clients, the Group has also been recognized for its services to small and medium-sized enterprises, including many that have grown with the institution.

Personal Banking:

Delivering the highest level of personal financial services.

Premium Banking:

Offering top-notch services to high-net-worth individuals.

Corporate & Institutional Banking:

Providing an array of financial solutions for large corporates and institutions.

Business Banking & MSME:

Supporting micro, small, medium enterprizes.

Sarit Raja Shah

Group Executive Director

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Group Executive Director's Statement

Celebrating 50 Years of Excellence: A Milestone Year for I&M

> "The progress achieved in the first year of iMara 3.0, particularly in brand awareness, digitization, and employee engagement, validates the robustness of our strategy. Grounded in a strong digital foundation and a focus on customer experience, we look to the future with confidence backed by a rich 50-year legacy."

The year 2024 marked a significant milestone for the Group as we celebrated our 50th anniversary. The Group has indeed come a long way since the incorporation of Investments and Mortgages in 1974. Over the last five decades, our journey has been defined by continuous evolution from humble beginnings as a community-based financial house to a regional powerhouse, expanding its footprint across East Africa.

It has been 50 years of serving our customers, unwavering commitment to excellence and innovation in delivering customer-centric financial solutions. More importantly, it has been 50 years of positively impacting lives and fostering community development through a forward-looking vision.

Acknowledging our success over the decades has been driven by strong stakeholder support and we took this opportunity to express our gratitude to those who have played a pivotal role in our journey through various engagement forums. Undoubtedly, a key highlight of the year was the numerous accolades received across various categories, serving as a testament to our commitment to enhancing shared value across the Group.

Achievements and Market Position

Despite a challenging macro economic landscape, we emerged as the leader in net positive customer sentiments in Kenya and continued to expand our market share. Our commitment to digital transformation enabled us to deliver impactful solutions, resulting in a 30% growth in our customer base while maintaining a high net promoter score of 75%. Additionally, we made significant progress in embedding sustainability as a central pillar of our business operations. Furthermore, enhancements to our people processes led to an employee engagement score of 78%.

Operating Environment

Thepast year has been marked by significant challenges. Amidst a period of profound transformation, the global socio-economic environment remained volatile. Geopolitical tensions and the rapid evolution of global economic dynamics have driven prolonged inflation in many markets. According to the IMF, the sub-Saharan region's outlook is gradually improving after four turbulent years, with nearly two-thirds of countries anticipating higher growth. However, the region remains constrained by funding shortages, high borrowing costs and rising debt obligations. External global shocks, rising political instability, and the increasing frequency of climate-related challenges continue to shape the economic climate.

At a social level, widening income inequality persists, compounded by the long-term effects of the pandemic. While rapid technological advancements open new opportunities, they also present unforeseen risks. These global and regional shifts mark a critical juncture for many businesses demanding resilience and innovation.

Our response to these challenges aligns with the Group's strategy refresh. At the start of 2024, the Group commenced implementation of the third iteration of its strategy, iMara 3.0, with an aspiration to positively impact 10 million lives by 2026. This is anchored on three core objectives:

- Strengthening leadership in our core segment (Corporate and Commercial),
- Expanding our relevance in emerging customer segments (Retail and SME) and
- Becoming a leader in ecosystems.

Our brand strength, strong Group synergies, digitization efforts, and cultural transformation initiatives are key enablers of these objectives.

Developing Leadership in Our Core Segment – Corporate and Commercial

We continued to strengthen our position in the corporate segment by leveraging new opportunities, including our entry into the Oil and Gas sector, where we facilitated trade valued at approximately $720M. The Group also expanded its offerings to public sector businesses and increased its activities in the leasing segment within the Kenya business. The Bank in Tanzania focused on targeted growth in the Agriculture, Oil and Gas, and Mining sectors while driving cross-border activities to increase business volumes, leading to a growth in assets by Tzs 75 billion across key sectors. In Tanzania, we enhanced product penetration and efficiency in cash management services as it streamlined transactions with the launch of remote cheque scanning.

Consequently, in this first year of iMara 3.0, the segment achieved 12% growth in operating income and contributed 38% to the Group's total revenue.

Building Relevance in Emerging Customer Segments – Retail and SME

With respect to the emerging customer segments, I&M made significant strides in enhancing customer touchpoints. A majority of our customers can now access financial services online with 83% of the customers across the Group classified as digitally active. In Kenya, we launched several initiatives informed by customer feedback, including the third phase of the #Nisare campaign supporting sole proprietors by removing bank-to-mobile charges for small businesses. Additionally, the mobile banking app now offers short-term loans, providing 30-day credit and buy-now-pay-later options through partnerships with select vendors. In Rwanda, we introduced online onboarding, broadening access to financial services via mobile and web applications. Similarly in Tanzania, the Bank enhanced Retail and SME value propositions as it optimized the distribution network through digital improvements to better meet customer needs.

Despite these advancements, the Group remains focused on extending financial inclusion to underserved regions, increasing its branch network by 23 in 2024. Looking ahead, we aim to enhance customer experiences by delivering convenient, responsive, and trustworthy services.

Becoming a Leader in Ecosystems

With a legacy spanning over five decades and a strong reputation for digital transformation and innovation, the Group continues to attract diverse businesses and customers. To expand its reach within the retail segment, I&M is proactively addressing the needs of customers in the lower-income segments. By collaborating with its corporate customers, it aims to offer essential financial services to MSMEs and individuals who might otherwise lack access, thus enabling last-mile financing.

Through ecosystem partnerships in Kenya, the Bank generated Kshs 1.35 Billion in revenue while positively impacting approximately 2.8 Million lives. In Tanzania, the Bank expanded the eligible customer base to 3.6 Million customers through its partnership with YABX and Airtel, leading to a significant growth in revenue. I&M Rwanda has also grown its value of financing through partnerships to Kshs 1.4 Billion (Rwf 14.5 Billion). Moving forward, the Group purposes to deepen penetration within these ecosystems by offering tailored banking products and fostering partnerships that drive customer acquisition.

Enabling the Strategy

To enhance customer-centricity, we embedded ourselves in customer journeys by strengthening ecosystem partnerships, leveraging digital platforms, and introducing innovative, accessible solutions. The Group invested 21% of its capital expenditure in technology to support the acquisition of new partnerships and advance digital offerings, which contributed to 30% growth in customer numbers while maintaining a high net promoter score of 74%.

Brand awareness increased from 20% in 2023 to 34% in 2024 attributed to the deliberate efforts and investment to transform the brand over the past two years. 5% of the total operating expenses was invested in brand building.

Additionally, the Group invested 28% of the operating expense in talent development, maintaining an employee engagement score of 78% in spite of the 15% growth in its overall workforce.

Sustainability

The Group's sustainability agenda has been embedded within the iMara 3.0 strategy. As we execute the strategy's 3 key objectives, we have a keen focus on positively impacting lives. In order to manage any sustainability risks and opportunities, we have integrated the sustainability agenda in designing products and services and within our existing operations, as well as in managing relationships with internal and external stakeholders. Our collaborative approach with key stakeholders allows us to focus on sustainable business growth while adopting corrective actions when needed.

As a Group, we have pledged to enhance our positive impact on the community and welcome partnerships that foster collaboration, aiming to maximize our societal contributions.

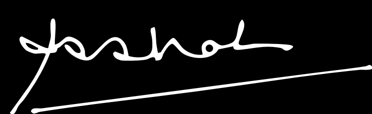
Outlook

The progress achieved in the first year of iMara 3.0, particularly in brand awareness, digitization, and employee engagement, validates the robustness of our strategy. Grounded in a strong digital foundation and a focus on customer experience, we look to the future with confidence backed by a rich 50-year legacy.

Our differentiated value proposition-rooted in exceptional customer service and a robust asset base-remains the cornerstone of our success. As we navigate social transitions, we will continue optimizing technology to support our customers in realizing their ambitions, embodying our commitment to being "on your side."

Appreciation

I take this opportunity to extend our deepest gratitude to all stakeholders for their unwavering support. We are especially proud of our loyal customer base, whose trust is reflected in our consistent growth in new clients. To our Chairperson, Board, and Executive team across all geographies and entities, we thank you for your integrity and dedication. Lastly, we commend our employees for their contributions and encourage them to nurture their innovative spirit as we continue this journey together.



Sarit Raja Shah

Group Executive Director

Group Leadership Team

Sarit S. Raja Shah
Group Executive Director

Kihara Maina
Regional Chief Executive Officer

Gul Khan
Chief Executive Officer

Benjamin Mutimura
Chief Executive Officer, I&M Bank (Rwanda) PLC

Robin Bairstow
Chief Executive Officer, I&M Bank (Uganda) Ltd

Zahid Mustafa
Chief Executive Officer, I&M Bank (T) Ltd, Tanzania

Sunil Ramgobin
Chief Executive Officer, Bank One
(w.e.f. October 2024) Mauritius

Silas Mutuku
Chief Executive Officer, I&M Capital Ltd

Kiriga Kunyiha
Chief Executive Officer, I&M Burbidge Capital Ltd
(w.e.f. December 2024)

Edward Burbidge
Chief Executive Officer, I&M Burbidge Capital Ltd
(Resigned December 2024)

Our Governance
Our Business
Our Financials

Group Management Team

L.A. Sivaramakrishnan
Director, Group Business Development

David Ngata
Group Chief Financial Officer
(w.e.f. September 2024)

Gauri Gupta
Group Executive GM, Corporate Advisory

Zipporah Gitau
Group Chief Risk Officer

Kenneth Lukale
Group Head of Asset Liability Management (ALM)

Sheila Cheruto Tiren
Group Executive GM, Human Resources,
(w.e.f January 2025)

Nelson Juma Nasongo
Group Chief Information Officer, ICT

Oira Robert Mochama
Group Executive GM, Information Security

Rocky Olonde
Group Head Strategy & Transformation

Ruma Shah
Group Chief Audit Executive

Henry Kirimania
Group Executive GM, Treasury

Sandeep Sinha
Group Executive GM, Credit

Eunice Gatama
Group Executive GM, Digital Business

Stakeholders

The Group acknowledges the importance of engaging with stakeholders and understands that active collaboration is crucial for the Group's sustainable business performance, public trust and confidence.

The Group's stakeholder management policy is based on the principles of transparency, active listening, fair and equitable treatment and promoting a consultative and collaborative engagement with all stakeholders.

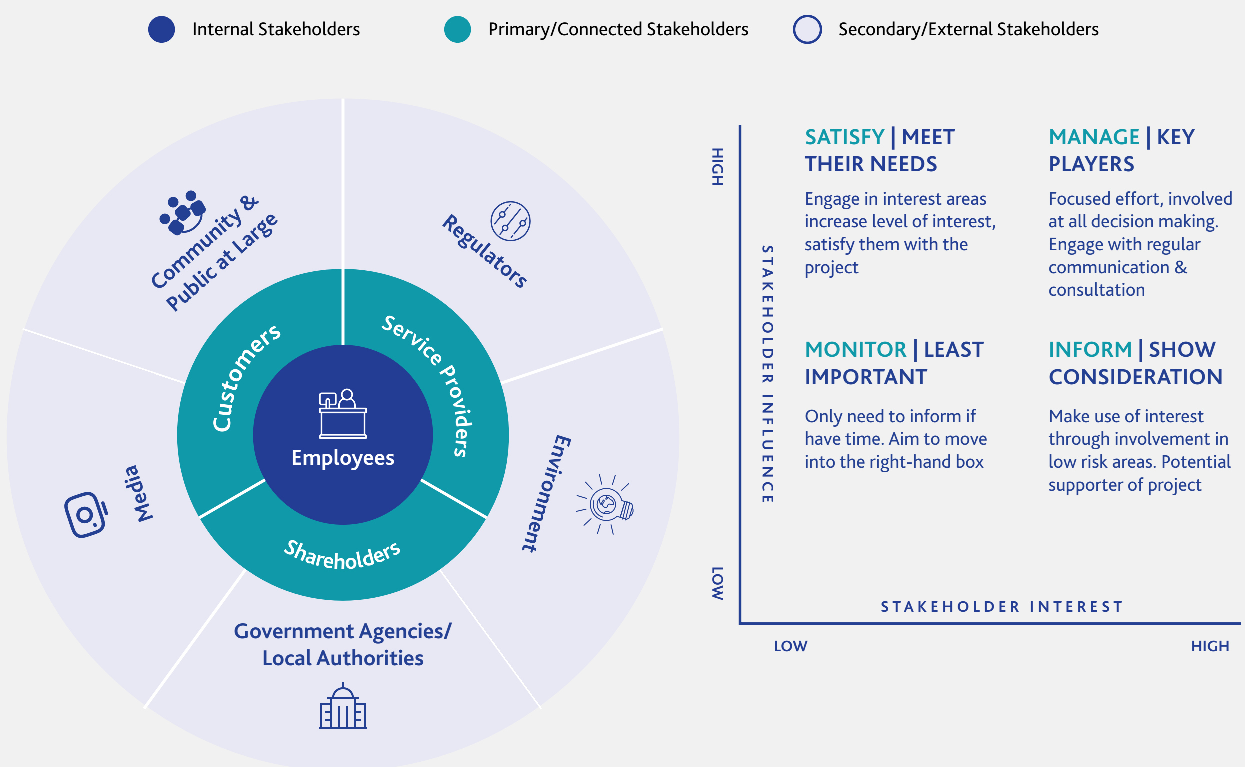
The Group aims to continuously engage stakeholders, both formally and informally, to:

1. Develop a thorough understanding of stakeholder needs, interests and expectations.
2. Provide guidance on how the Group should interact with stakeholders to fortify and sustain relationships.
3. Identify opportunities and risks stemming from material issues raised by stakeholders.
4. Support strategic and sustainable decision-making processes.

To ensure consistent stakeholder engagement across all areas of operations, the Group has established coordination mechanisms that comply with laws, regulations, relevant environmental and social management plans, as well as the policies that govern the Group.

The Group Risk & Compliance department and the Board Audit & Risk Management Committee annually assess, review and mitigate stakeholder concerns. Relationships with each stakeholder group are overseen and managed by members of the Group's leadership team, with specific individuals identified as the responsible executive.

Stakeholder Identification And Mapping



Method of Engagement

The Group's methods of engagement include various channels and means of communication reliant on each specific stakeholder group. These include contacting or reporting through:

- the 24/7 Call center
- Social media platforms and
- Calling, emailing or otherwise reaching out to the Bank.

All these contact options are listed on the "Contact Us" page of the Group's corporate website. The Group has established appropriate engagement methods tailored for each stakeholder group.

Accountability & Grievance Procedure

Stakeholder engagement within I&M Group is decentralized. All I&M Group employees are accountable for managing relationships and meeting the 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 Group point of contact, there are a number of opportunities that allow for anonymity (if desired) as well as independence to ensure a voice for the concerned stakeholder/(s).

The table below provides a detailed overview of the Group's stakeholder engagement, outlining its purpose, frequency, and methods.

Shareholders

Purpose Of Engagement	Frequency Of Engagement	Methods Of Engagement
i. To provide current and future shareholders with relevant and timely information. ii. To manage shareholder expectations and reputational risk. iii. To maintain strong relationships, keep abreast of market developments and inform our shareholder targeting strategy. iv. To ensure good governance and deepen the trust placed in us and our brand. v. To get feedback that informs our strategy, business operations and how we govern.	• On a formal basis, twice a year to coincide with the release of year-end and half-year results. For the other 2 quarters, the investor briefings are circulated to the investors and uploaded on the website. • On an ad hoc basis and as requested by the financial media, investment analysts, and investors during open periods.	• Annual General Meetings. • Extraordinary General Meetings (as and when called for.) • Investor briefings for year-end and half year results, public announcements and roadshows. • Various investor group meetings. • Individual meetings with financial media, shareholders and analysts.

Employees

Purpose Of Engagement	Frequency Of Engagement	Methods Of Engagement
i. To provide staff with strategic direction and keep them informed about group activities. ii. To ensure that we remain an employer of choice that provides a safe, positive and inspiring working environment. iii. To understand and respond to the needs and concerns of staff members.	• Ongoing and daily engagement at all levels as required by staff.	• Regular, direct communication between managers, teams and individuals. • There is also a robust combination of face-to-face, written, digital and broadcast communications, culture and engagement surveys that include emails and intranet communications. • Pamoja employee engagement initiatives (e.g., sports days, tree planting, mental health day, etc.) • Cluster and group recognition function.

Customers

Purpose Of Engagement	Frequency Of Engagement	Methods Of Engagement
i. To understand them, their aspirations, businesses and financial service needs better. ii. To provide appropriate advice, proactive financial solutions and value-adding services. iii. To ensure that the Group maintains high service levels that they expect and deserve. iv. To inform and prioritise product development. v. To develop products that embody customer-centric innovation. vi. To ensure the accuracy of customers' personal and/or business information.	• Ongoing. Dependent on customer needs and identified sales, service or guidance opportunities. • Regular customer events.	• Interactions through sales agents, branch outlets, relationship managers, regional heads, senior management, call centres and other alternate banking channels. • Customer events such as customer breakfasts, golf events, product launches, art experience events and face-to-face meetings. • Surveys. • Marketing and advertising activities. • Formal written correspondence, emailers, SMS and newsletters. • Digital & direct marketing initiatives, such as social media.

Regulators

Purpose Of Engagement	Frequency Of Engagement	Methods Of Engagement
i. To maintain open, honest and transparent relationships and ensure compliance with all legal and regulatory requirements. ii. To retain our various operating licenses and minimize operational risk.	• Daily, weekly, quarterly and as required.	• Various industry and regulatory forums, industry associations, meetings between regulators, and our board and management. • This includes one-on-one discussions with various executive officials at prudential meetings as well as onsite meetings.

Government Agencies, Local Authorities & Industry Forums

Purpose Of Engagement	Frequency Of Engagement	Methods Of Engagement
i. To build and strengthen relationships with the government, both as a partner in the development of the country and as a key client. ii. To provide input into legislative development processes that will affect the economy and our activities and operations. iii. To participate visibly in and be a partner in the transformation of the Kenyan economy and the financial sector. iv. To continue learning through interaction with the industry and cross-sectoral organizations. v. To use business associations as a forum through which we can promote our viewpoints on key industry issues. vi. To influence and/or promote common agendas.	• Monthly or as deemed necessary by either party.	• Various engagements with national and county officials' participation in consultative industry and sector forums.

Service Providers and Suppliers

Purpose Of Engagement	Frequency Of Engagement	Methods Of Engagement
i. As required or dictated by performance contracts and/or agreements. ii. To obtain products or services required for conducting the Group's business. iii. To maintain an ideal and timeous supply of goods and services for operations. iv. To encourage responsible practices across our supply chain, local procurement, supplier conduct and environmental considerations. v. To include critical suppliers in cross-functional teams so as to contribute expertise and advice before specifications are developed for products or services.	• Ongoing, as required.	• One-on-one negotiations and meetings for finalization, follow-up, and after-sales service. • Email and phone conversations.

Media

Purpose Of Engagement	Frequency Of Engagement	Methods Of Engagement
i. To leverage the reach and influence of media channels to share our business and citizenship story with stakeholders. ii. To communicate with relevant stakeholders and the broader public with a view to having a positive influence on behaviours that will lead to desired business results. iii. To protect and manage our reputation. iv. To empower their audiences to make informed financial decisions.	• Ongoing interactions in response to business-related media enquiries as and when required. • Regular interactions to share information and respond to media requests for commentary about I&M Group.	• Launches of various I&M products and services. • Interviews with key business media on relevant matters. • Ongoing telephone and email interaction regarding media enquiries.

Material Matters

Summary of Material Matters

Macro-economic, social and political environment

Importance	Impact	Strategic Response	Impact of the Response
The rapidly changing and volatile macro-economic factors such as inflation, currency depreciation and interest rates, escalating geopolitical tensions, and widening social inequality-economic divide have implications for the Group.	Affects lending, asset quality profitability and, ultimately, the shareholder value of the Group.	Well-diversified portfolio while managing and mitigating credit risk in the portfolio through robust credit models. Geographical and segment diversification to cushion the impact from any one country of presence.	• Gross NPL increased marginally from Kshs 35.3 billion to Kshs 35.5 billion. • Geographical diversification with subsidiaries contributing 29%, up from 24% in 2023. • Segment diversification: Corporate contributing 38% • Retail contributing 52%

Human Capital Management

Importance	Impact	Strategic Response	Impact of the Response
Attracting, retaining and upskilling professionals is crucial in a competitive and evolving industry.	High turnover leads to increased costs and reduced service quality while a low turnover can be a competitive advantage to navigating a volatile environment.	As part of the strategy, human capital management and development has been identified as a key enabler. Continued learning and upskilling, as well as other benefits, are constantly evaluated to ensure employee satisfaction and growth. Further, ensuring diversity and inclusion are being closely tracked to ensure equal opportunities.	• Employee Engagement score – 78% • M:F Ratio 48%:52% • Training days per employee: 4.7 days.

Business Growth

Importance	Impact	Strategic Response	Impact of the Response
Business growth is important to expand offerings, grow or maintain market share and invest.	Lack of meaningful business growth affects positioning in the market, ability to impact lives positively and provide relevant solutions to the customers.	In the refreshed strategy, iMara 3.0 has identified key initiatives to grow the business and leverage the right enablers to drive the growth of the business while ensuring the solutions are relevant to customers in the most convenient way.	• Brand awareness score – 34% • Revenue Growth – 20% • Profit Growth – 25% • ROE – 17% • Dividend per share- Kshs 3.00

Regulatory Environment

Importance	Impact	Strategic Response	Impact of the Response
The Group needs to adhere to the various regulations and keep up with the changing regulations across all countries of presence, including climate risk.	Non-compliance can result in fines, reputational damage, and operational disruptions.	Continued monitoring and strengthening of risk and compliance frameworks, staff training, and regular audits, as well as ensuring systems are up to date to meet regulatory requirements.	• The Group's high-risk accounts (exposure to climate risk) represent 11.4% of the portfolio. • 1770 - Staff trained on ESMS.

Shared Values

Importance	Impact	Strategic Response	Impact of the Response
Considerations around the impact on the environment and communities that surround the Group, including access to financial services.	Overlooking the impact on the environment can leave unwanted, lasting negative impacts while also affecting communities in their surroundings.	A well-crafted sustainability action plan that has a positive impact on business operations, communities and the environment.	• Lives impacted – 6.3 Million. • Trees grown – >490,000. • Survival rate – 78% • Rehabilitation Efforts – Kshs 162+ Million. • Total invested on impact initiatives – Kshs > 1 Billion.

Our Capitals

How We Create Value

Meeting Stakeholder Expectation	Via Our Business Model	Creating Sustainable Value for Stakeholders
Customers >727,000 Customers 83% Digitally Active 75% Net promoter Score	**Aspiration** Eastern Africa's Leading Financial partner for Growth	Revenue contribution from new business: **25%** Interest paid to Customers: Kshs 25 Billion System Uptime: **99%** Launch of Free Bank to Mobile Transaction service: #NisareKabisa Launch of the Largest Loan: Max **Kshs 10 Million**
Employees 3,246 Staff 78% Employee Engagemnet score	**Strategic Pillars & Initiatives**	Overall, Gender Diversity: **M:F 48% : 52%** Senior Management Gender Diversity: **M:F 60:40** Staff Average Age: **35 yrs** Staff Salaries & Benefits: Kshs 9.1 Billion
Regulators The Group enjoys robust relationships with its regulators	Driving Business Growth Building a Resilient Organisation Optimizing the Operating Model	Government Taxes paid: **Kshs 4.1 Billion**
Shareholders 5,637 Shareholders Kshs 60 Billion Market Capitalization	**Enablers** Cultural Transformation Customer Experience	Share Price: **Kshs 36.25** Full Year Dividend: **Kshs 3.00** Return on Average Equity: **17%**
Society Kshs 1 Billion committed towards impact initiatives	Group Strategic Partnerships Data Analytics	No. of Scholarships at Secondary Level: **641** Jobs Created: **622** Number of Trees Grown: **>490,000**

Our Strategy

Investing for Growth

Aiming to become Eastern Africa's leading Financial Partner for Growth, I&M is driven by a core philosophy of positively impacting lives and empowering communities to flourish.

In 2024, the Group transitioned to its third iteration of the iMara strategy - dubbed iMara 3.0. This iteration builds on the achievements of iMara 2.0, steering the focus of the Banking entities towards developing leadership in their core segments, building relevance in emerging customer segments, and becoming a market leader in ecosystems.

Long Term Ambition	**Eastern Africa's Leading Financial Partner For Growth**				
3 Year Impact Objectives	**+10** Million Lives Impacted		Best Bank for Customer Experience **>70%** NPS		**>85%** Digitally Active Customers
Our Participation Choices	Develop Leadership in our core Segments (Corporate & Commercial)		Build Relevance in Emerging Customer Segments (Retail & SMEs)		Become a leader in Ecosystems
Enablers	Brand Relevance	Group Synergies	Business Resilience	Digitization	Cultural Transformation
Key Focus Area	Embedding sustainability across our business and value chain to positively impact our stakeholders and leverage I&M Foundation to further our sustainability initiatives.				

Pillar 1: Developing Leadership in Our Core Segments – Corporate and Commercial

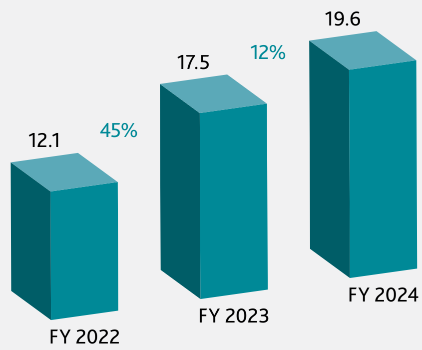
In response to the multifaceted challenges presented by the global economic landscape, such as a decline in production due to private sector contraction, tightening dollar supply, ongoing forex losses depleting working capital, a weakening balance sheet, high lending rates and geopolitical issues, the focus in 2024 was on stabilizing the business.

In 2024, the Corporate and Commercial division made significant progress, achieving a growth of 12% in operating income and contributing 38% to the total operating income. This success was driven by effectively leveraging opportunities in the newly added sectors across the banking subsidiaries. Long standing expertise in facilitating letters of credit transactions supported trade in the Oil and Gas sector.

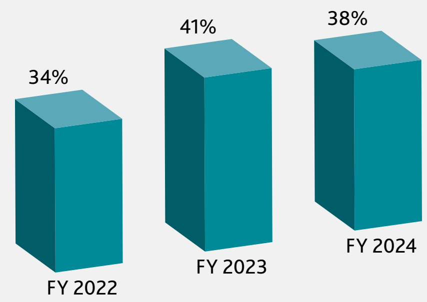
Leasing activities reached unprecedented levels, fueled by the successful onboarding of strategic partnerships and the execution of over **Kshs 1.5B** in lease facilities. Additionally, the China Desk significantly advanced the Group's international strategy through increased customer acquisitions and higher transaction values across the region.

While these initiatives led to growth in the balance sheet, a more cautious approach from the traditional client base in CIB reduced their borrowing appetite and thus led to a decline in lending. Further, while all subsidiaries' balance sheets' grew in local currency, this was reduced in the reporting currency as a result of the strengthening of the Kenya Shilling.

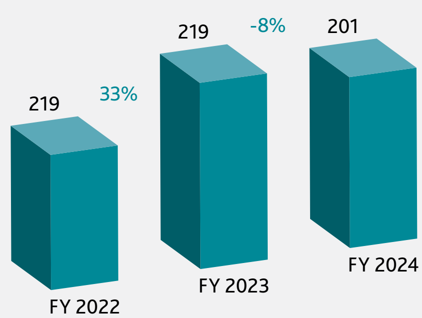
Operating Income (Kshs Bn)



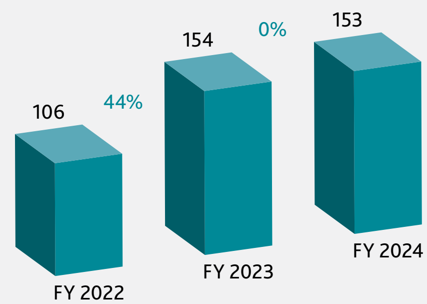
Contribution to Operating Income



Net Loans & Advances (Kshs Bn)



Customer Deposits (Kshs Bn)



The Group plans to capitalize on growth opportunities in four key sectors: the Public sector, Corporate leasing, Oil and Gas, and the China desk. By leveraging the digitization process under iMara 3.0, the Group aims to facilitate wallet growth through optimized cross-selling and cross-border referrals. There is a dedicated focus on providing a comprehensive product suite by expanding into emerging sub-sectors and driving growth through the acquisition of new-to-bank clients.

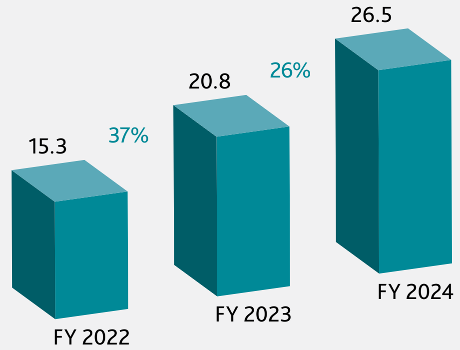
Pillar 2: Building Relevance in Emerging Customer Segments – Retail and SME

The retail strategy is premised on the underlying market opportunity, with the consumer segment remaining the most attractive revenue pool for financial service providers aiming to scale.

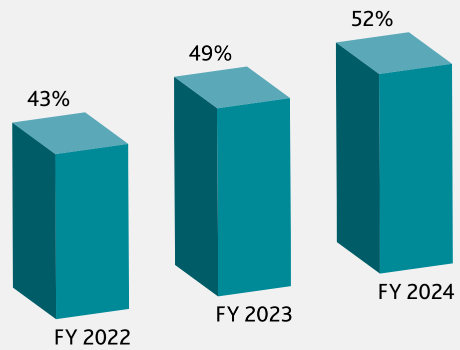
In 2024, this segment witnessed a 26% increase in operating income and contributed 52% to total operating income. To provide greater convenience and accessibility for customers, the focus has been on enhancing customer engagement with improved phygital experiences. Customer experience within this segment continues to be delivered through a mix of both branch and digital platforms. During the year, the Group increased its branch network by 23 new branches across the region and optimized the digital platforms to enhance product penetration and efficiency. Three of these branches in Kenya are built using recycled containers and run entirely on solar power. This highlights the Group's commitment to sustainability by incorporating refurbished materials and relying solely on renewable energy.

The Group continues to explore new revenue streams while acquiring a larger MSME customer base and making inroads into the agribusiness value chains. These enhanced Retail and SME Value Propositions, along with an optimised distribution network, resulted in more than 150,000 new customer acquisitions across the Group.

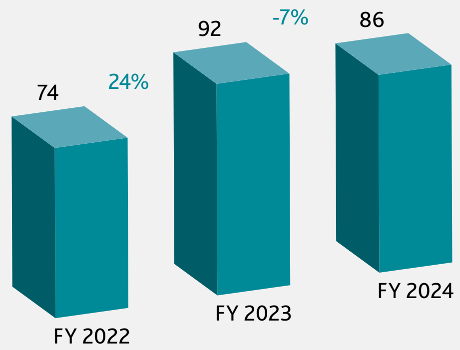
Operating Income (Kshs Bn)



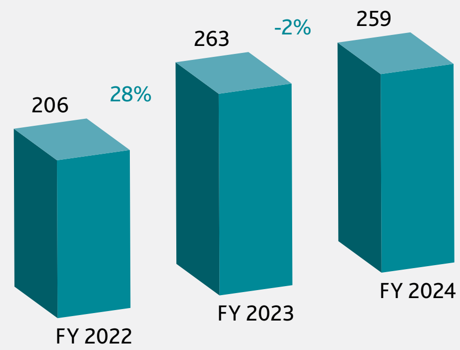
Contribution to Operating Income



Net Loans & Advances (Kshs Bn)



Customer Deposits (Kshs Bn)



As part of this strategic objective, the Group is committed to leveraging technology to better address customer needs and drive the expansion of CASA balances. One such initiative involves strengthening the payment card business and significantly increasing market presence. Additionally, the Group's ongoing commitment to maintaining close customer relationships will continue to drive the branch expansion program into 2025.

Pillar 3: Becoming A Leader in Ecosystems

The Group has successfully ventured into previously unreachable retail segments by leveraging its ecosystem partnerships and strengths in digital and innovation capabilities. Efforts are ongoing to enhance the ecosystem network by introducing innovative solutions tailored to address customer needs. The short-term loan products have facilitated disbursements of over **Kshs 2 billion.** Significant growth has also been observed in the adoption of the 'Buy-Now'-Pay-Later' solution. These initiatives have been initially launched in Kenya, with plans to extend these capabilities to the other subsidiaries in 2025 and 2026. I&M Tanzania has continued to expand its eligible customer base, reaching over 3.6 million customers in 2024 through its partnership with YABX and Airtel. The other banking subsidiaries are in their exploratory phase, working to enhance their capabilities to support such partnerships. The Group aims to deepen its penetration within its internal ecosystems by offering customized banking products and fostering collaborations that drive customer acquisition.

In 2024, **Kshs 2.6 billion** in revenue (5% of total operating income) was generated through the internal ecosystem, positively impacting **6.3 million** lives in accordance with the iMara 3.0 strategy.

6.3 Mn
Lives Impacted

5%
Contribution to Operating income

>Kshs 1.7Bn
Average Monthly Retail Disbursements
(velocity in loans disbursed by our Partners from the Funding provided)

Looking ahead, the Group seeks to expand the product portfolio through enhanced cooperation with both internal and external partners to open up new opportunities and markets. Additionally, the plan is to streamline the customer lifecycle journey and elevate user experience to ensure customer satisfaction and loyalty.

Our Enablers

Investing for Growth: Digitisation

The ongoing investment in digital infrastructure has yielded remarkable outcomes, with monthly digital transactions surpassing **3.5 million** per month and 78% of customers engaging actively through our digital channels. Total net revenue from digital channels increased by 163% in 2024 to Kshs 1.2 billion.

Furthermore, the Group recorded a year-on-year growth of 335% in the number of customer accounts opened through its digital onboarding platform. This progress was further complemented by enhanced user satisfaction, evidenced by an improved mobile app rating of 4.2, an increase in average uptime and transaction success rate to 99% and a significantly high NPS score of 75% compared to the industry.

Number of Accounts Opened Digitally	Average Monthly Active Users	Monthly Retail Digital Transactions	Digitally Active Customers
Growth	Growth	Growth	Growth
+350%	+335%	+73%	+83%

Our Governance
Our Business
Our Financials

Investing for Growth: People

In 2024, the Group's workforce grew by 15%, reaching a total of 3,246 employees. This growth aligns with the Group's iMara 3.0 strategy, which emphasizes expanding the branch network and advancing digital and IT infrastructure. Recognizing human capital as a critical strategic priority, the Group is dedicated to investing in a diverse and inclusive workforce.

People Highlights

Dec 2023		Dec 2024
2827	Total Staff	3246
2442	Permanent Staff	2682
385	Contract Staff	564
52:48	Gender Diversity (%) M: F	48:52
34%	% of Women at the Senior Manager Level	40%
35	Average Age of Staff (years)	37
NA	Pay Parity Gap	-8%
2.9	Average Training days per staff member	4.7
78%	Employee Engagement Index	78%

Gender Diversity

The Group is dedicated to monitoring and evaluating gender diversity to ensure a well-balanced gender composition across all its operating entities. To cement this commitment, the Group has taken action on Gender Equality under the UNGC Forward Faster initiative, aiming for equal representation, participation and leadership across all levels of management as well as ensuring equal pay for work of equal value by 2030. In 2024, the Group's gender ratio M:F averaged 48%:52%, demonstrating a balanced composition.

The proportion of women in leadership positions has improved to **40%** and there are efforts ongoing to close the -8% pay parity gap at the earliest.

Talent Management

Talent mobility remains a crucial factor in the Group's growth and retention strategy. In 2024, the Group's cohort of management trainees (MTs) completed their 15-month rotational program and were strategically redeployed across the organization. Their cross-functional exposure has bolstered the Group's talent pipeline, enhancing its ability to fill critical roles. In Mauritius, the Group launched the second cohort of its Leadership Excellence Program, designed to unlock the potential of emerging leaders within the organization.

Additionally, the Group refined its key performance indicators (KPIs) and balanced scorecards to improve transparency in performance measurement. This alignment has resulted in better goal attainment, more structured feedback mechanisms, and strengthened talent management.

Employee Engagement Score

78%

Learning and Development

In 2024, the Group continued to prioritize the professional development and reskilling of its workforce. Targeted learning and development (L&D) programs were introduced to address skill gaps and enhance expertise in digital transformation, leadership and customer experience. This commitment is evident from the increase noted in the Group's average training days per employee from 2.9 in 2023 to 4.7 in 2024.

Looking ahead, the Group HR initiatives will build on the momentum with a people-first approach aligned with business growth priorities. Key components of this alignment include upskilling and capability development, advanced talent acquisition and retention strategies, performance optimisation, and a focus on employee well-being and culture.

Employee Engagement

Overall, employee engagement is a key enabler of the Group's iMara 3.0 strategy. The Group remains dedicated to fostering a highly engaged workforce, as evidenced by an overall employee engagement score of **78%**. The focus has been on strategic people initiatives designed to enhance employee well-being, drive performance, and improve overall business growth.

Over time, the Group has implemented remote working and flexible hours policies, contributing to increased employee satisfaction and retention. Additionally, initiatives such as medical camps and staff wellness days have supported employee well-being, leading to reduced absenteeism and improved productivity.

During the year, the Group invested 28% of the operating expenses in its people, resulting in growth in the employee engagement score. The Group remains confident that the workforce is highly engaged and is committed to building an empowered and future-ready workforce.

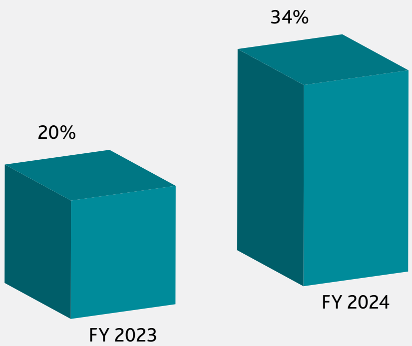
Investing For Growth: Brand

The Group's brand continues to serve as a key driver of the iMara 3.0 strategy, and the ongoing annual review of the brand's health aids in identifying the brand drivers and areas of improvement.

In 2024, strategic initiatives were implemented to enhance brand visibility, recognition, and loyalty. The Golden Jubilee anniversary provided a perfect opportunity to roll out organised themed customer promotions across various markets to appreciate and celebrate the customers.

The overall investment in the brand was 5% of the total operating expenses. As a result, the Group's brand spontaneous awareness score improved from 20% in 2023 to **34%** in 2024. In addition, engagement on the Group's social media platforms by customers and other stakeholders improved, demonstrating enhanced brand relevance. This is backed by I&M Bank Kenya, the anchor subsidiary, retaining a top position of **72%** in net positive customer sentiment compared to its industry peers (Source: Data EQ).

Spontaneous Brand Awarness Score



Group synergies

The Group continues to capitalize on its geographical diversification to deliver enhanced synergies to its customers. In 2024, the revenue from cross-border business among the Group's entities recorded a **57% increase** compared to 2023. This growth reflects the Group's strengthening capability to leverage its cross-border services to create value for customers.

Sustainability Approach

As part of our sustainability agenda, in 2024, the total investments towards impact initiatives across the Group amounted to Kshs 1 billion.

Specific sustainability outcomes from both our internal and external initiatives yielded:

Environment	**6%** Reduction in staff travel emissions	**95%** Percentage of waste recycled including e-watse	**26%** Reduction in generator fuel usage	**7%** Reduction in paper usage
Social	**6.3Mn** Lives impacted	**91%** Percentage of procurement via local suppliers	**-8%** Pay parity gap **40%** Women in Leadership	**641** Number of scholarships
Economic	**83%** % of digitally active customers	**30%** Growth in customer numbers	**Kshs 11.5Bn** Last mile financial solutions - value of digital lending	**Kshs 13Bn** Lending to MSME **Kshs 2.3Bn** Lending to Agribusiness

With the understanding that the world today is facing diverse challenges from a volatile global economic environment, unpredictable weather patterns, resource depletion, and human rights issues, the Group concluded that it is essential to embed the sustainability agenda within the strategy.

As such, when conducting our business activities, we acknowledge that engagement with our stakeholders and consideration of the impact we have on the environment are prerequisites, essentially making them part of our business.

Under this approach, we are enhancing our initiatives aimed at impacting lives with a long-term perspective based on the three viewpoints of enabling last mile financial solutions, business sustainability focusing on resource efficiency, people diversity & and inclusion and sustainable procurement practices, and enhancing the quality of life.

Sustainability Action Plan

The success in delivering on the vision set by iMara 3.0 will depend on how well the Group is able to harness business opportunities ahead of time amid a changing business environment while managing the pursuant risks.

The aim remains to be a value-generating corporation that contributes to the creation of prosperous societies both socially and economically.

We have prioritized 9 SDGs that we can contribute the most to in delivering meaningful impact to all our stakeholders.

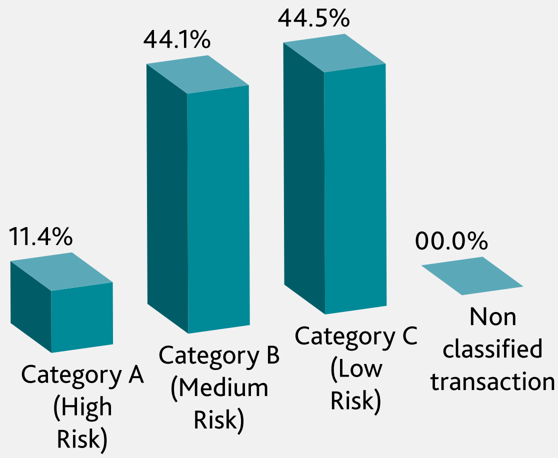
Environmental and Social Risk Management in Lending

The Group is committed to embedding sustainability into its core business operations, ensuring that environmental and social risks are effectively managed within its lending portfolio. Our Environmental and Social Management System (ESMS) serves as a comprehensive framework designed to identify, assess, manage, and monitor environmental and social (E&S) risks in alignment with local regulations, international best practices, and stakeholder expectations.

Environmental and Social (E&S) risk continues to be among the top and emerging risks for the Group and remains a focus area. The Group, therefore, recognizes the critical importance of integrating E&S considerations into its operations and decision-making processes, as E&S risk may have material financial, reputational, and other implications for both the Group and its stakeholders.

The ESMS is built on three key pillars: policy, process, and tools. The policy framework is guided by adherence to national environmental laws, International Finance Corporation (IFC) Performance Standards, the Equator Principles, and other applicable international guidelines. This ensures that all financed projects meet stringent environmental and social criteria. The ESMS process involves systematic screening of projects to categorize risks, followed by detailed environmental and social due diligence (ESDD) for higher-risk transactions. These assessments identify potential impacts and propose mitigation measures, which are then embedded into financing agreements.

Key Highlights:



- The Group's high-risk accounts represent 11.4% of the portfolio and are well within the 20% limit hence **NO BREACH.**
- Category B exposure made up **44.1%** of the total exposure as at December 2024.
- During the 4th Quarter of 2024 there was a consistent rise in the exposure of High-Risk Accounts, albeit with minimal margins. A majority of these are under the 'Normal' Loan Classification, presenting minimal risk to the Group.

The manufacturing sector is the highest at 31.67% of the portfolio.

ESMS Training and Development

As part of the Group's commitment to being a leading financial institution that champions sustainable business growth and impactful societal investments, the implementation of the robust Environmental and Social Management System (ESMS) training and capacity-building initiatives have prioritised, including collaborations with external experts and consultants for technical support.

In 2024, 1,770 staff members successfully completed ESMS-related training programs, representing 82.25% of the workforce.

Subsidiary	No. of Staff Trained
Kenya	1024
Rwanda	348
Uganda	146
Tanzania	252
Total	**1770**

Further details on climate risk management, future-oriented climate initiatives and stakeholder collaboration are further elaborated in the 2024 Sustainability report.

Subsidiary Overview

Kenya Overview

Macro-economic Environment

In Q3 2024, the Kenyan economy grew at a slower rate, with the annual GDP growth rate down to 4% (Q3 2023: 6%) as a result of a tougher macroeconomic environment, with a tighter fiscal space, higher inflation and lower disposable incomes. The economy is projected to grow by 5% in 2024.

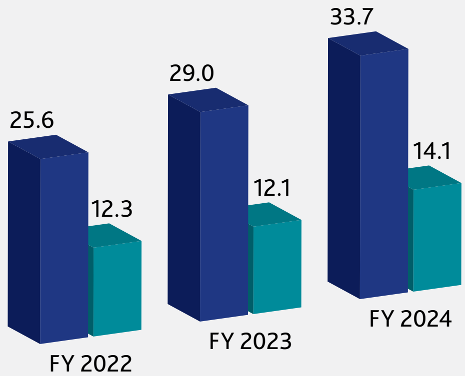
The Kenyan shilling was the best-performing currency in the region, appreciating 17% against the USD, following the successful repayment of the USD 2.0 billion Eurobond and the conservative monetary policy. This also aided in containing inflationary pressures with inflation decelerating throughout 2024 to about 3% by year end. In response to this, the Central Bank of Kenya (CBK) adopted an accommodative policy approach, reducing the policy rate by 125 basis points from 12.5% at the end of 2023 to 11.25% in 2024.

Financial Performance

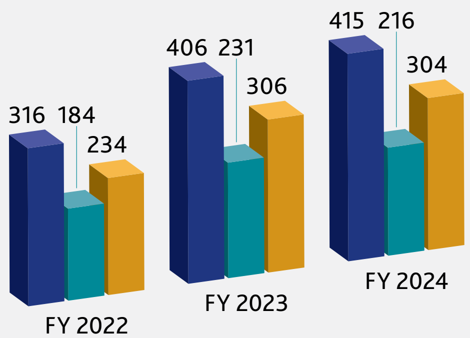
Despite the macroeconomic challenges, the Kenyan subsidiary posted positive results, with operating income growing by 16%. The good performance was supported by the continued focus on growing new segments within the corporate business, as well as growing market share in trade finance. Efforts to continue deepening the presence in the retail and SME segment resulted in a 51% increase in customer numbers to more than 447,000 customers. Operating expenses grew by 19% year on year on the back of investments in the distribution (15 new branches opened), brand and people to support growth. While expenses grew faster than income, the bank still returned a profit before tax growth of 17% year-on-year.

Total assets grew marginally by 2% as a result of a 7% decline in net loans and advances and a 1% decline in deposits.

Total Operating Income & Profit Before Tax (Kshs Bn)



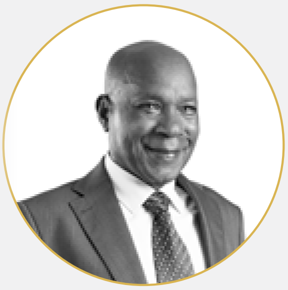
Total Assets, Net Loans & Deposits (Kshs Bn)



Key Ratios	2022	2023	2024
Gross NPL	10.8%	11.7%	14.3%
Net NPL	2.6%	5.1%	5.3%
Loan to Deposit Ratio	79%	76%	71%
Cost to Income Ratio	36%	40%	41%
Cost of Risk	2.3%	2.6%	2.6%
ROE	18.3%	17.4%	18.5%
ROA	3.1%	2.7%	2.8%

Subsidiary Overview

Board of Directors - Kenya



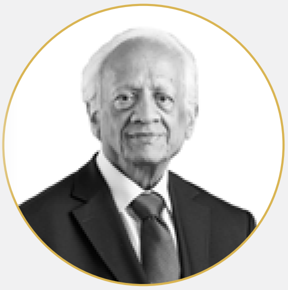
Daniel Ndonye
Independent Chairman

Suresh B R Shah
Non-Executive Director

Sarit S. Raja Shah
Group Executive Director

Gul Khan
Chief Executive Officer

Alan James Dodd
Independent Director



M Soundararajan
Independent Director

Muchemi Wambugu
Independent Director

Nikhil Hira
Independent Director

Phyllis Wakiaga
Independent Director

Sachit Shah
Non-Executive Director

Stella Kariuki
Company Secretary

Subsidiary Overview

Senior Management - Kenya

Gul Khan
Chief Executive Officer

Jamie Loden
Chief Operating Officer
(w.e.f. January 2025)

AV Chavda
Director, Credit

David Ngata
Group Chief Financial Officer

LA Sivaramakrishnan
Group Director Business Development

Zipporah Gitau
Group Chief Risk Officer

Gauri A. Gupta
Group Executive GM, Corperate Advisory

Sandeep Sinha
Group Executive GM, Credit

Sheila Tiren
Group Executive GM, Human Resource
(w.e.f. January 2025)

Kenneth Lukale
Group Head of Asset Liability Management (ALM)

Rocky Olonde
Group Head Strategy & Transformation

Shameer Patel
Executive GM, Retail & Business Banking

Winnie Hunja
Executive GM, Corporate Banking

Eunice Gatama
Group Executive GM, Digital Business

Andrew Mwenje
Head of Internal Audit

Subsidiary Overview

Tanzania Overview

Macro-economic Environment

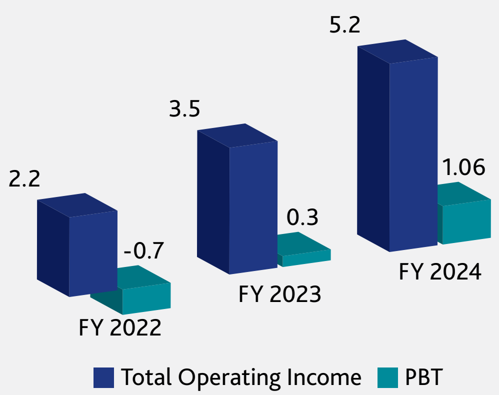
Tanzania was one of the few countries in Sub-Saharan Africa that had a projected GDP growth rate greater than 5% at 5.4% in 2024. In Q3 2024, the GDP growth rate was 5.9% (Q3 2023:5.3%). The costs of imports increased during the first half of 2024 as a result of the depreciation of the Tanzania Shilling but stabilized as the Shilling appreciated, following the narrowing of the current account deficit supported by favorable terms of trade. During the year, the Bank of Tanzania increased the policy rate by 100 basis points from 5% at the end of 2023 to 6% in Q4 2024 to curb inflationary pressures. However, credit to the private sector remained robust, growing by 17.1% year on year (Q3 2023: 18.3%), driven by growth in the personal loans and agriculture segments.

Financial Performance

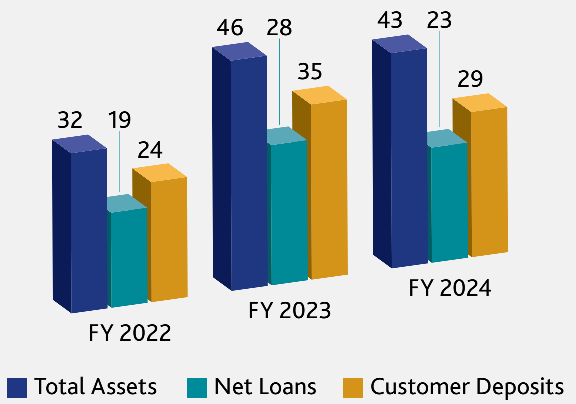
The Tanzanian subsidiary continued on its growth trajectory, with operating profit growing by 49% during the year. This was boosted by growth in digital loans and an increase in increase in non-interest income attributable to an increase in trade finance activities and foreign exchange income. Operating expenses increased by 38% during the year as the bank invested in talent to support growth. Profit before tax increased by 243% on the back of the strong growth in income and recoveries.

Total assets declined by 7% year on year, while net loans and advances dropped by 18% and deposits dropped by 17%. In local currency, asset growth stood at 8%, while net loans and advances declined by 3% due to higher provisions and deposits declined by 2%.

Total Operating Income & Profit Before Tax (Kshs Bn)



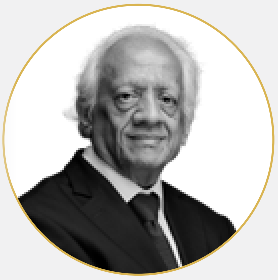
Total Assets, Net Loans & Deposits (Kshs Bn)



Key Ratios	2022	2023	2024
Gross NPL	17.6%	17.5%	8.4%
Net NPL	11.0%	11.1%	6.4%
Loan to Deposit Ratio	80%	84%	79%
Cost to Income Ratio	73%	62%	55%
Cost of Risk	6.5%	5.4%	4.9%
ROE	-10.9%	4.8%	13.6%
ROA	-1.7%	0.7%	2.0%

Subsidiary Overview

Board of Directors - Tanzania



Madabhushi Soundararajan
Independent Chairman

Zahid Mustafa
Chief Executive Officer

Pratul Shah
Independent Director
(Resigned September 2024)

Alan Mchaki
Independent Director

Emmanuel Johannes Chacha
Independent Director

Hon. Ambasador Amina Salum Ali
Independent Director

Paresh Manek
Independent Director

Jamhuri Ngelime
Independent Director

Kihara Maina
Non-Executive Director

Shameer Patel
Non-Executive Director

Raeesha Farika
Non-Executive Director

Christian Shirima
Non-Executive Director

Maria Ashley Gonzales
Company Secretary

Subsidiary Overview

Senior Management - Tanzania

Zahid Mustafa
Chief Executive Officer

Donald Aswani Mate
Chief Operating Officer

Patrick Richard Kapella
Head of Treasury

Emmanuel Wilson
Head of Credit

Veronica Magongo
Head of Finance

Aimtonga Adolph
Head of Internal Audit

Erica Mboya
Head of Human Resource

Gabriel Mlinga
Head of Risk & Compliance

Shazia Rashid
Head of Corporate Banking

Simon Gachahi
Head of Retail and Digital Banking

Amiri Mziray
Head of ICT

Subsidiary Overview

Rwanda Overview

Macro-economic Environment

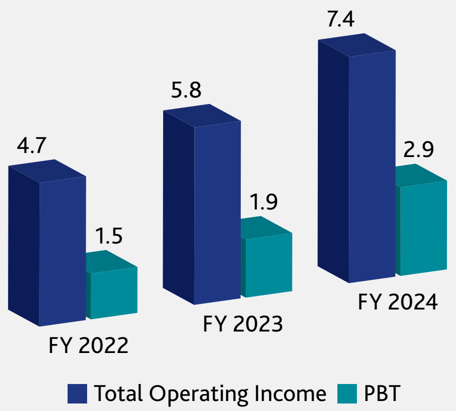
Rwanda's economy demonstrated strong performance, with real GDP averaging 9.2% for the first three quarters of the year (8.2% in the prior year). However, the country continued to face upward inflationary pressures, particularly in essential commodities, which led to lower purchasing power. The Rwandan Franc also experienced depreciation against major currencies, influenced by the widening current account deficit and global economic conditions. During the year, the National Bank of Rwanda reduced its benchmark rate by 100 basis points from 7.5% at the end of 2023 to 6.5% in 2024.

Financial Performance

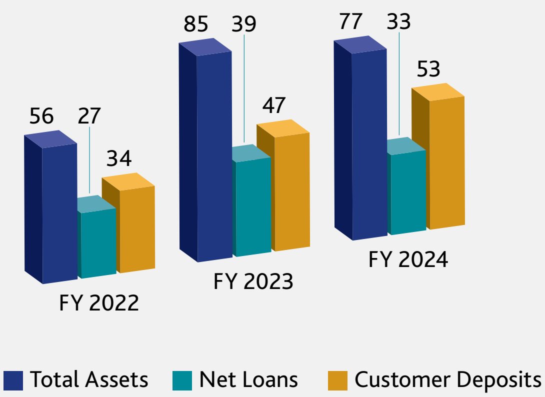
I&M Rwanda's performance remained strong in 2024, with operating income growth of 27% year on year, bolstered by a 27% and 70% increase in net interest income and non-interest income, respectively. This growth was driven by the growth in infrastructure development projects and MSME initiatives. Operating expense growth was contained at 4%, supporting a 57% increase in profit before tax.

Total Assets and net loans and advances declined by 10% and 15% year on year, while deposits grew by 12%. In Rwandese Franc, total assets, net loans and advances and deposits all increased by 20%, 14% and 49% respectively.

Total Operating Income & Profit Before Tax (Kshs Bn)



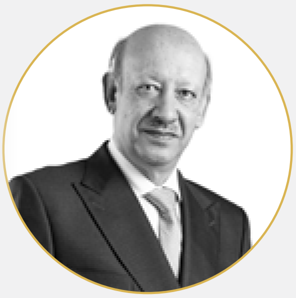
Total Assets, Net Loans & Deposits (Kshs Bn)



Key Ratios	2022	2023	2024
Gross NPL	4.2%	2.4%	4.8%
Net NPL	1.6%	2.0%	1.2%
Loan to Deposit Ratio	79%	83%	64%
Cost to Income Ratio	60%	62%	51%
Cost of Risk	1.5%	1.4%	2.0%
ROE	13.9%	14.2%	21.2%
ROA	1.9%	1.8%	2.5%

Subsidiary Overview

Board of Directors - Rwanda



Nikhil Hira
Independent Chairman
(w.e.f. July 2024)

Bonaventure Niyibizi
Independent Chairman
(Resigned July 2024)

Benjamin Mutimura
Chief Executive Officer

Alan Dodd
Independent Director

Alice Nkulikiyinka
Independent Director

Crystal Rugege
Independent Director

Paul-Simon-Morris
Independent Director

Eric Rutabana
Independent Director
w.e.f. June 2024

Anita Umulisa
Independent Director
(w.e.f. September 2024)

Kihara Maina
Non-Executive Director

Julius Tichelaar
Non-Executive Director

Iddy Rugamba
Company Secretary

Subsidiary Overview

Senior Management - Rwanda

Benjamin Mutimura
Chief Executive Officer

Dederi Wimana
Chief Finance Officer

Paul Sagnia
Chief Operating Officer

Lise Mugisha
Chief Risk Officer

Pacifique Nkongoli
Chief Credit Officer

Aline Mutambuka
Chief Human Capital

Claudette Mukashyaka
Chief Audit Executive

Nicolas Uwimana
Head of Legal

Cynthia Rwamamara
Head of Internal Control & Compliance

Subsidiary Overview

Uganda Overview

Macro-economic Environment

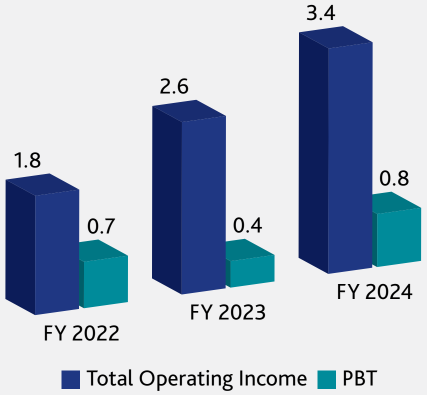
Uganda was one of the few countries in Sub-Saharan Africa with a projected GDP growth rate greater than 5%. The GDP growth rate was 6.7% in Q3 2024 (Q3 2023: 4.9%). Inflation remained high during the first part of the year but gradually eased as a result of a tighter monetary stance. The Bank of Uganda eased the monetary policy rate towards the latter half of 2024 from a high of 10.25% to 9.75%, which was maintained as of February 2025. The Ugandan Shilling also stabilized, supported by stronger exports and remittances, after an initial depreciation in Q2 2024.

Financial Performance

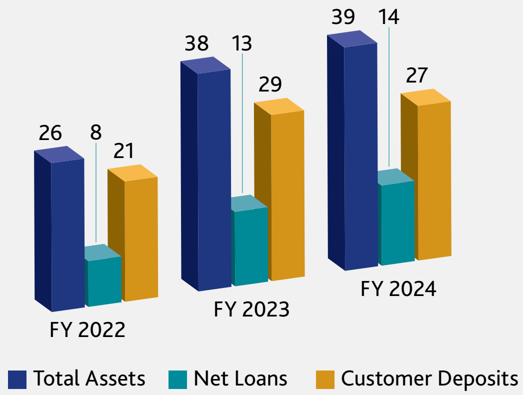
I&M's youngest subsidiary continues to demonstrate strong growth as it aligns with the Group's strategy. In 2024, this led to a 29% increase in operating income supported by growth in net interest and non-interest income lines. The continued investments in technology and platforms saw operating expenses grow by 25%, but the cost-to-income ratio still decline to 78% (2023: 80%). Profit before tax increased by 78% year on year on the back of the strong growth in income.

Total Assets increased by 2% (UGX:21%) on the back of a 16% (UGX:36%) increase in net loans and advances, while deposits declined by 7% (UGX +10%) in 2024.

Total Operating Income & Profit Before Tax (Kshs Bn)



Total Assets, Net Loans & Deposits (Kshs Bn)



Key Ratios	2022	2023	2024
Gross NPL	20%	4.6%	4.9%
Net NPL	1.9%	3.8%	2.2%
Loan to Deposit Ratio	38%	48%	54%
Cost to Income Ratio	90%	80%	78%
Cost of Risk	-7.1%	0.8%	-0.2%
ROE	7.3%	6.8%	9.8%
ROA	1.2%	1.3%	2.0%

Subsidiary Overview

Board of Directors - Uganda

Francis Kamulegeya
Independent Chairman

Robin Bairstow
Chief Executive Officer

Francis M. Byaruhanga
Independent Director

Micheline Ntiru
Independent Director

Sandra Martyres
Independent Director

Late Joram Kahenano
Independent Director

Suleiman I. Kiggundu Jr.
Non-Executive Director

Ketan Morjaria
Non-Executive Director

L.A. Sivaramakrishnan
Non-Executive Director

Kihara Maina
Non-Executive Director

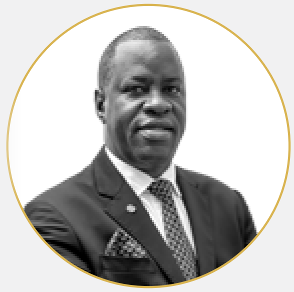
Sam Ntulume
Executive Director

Natalie Kironde
Company Secretary

Subsidiary Overview

Senior Management - Uganda

Robin Bairstow
Chief Executive Officer



Sam Ntulume
Chief Operating Officer

Timothy Musiime
Chief Finance Officer

Edward Gibson Nangono
Chief Business Officer

Charles Kiirya
Head of Credit

Lucy Akech
Head of Human Resource

Oscar Karamagi
Head of Internal Audit

Srinallapa Kumar
Head of IT

Natalie Erinah Kironde
Company Secretary & Head, Legal

Annette Nakiyaga
Head of Marketing

Nadia Mindra
Head of Treasury

Ann Maria Ajok
Head of Compliance

Joseph Biryahwao
Head of Risk

Subsidiary Overview

Mauritius Overview

Macro-economic Environment

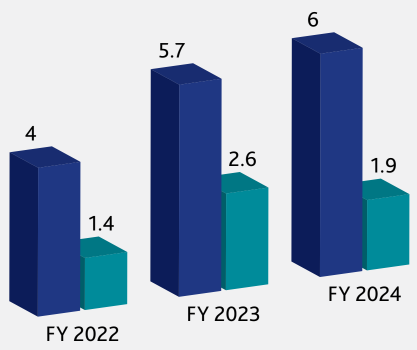
The Mauritius economy continued to grow strongly, supported by strong momentum in tourism and investment. In Q3 2024, Mauritius annual GDP grew by 6.3% compared to 3.9% in Q3 2023. The fall in global energy prices contributed favorably to Mauritius's economic outlook by lowering inflation and indirectly supporting tourism. However, Public sector debt as a proportion of GDP continued to worsen, increasing the risk of sovereign stress. Moody's downgraded Mauritius from stable to negative as a result. Extreme weather events and flash floods had ramifications on the country's infrastructure setup and key sectors, such as agriculture, adding pressure on the prices of food and other consumer goods.

Financial Performance

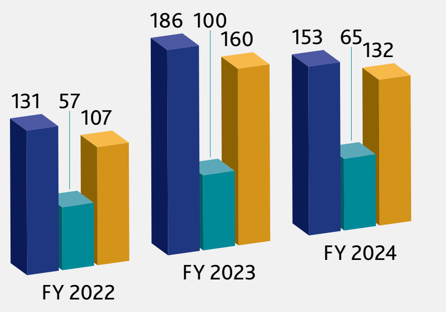
Growth in Bank One was impacted by a decline in the balance sheet, with net loans and advances dropping by 35% (MUR:16%) as a result of a prudent approach to lending during the year. The deposit book saw an 18% (MUR: 7% increase) decline during the year.

Operating income grew by 5%, with net interest and non-interest income growing by 5% and 7%, respectively. Operating expenses only increased by 3% during the year, but higher loan loss provisions on the back of specific corporate exposures led to profit before declining by 27% year on year.

Total Operating Income & Profit Before Tax (Kshs Bn)



Total Assets, Net Loans & Deposits (Kshs Bn)



Key Ratios	2022	2023	2024
Gross NPL	3.1%	4.2%	6.0%
Net NPL	0.3%	2.3%	3.1%
Loan to Deposit Ratio	53%	43%	49%
Cost to Income Ratio	67%	62%	60%
Cost of Risk	-0.2%	-0.7%	0.6%
ROE	14%	20%	13%
ROA	1.1%	1.5%	1.1%

Subsidiary Overview

Board of Directors - Mauritius

Roselyne Renel
Independent Chairperson

Sunil Ramgobin
Chief Executive Officer
(w.e.f. October 2024)

Mark Watkinson
Chief Executive Officer
(Resigned September 2024)

Marc Israel
Independent Director

Ignasi Serrahima
Independent Director

Tchang Fa Wong Sun Thiong
Independent Director

Lakshman Bheenick
Non-Executive Officer

Jérôme de Chasteauneuf
Non-Executive Director

Christopher Kihara Maina
Non-Executive Director

Gauri A. Gupta
Non-Executive Director

Kareen Ng
Company Secretary

Subsidiary Overview

Senior Management - Mauritius

Sunil Ramgobin
Chief Executive Officer
(w.e.f. October 2024)

Mark Watkinson
Chief Executive Officer
(Resigned September 2024)

Ranjeeve Gowreesunkur
Chief Financial Officer

Eric Hautefeuille
Chief Operations Officer

Rishyraj (Rishy) Lutchman
Head of Treasury

Normela Maunick
Interim Chief Risk Officer

Valerie Duval
Head of Legal

Priscilla Mutty
Head of Human Resource

Ashish Gowreesunker
Interim Head of Compliance

Non-Banking Subsidiary

Board of Directors - I&M Burbidge Capital Ltd

Pratul Shah
Independent Chairman

Naval Sood
Non-Executive Director

Arun Mathur
Non-Executive Director

Gauri A. Gupta
Non-Executive Director

Board of Directors - I&M Burbidge Capital (Uganda) Ltd

Dr. William Kalema
Independent Chairman

Kumaran Pather
Non-Executive Director

Board of Directors - I&M Capital Ltd

Daniel Ndonye
Independent Chairman

Peter Anderson
Independent Director

Arun Mathur
Non-Executive Director

Gauri A. Gupta
Non-Executive Director

L.A. Sivaramakrishnan
Non-Executive Director

Non-Banking Subsidiary

Board of Directors - I&M Bancassurance Intermediary Limited

Kihara Maina
Chairman

L.A. Sivaramakrishnan
Non-Executive Director

Gul Khan
Non-Executive Director

Board of Directors - I&M Realty Limited

Arun Mathur
Chairman

Shameer Patel
Non-Executive Director

Board of Directors - I&M Realty (Tanzania) Limited

Shameer Patel
Chairman

Arun Mathur
Non-Executive Director

Zahid Mustafa
Non-Executive Director

Non-Banking Subsidiary

Board of Directors - Giro Ltd

Sarit S. Raja Shah
Chairman

Kihara Maina
Non-Executive Director

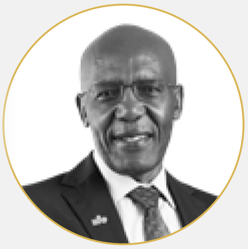
Gauri A. Gupta
Non-Executive Director

Board of Directors - I&M Nominees Limited

Sarit S. Raja Shah
Chairman

Gul Khan
Non-Executive Director

Board of Trustees - I&M Foundation



Eric Kimani
Chairman

Suresh B. R. Shah
Trustee

Sarit S. Raja Shah
Trustee

Janet Mawiyoo
Trustee

Gul Khan
Trustee

Overview of Group Results

Message from Finance

The regional operating environment witnessed a balanced narrative between transformation and macro-economic challenges. Sub-Saharan economic stability was tempered by rising interest rates, exchange rate volatility, and subdued commodity prices, resulting in fluctuating revenue streams for countries dependent on oil, minerals, and agricultural exports, as well as climate change events.

Against this backdrop, I&M Group achieved record performance in 2024, enabled by digital transformation and prudent balance sheet management.

Total Income

Kshs 51.2 Bn

Total income gre 20% from broadbased growth

Return on Equity

17%

Return on equity increased by 2% to 17.0% compared to the previous year

Profit After Tax

Kshs 15.4 Bn

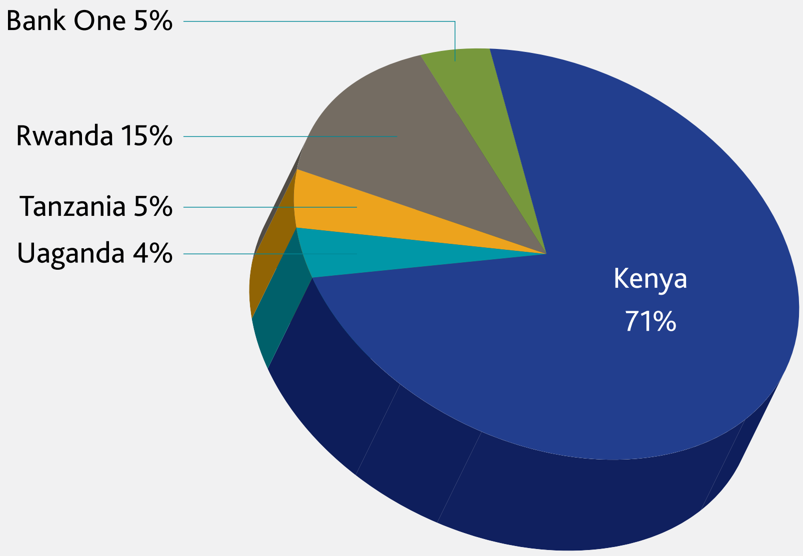
Profit after tax grew by 22% to an all-time high of Kshs 15.4 Billion

Dividend

Kshs 3.00

The board proposed a final dividend of Kshs 1.70 per share, bringing the full-year ordinary dividend to Kshs 3.00 per share, an increase of 18% from the previous year

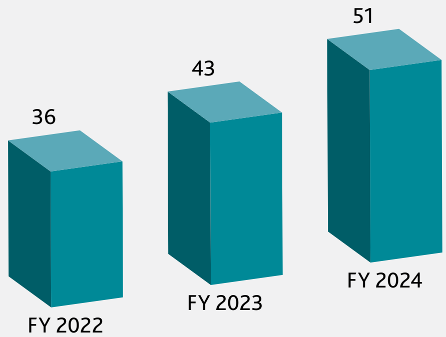
2024 Geographical Performance



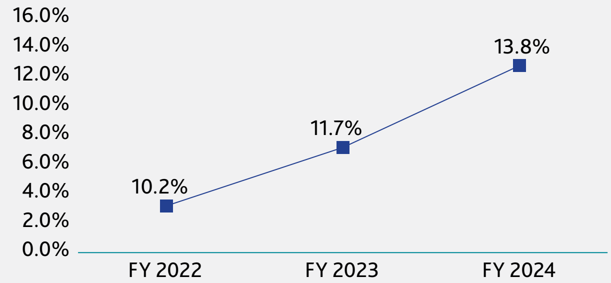
Our Governance
Our Business
Our Financials

Group Income Statement Analysis

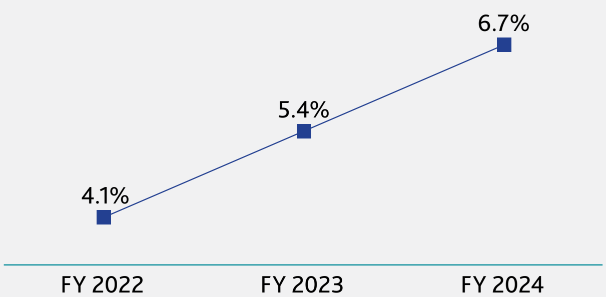
Total Operating Income



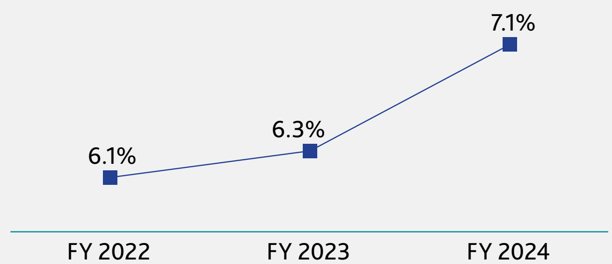
Average Yield on Earning Assets



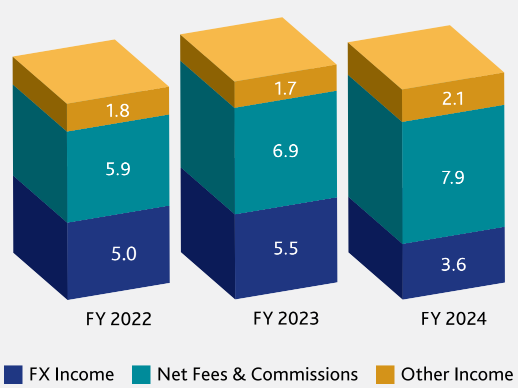
Interest Expense



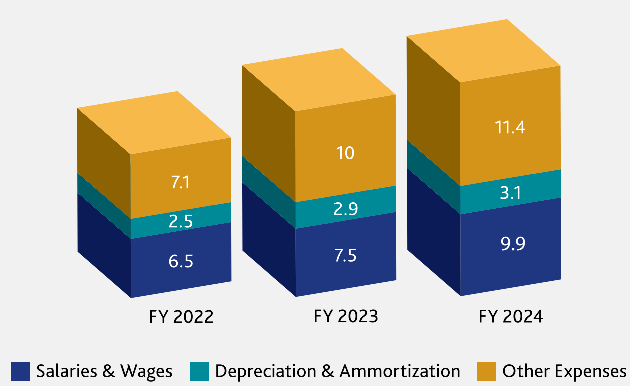
Net Interest Margin



Breakdown of Non-Interest Income (Kshs Bn)

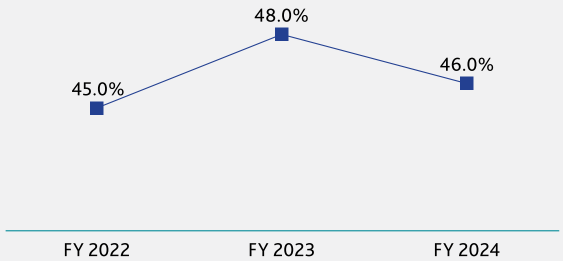


Breakdown of Total Operating Expenses (Kshs Bn)

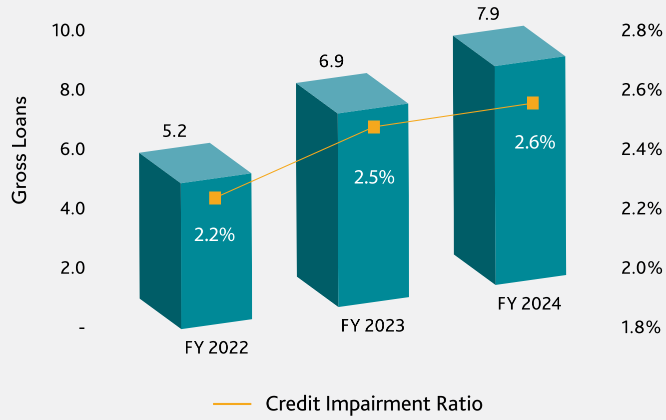


Group Income Statement Analysis

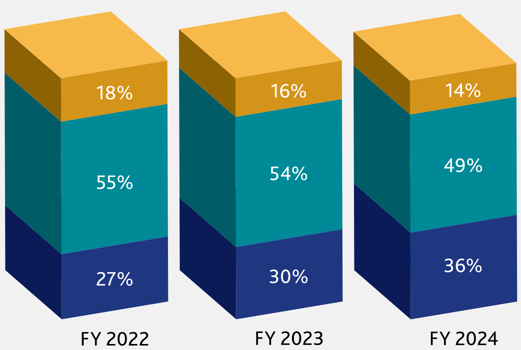
Cost to Income Ratio



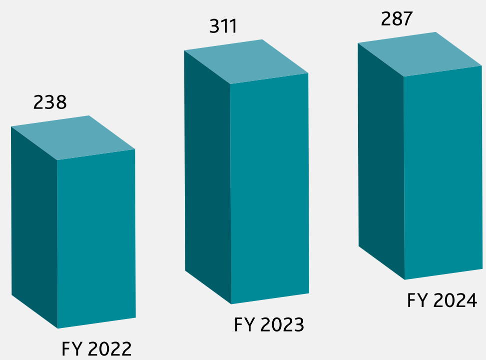
Impairment Charges



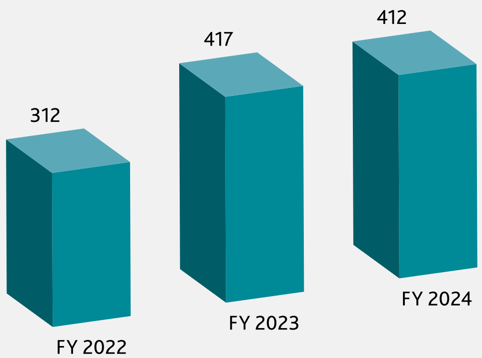
Asset Mix



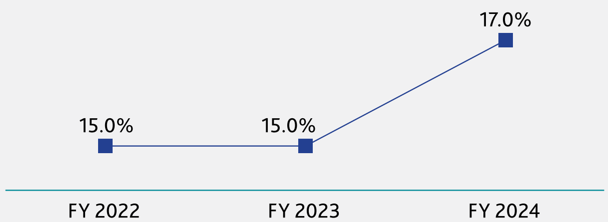
Net Loans and Advances



Customer Deposits

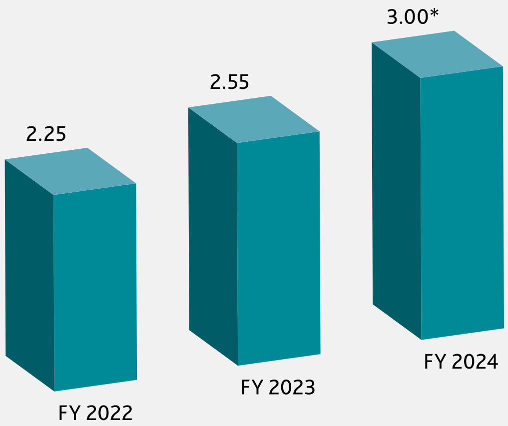


Return on Equity



Group Income Statement Analysis

Dividend Per Share



**includes an interim dividend of Kshs 1.30 and a final dividend of Kshs 1.70*

Summary

Overall, I&M Group maintained solid financial results and a strong capital position. The Group delivered on the objectives given at the start of the year, and the performance during 2024 provides a robust foundation for achieving the financial targets set out in the iMara 3.0 Strategy.

Outlook

The outlook for the countries where the Group is present is positive, with growth expected to be above 5% (save for Mauritius, which is expected to grow by 4%) in 2025. The Group intends to continue executing its iMara 3.0 strategy to meet set key performance indicators by 2026.

Our North Star

Develop leadership in our core segments (Corporate & Commercial)

Build relevance in emerging customer segments (Retail & SMEs)

Become a leader in Ecosystems

Return on Equity
20%

Digitally Active Customers
+90%

Net Promoter Score
+70%

Grow to
>1
Million Customers

Best bank for Employee Experience

Impact
>10
Million Lives

Overview Of Performance Against Our Key Performance Indicators

Overview of performance against our key performance indicators - KPI schedule					
	2024	2023	2022	2021	2020
Statement of profit or loss (Kshs millions)					
Operating income before loan loss provisions	50,233	41,763	35,074	29,146	23,909
Operating profit before impairment	27,697	22,345	19,575	16,064	14,104
Operating profit	19,879	15,477	14,330	11,864	11,631
Profit before tax	20,776	16,680	14,992	12,413	10,952
Profit for the year	16,654	13,345	11,854	8,624	8,413
Statement of financial position (Kshs millions)					
Total assets	581,280	579,719	436,808	415,181	358,100
Total net loans	287,083	311,331	238,590	210,620	187,391
Investment securities	161,812	117,417	113,112	125,535	101,711
Total deposits	412,179	416,674	312,336	296,747	262,681
Subordinated liabilities	10,311	12,532	11,032	10,029	4,455
Other borrowed funds	3,759	5,739	5,763	9,517	10,318
Shareholder funds	94,474	88,173	76,517	69,593	64,189
Performance ratios					
Return on average assets	2.9%	2.6%	2.8%	2.10%	2.30%
Return on average equity	17%	15%	15%	12%	12%
Non-interest income to operating income	25%	31%	35%	29%	36%
Loans to deposit ratio	70%	75%	76%	71%	71%
Cost to income ratio	46%	48%	45%	46%	42%
Capital adequacy ratio	20.2%	18.9%	20.5%	21.5%	22.0%
Asset quality					
Non-performing loans	35.5	35.4	25.0	21.4	23.6
Gross NPL Ratio	12	11	10	10%	13%
Dividend payout					
Profit attributable to equity holders of the Company Kshs millions	15,379	12,615	11,193	8,131	8,074
Dividend Kshs millions	5,020	4,217	3,721	2,480	1,860
Issued shares as per financials Kshs millions	1,654	1,654	1,654	1,654	827
Issued shares restated after new shares issue millions	1,691	1,654	1,654	1,654	1,654
Dividend per share	3	2.55	2.25	1.5	2.25

Overview Of Performance Against Our Key Performance Indicators

Our performance trends – five-year review & value-added statement

VALUE ADDED STATEMENT	2024		2023		2022		2021		2020	
Interest income, fees commision and other revenue	80,775		63,592		49,479		41,351		36,158	
Interest paid to depositors and cost of other services	(42,326)		(31,935)		(22,407)		(18,759)		(17,189)	
Interest paid on borrowings	**(5,174)**		**(4,205)**		**(2,809)**		**(1,948)**		**(1,696)**	
Wealth created	**33,275**		**27,452**		**24,263**		**20,644**		**17,273**	
Distribution of wealth										
Employees - salaries, wages and other benefits	9,199	28%	7,655	28%	6,587	27%	6,002	29%	4,555	26%
Government - Tax	4,123	12%	3,335	12%	3,409	14%	3,789	18%	2,539	15%
Shareholder's dividends	**5,020**	**15%**	**4,217**	**15%**	**3,721**	**15%**	**2,480**	**12%**	**1,860**	**11%**
Retention to support future business growth										
Retained earnings	11,634	35%	9,128	33%	7,863	33%	6,144	30%	6,553	38%
Depreciation and amortisation	3057	9%	2872	11%	2471	10%	2,023	10%	1,526	9%
Social capital - I&M Foundation	242	1%	245	1%	212	1%	205.78	1%	240	1%
Wealth distributed	33,275	100%	27,452	100%	24,263	100%	20,644	100%	17,273	100%

Our Financials

Corporate Information

BOARD OF DIRECTORS

Oliver Fowler	*Chairman*
Suresh B. R. Shah, MBS	
Sarit S. Raja Shah	
Sachit S. Raja Shah	
Rose W. Kinuthia	
Naval Sood	
Risper Genga Ohaga	
Christopher Kihara Maina	
Brenda Mugo	*Appointed on 29 November 2024*
Dr. A. Nyambura Koigi	*Retired on 28 October 2024*

COMPANY SECRETARIES

Bilha Wanjiru Mwangi (CS Kenya)
12th Floor, One Padmore Place
P.O Box 51922 – 00100 GPO
Nairobi

Stella Gacharia Kariuki (CS Kenya)
7th Floor, 1 Park Avenue
P.O Box 30238 – 00100 GPO
Nairobi

AUDITOR

KPMG Kenya
Certified Public Accountants (Kenya)
8th Floor, ABC Towers
Waiyaki Way
P.O Box 40621 – 00100 GPO
Nairobi

REGISTERED OFFICE

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

BANKER

I&M Bank LIMITED
P.O Box 30238 – 00100 GPO
Nairobi

LEGAL ADVISORS

Kaplan & Stratton
Williamson House
4th Ngong Avenue
P.O Box 40111 – 00100 GPO
Nairobi

Corporate Information (continued)

BANKING ENTITIES REGISTERED OFFICES

I&M BANK LIMITED
1 Park Avenue
1st Parklands Avenue
P.O Box 30238 – 00100 GPO
Nairobi, Kenya

I&M BANK (T) LIMITED
I&M@1046
Haile Selassie Road, Masaki
P.O Box 1509
Dar es Salaam, Tanzania

I&M BANK (RWANDA) PLC
KN 03 Avenue/9
P.O Box 354
Kigali, Rwanda

I&M BANK (UGANDA) LIMITED
Plot 6/6a, Kampala Road
P.O Box 3072
Kampala, Uganda

BANK ONE LIMITED
16 Sir William Newton Street
Port Louis, Mauritius

COMPANY REGISTRARS
Image Registrars Limited
5th Floor, ABSA Towers
Loita Street
P.O Box 9287 – 00100 GPO
Nairobi, Kenya

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 of I&M Group PLC ("the Company"), its subsidiaries and its joint venture (together "the Group") for the year ended 31 December 2024, which shows the state of affairs of the Group and of the Company.

1. Principal Activities

The Group provides an extensive range of financial services including banking, bancassurance, investment banking through its banking subsidiaries in Kenya, Tanzania, Rwanda, Uganda and a joint venture in Mauritius. The companies that make up the Group are contained in Note 1 to the financial statements. The Company is listed on the Nairobi Securities Exchange and is regulated by the Capital Markets Authority and the Central Bank of Kenya as a non-operating holding company.

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 income tax	20,776,357	16,680,326	4,780,631	7,269,660
Income tax expense	(4,122,608)	(3,335,107)	(49,918)	(88,441)
Profit for the year	**16,653,749**	**13,345,219**	**4,730,713**	**7,181,219**

The Group's profit after tax closed at Kshs 16.7 billion, an increase of 25% compared to prior year. Revenue grew by 29% whilst loan provisions grew by 14% to cater for increased credit risk. Operating expenses were up by 16%. The Company's profit after tax closed at 4.7 billion, a decrease of 34% compared to prior year.

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

3. Dividends

The Directors recommend payment of a final dividend of Kshs.1.70 per share amounting to Kshs.2,870,656,509 for the year ended 31 December 2024. This, together with an interim dividend of Kshs 1.30 per share amounting to Kshs 2,149,707,918 paid on 14 January 2025, will result in a total dividend payout for the year amounting to Kshs.5,020,364,427 or Kshs 3.00 per share. A dividend amounting to Kshs 4,216,734,764 in respect of the year ended 31 December 2023 was paid on the 25 May 2024.

Subject to shareholders approval, the final dividend will be payable to shareholders registered on the Company's Register (subject to withholding tax where applicable) at the close of business on Wednesday, 16 April 2025 and will be paid on or around Thursday, 22 May 2025. The Register of Members will be closed from Thursday, 17 April 2025 to Friday, 18 April 2025 (both days inclusive) for the purpose of processing the dividend.

4. Directors

The Directors who served during the year and up to the date of this report are set out on page 116.

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 the Group's auditor at the Annual General Meeting, in accordance with CMA requirements for auditor rotation. The Directors recommend the appointment of PricewaterhouseCoopers LLP (PwC Kenya) as the new auditor, in line with the Company's Articles of Association and Section 717 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 Board of Directors held on 25 March 2025.

BY ORDER OF THE BOARD

Secretary

Date: 25 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 Group PLC (the "Group" or "Company" respectively) set out on pages 133 to 279 which comprise the consolidated and company statements of financial position at 31 December 2024, and the 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 separate financial statements including material accounting policies and other explanatory information, in conformity 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.

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 financial statements 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 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 which 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 period. It also requires the Directors to ensure the Group and Company, its subsidiaries and joint venture keep proper accounting records which disclose with reasonable accuracy the financial position and its 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 judgments 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 Group and Company's ability to continue as a going concern and have no reason to believe the Group and/or the 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 **25 March 2025.**

Oliver Fowler - Chairman

Rose W. Kinuthia - Director

Sarit S. Raja Shah - Director

Date: 25 March 2025.

Directors’ Remuneration Report

The Board Nomination, Remuneration & Governance Committee (BNRGC) of I&M Group PLC is pleased to present the Directors’ remuneration report for the year ended 31st December 2024. This report is in compliance with I&M Group PLC’s Board Charter on Director’s reward and remuneration, the Code of Corporate Governance Guidelines and Capital Markets Securities, Public Offers, Listings & Disclosures Regulations 2023 issued by the Capital Markets Authority on Directors’ remuneration, the Companies Act, 2015 and the Group Board Remuneration Policy. In the course of executing these policies, the Board’s desire is to align rewards with a clear and measurable linkage to business performance.

I&M Group PLC is regulated by the Capital Markets Authority and the Central Bank of Kenya as a non-operating holding company. I&M Group PLC’s Board is therefore comprised of Executive and Non-Executive directors as detailed out on the corporate information page.

Board Remuneration

At I&M Group PLC, Directors’ remuneration is paid in the form of (i) Directors’ Sitting Fees and (ii) Annual Retainer fees. The fees available to be paid to Directors will be subject to shareholder ratification /approval as appropriate and in accordance with the provisions of the Companies Act, 2015 and the CMA Regulations and Guidelines on Corporate Governance.

The BNRGC is tasked with ensuring that Directors’ remuneration levels are reviewed with sufficient regularity and are subject to external benchmarking to ensure that I&M Group PLC continuously offers competitive reward packages for its Directors. To this end, the Directors’ remuneration was comprehensively reviewed in 2024 and applicable with effect from 2025 subject to shareholders’ approval. The remuneration to Directors is comprised of the following:

1. Fixed Annual Retainer Fees

These fees are determined taking into account market rates of pay. Fees are reviewed with sufficient regularity to align to prevailing market movements. Any increases are determined in accordance with the business’ ability to fund the increase. Retainer Fees are paid quarterly in arrears.

2. Sitting or Attendance Fees

All Directors are paid sitting or attendance fee in recognition of the time spent attending Board or Committee meetings. The level of fees paid are also benchmarked to market rates and trends.

During the year, the BNRGC adopted the following retainer fees:

Particulars	Annual retainer fees 2024	Annual retainer fees 2023
	Kshs	Kshs
Chairman	1,400,000	1,320,400
Director	1,000,000	966,250

Non-Executive Directors are not entitled to any pension, bonus or long term incentive plans. There will be no changes to these policies in the next financial year.

Our Governance
Our Business
Our Financials

Directors' Remuneration Report (continued)

Directors' Contract of Service

Directors who serve on the Board of I&M Group PLC are elected to office during the AGM and offer themselves up for re-election as mandated in the Companies Act, 2015. The tenure of the Directors is for a period of three years, upon which the Directors can elect to offer themselves for re-election, in accordance with Article No. 28 of the Company's Articles of Association. A Director's appointment ceases immediately upon termination by resignation or a resolution by the shareholders, and no further remuneration accrues to the Director thereafter. The tenures of the Directors in office at the end of the last financial year are tabulated below:

Director	Board Membership	Appointment Date	Last Re-Election Date	Notice Period
Oliver Merrick Fowler	Independent Director	13-June-23	-	3 months
Suresh Bhagwanji Raja Shah, MBS	Non-Executive Director	14-June-13	25-May-23	3 months
Sarit S. Raja Shah	Group Executive Director	14-June-13	25-May-23	3 months
Sachit S. Raja Shah	Non-Executive Director	10-July-15	20-May-21	3 months
Rose W. Kinuthia	Non-Executive, Independent	03-Mar-20	26-May-22	3 months
Risper Genga Ohaga	Non-Executive, Independent	7-Feb-23	25-May-23	3 months
Naval Sood	Non-Executive, Independent	15-Aug-23	-	3 months
Christopher Kihara Maina	Regional Chief Executive Officer	1-Mar-23	-	3 months

Dr A Nyambura Koigi, Independent Director, retired from the Board of I&M Group PLC effective 28 October 2024. Brenda Wangari Mugo, Independent Director, was appointed to the Board of I&M Group PLC effective 29 November 2024.

Directors Shareholding

Directors' direct and indirect interests as at 31 December 2024 are tabulated below

Name of Director	Number of Shares	% Shareholding
Mr. S. B. R. Shah, MBS	174,947,573	10.58%
Mr. Sarit S. Raja-Shah	37,595,103	2.27%
Mr. Sachit S. Raja-Shah	37,152,231	2.25%
Mr. Christopher Kihara Maina	448,112	0.03%

The other members of the Board do not hold shares in their personal capacity in the Company.

Share Options and Long Term Incentive Schemes

Directors are not entitled to any share option arrangement or long term share incentive schemes.

Non-Executive Directors

Non-Executive Directors receive fees and other emoluments in recognition of their contribution to the Company for Board and Committee meetings. The attendance fee is payable after the occurrence of the meetings. The Non-Executive Directors do not receive any performance-based remuneration.

Directors' Remuneration Report (continued)

Information Subject to Audit (Auditable part)

Information subject to audit comprise the amounts of each Directors' compensation in each of the relevant years.

The remuneration paid to Directors in the year under review, and comparative figures for 2023, are summarised below:

Director	2024				2023			
	Annual retainer	Attendance fees	Fees earned in subsidiaries	Total	Annual retainer	Attendance fees	Fees earned in subsidiaries	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Oliver Fowler	1,400,000	1,210,000	-	2,610,000	700,000	462,500	940,126	2,102,626
Daniel Ndonye	-	-	-	-	620,400	364,500	1,110,000	2,094,900
Suresh Bhagwanji Raja Shah, MBS	1,000,000	370,000	1,640,000	3,010,000	966,250	369,600	1,683,375	3,019,225
Sarit S. Raja Shah	1,000,000	444,000	124,000	1,568,000	966,250	369,600	427,664	1,763,514
Michael Turner	-	-	-	-	466,250	595,600	-	1,061,850
Sachit S. Raja Shah	1,000,000	370,000	1,967,250	3,337,250	966,250	369,600	2,477,250	3,813,100
Dr. A. Nyambura Koigi	750,000	718,000	-	1,468,000	966,250	669,600	3,173,190	4,809,040
Suleiman Kiggundu	-	-	-	-	466,250	321,600	3,925,040	4,712,890
Rose W. Kinuthia	1,000,000	1,346,000	-	2,346,000	966,250	1,071,600	-	2,037,850
Risper Genga Ohaga	1,000,000	1,114,000	-	2,114,000	750,000	570,000	-	1,320,000
Naval Sood	1,000,000	1,466,000	900,000	3,366,000	500,000	622,000	975,000	2,097,000
Brenda Mugo	250,000	148,000	-	398,000	-	-	-	-
	8,400,000	**7,186,000**	**4,631,250**	**20,217,250**	**8,334,150**	**5,786,200**	**14,711,645**	**28,831,995**

Directors' Remuneration Report (continued)

Information Subject to Audit (Auditable part) (continued)

Mr. Sarit S Raja Shah also received the following remuneration from I&M Bank LIMITED, a wholly owned subsidiary of I&M Group PLC:

	2024	2023
Details	**Kshs**	**Kshs**
Salary	39,595,212	35,980,954
Bonus	21,363,097	15,824,514
Pension	3,759,906	3,418,295
Insurance	6,196,466	5,167,310
Total	**70,914,681**	**60,391,073**

Mr. Christopher Kihara Maina received the following remuneration from I&M Bank LIMITED, a wholly owned subsidiary of I&M Group PLC:

	2024	2023
Details	**Kshs**	**Kshs**
Salary	54,480,000	52,512,427
Bonus	8,449,042	18,094,681
Pension	4,358,400	4,179,194
Insurance	1,989,332	1,954,932
Total	**69,276,774**	**76,741,234**

Mr. Allan Christopher Low received the following remuneration from I&M Bank LIMITED, a wholly owned subsidiary of I&M Group PLC:

	2024	2023
Details	**Kshs**	**Kshs**
Salary	-	3,783,903
Bonus	-	7,500,000
Pension	-	1,280
Insurance	-	169,834
Total	**-**	**11,455,017**

In the AGM held on 25 May 2024, the Directors' remuneration was approved unanimously.

Information on aggregate amount of emoluments and fees paid to directors are disclosed in Note 14 of the financial statements.

Directors' Remuneration Report (continued)

Other Key Policies Influencing Directors Remuneration

Discretions retained by the BNRGC

The Company does not operate any long-term incentive plan such as a Share Option Plan or a Share Performance Plan. There are therefore no areas of discretion to disclose.

Insurance Cover

I&M Group PLC provides professional indemnity for all the Directors in line with best practice in the market. This is in form of a Directors & Officers Liability Policy (D&O). In line with regulation 49 of the Companies (General) Regulations, 2015, the key highlights of the indemnity provisions that benefit directors of the Company are as follows:

The Insured (Board Director/Officer of the Company) is indemnified against:

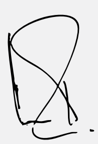
a. All claims made against the Insured in his capacity as a Director, Officer or Employee of the Company jointly or severally in respect of which the Insured shall become legally liable to pay compensation (including claimants' costs and expenses) in accordance with the provisions of the policy;

b. All costs and expenses incurred by the Insured with the written consent of the Company in the defense of any Claim which is the subject of indemnity by Clause (a) above; arising out of any Wrongful Act by the Insured in their capacities as Directors or Officers of the corporate entity.

The insurance covers current, future, and past directors and officers of a company and its subsidiaries. D&O insurance covers the individual for acts performed or omitted while in that position with the company. The D&O insurance policy does not cover deliberately fraudulent or criminal actions and has stipulated the standard exclusions to the policy.

Approval of the directors' remuneration report

The Directors confirm that this report has been prepared in accordance with the Kenyan Companies Act, 2015, Capital Markets Authority (CMA) Code and listing rules.



Oliver Fowler

Chairman, Board Nomination and Remuneration Committee

Date: 25 March 2025

Independent Auditor's Report To The Members of I&M Group PLC

KPMG

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of I&M Group PLC (the "Group" and "Company") set out on pages 133 to 279, 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 Group PLC 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 Company in accordance with the *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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expected credit losses on loans and advances in the consolidated financial statements
The disclosure associated with credit risk is set out in the consolidated financial statements in the following notes: — Note 3 (f) (iii) – Material accounting policies, *Impairment on financial assets* (page 157 – 161). — Note 4(a) – Financial risk management, *Credit risk* (page 174 – 210). — Note 20(b) – Impairment loss on loans and advances and other financial assets at amortised costs (page 246).

Independent Auditor's Report To The Members of I&M Group PLC

KPMG

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

Key Audit Matters (continued)

Expected credit losses on loans and advances in the consolidated financial statements (continued)	
The key audit matter	**How the matter was addressed in our audit**
The estimation of expected credit losses ("ECL") on loans and advances and off balance sheet elements, involves significant judgement and estimates. The key areas where we identified greater levels of management judgement in the Group's financial statements and therefore increased levels of audit focus in the estimation of ECLs are: — Forward looking Information – IFRS 9 *Financial Instruments* requires the Group to measure ECLs on a forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the macroeconomic information used and the probability weightings applied. — Significant increase in credit risk ("SICR") – the criteria selected to identify a significant increase in credit risk is a key area of judgement within the Group's ECL calculation as these criteria involve qualitative factors such as breaches of covenant and quantitative factors such as days past due which determine whether a 12 month or lifetime provision is recorded. — Model estimations – inherently judgemental modelling is used to estimate ECL which involves determining probabilities of default ("PD"), loss given default ("LGD"), and exposures at default ("EAD"). The PD model is a key driver of complexity in the Group's and Bank's ECL modelling approach. — Management overlays – there is significant judgment applied to calibrate the Group's ECL models to cater for the impact of the current levels of economic volatility, and complexity model adjustments are made which are subject to a high degree of management judgement and bias.	Our audit procedures in this area included: — Performing process walk-throughs to identify and assess the key controls used in the ECL processes. This included testing the design and implementation and operating effectiveness of the key controls over the staging criteria and completeness and accuracy of the key inputs and assumptions into the IFRS 9 impairment models. — Evaluating key aspects of the ECL model by: — Selecting a sample of outstanding loans from the Group's loan book and comparing these to the details in the customers' credit files in order to establish whether facilities are correctly staged/ classified and valued based on IFRS as well as regulatory considerations; — For a sample of key data inputs and assumptions applied in the determination of ECL, assessing for accuracy of economic forecasts and challenging PD assumptions applied by involving our specialists in the reperformance of the economic forecasts and PD calculations; — Evaluating the appropriateness of the Group's assessment of the SICR criteria used by assessing the qualitative factors such as breaches of covenant and quantitative factors such as days past due applied in the classification of the loans into stage 1, 2 and 3. This included review of a sample of credit files to identify qualitative factors and re-aging of sampled loans to assess days past due; — Assessing the appropriateness of parameters used in the impairment models in regard to the probability PDs, LGDs, and EADs by considering the local economic conditions; and

Independent Auditor's Report To The Members of I&M Group PLC

KPMG

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

Key Audit Matters (continued)

Expected credit losses on loans and advances in the consolidated financial statements (continued)	
The key audit matter	**How the matter was addressed in our audit**
The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers to be a key audit matter due to the high degree of estimation uncertainty and significant judgement applied by management in determination of ECL.	— Evaluating management's basis for establishing Stage 3 impairment amounts. This includes challenging reasonability of management assumptions on cashflow projections and time to realization for a sample of facilities. — Involving our internal financial risk modelling specialists to: — Assess the Group's methodology for determining the macro-economic scenarios used in the forward-looking information and challenging the probability weightings applied to the scenarios by agreeing a sample of these to market trends, and evaluating the correctness of the direction of adjustment of the macroeconomic variables in baseline, optimistic and pessimistic scenarios. — Assess the key economic variables used, including agreeing samples of economic variables to external sources, as well as the overall reasonableness of the economic forecasts by comparing the Group's forecasts to our own modelled forecasts. — Evaluating the adequacy of the consolidated financial statements disclosures, including disclosures of key assumptions and judgements in accordance with IFRS 7 *Financial Instruments: Disclosures.*

Independent Auditor's Report To The Members of I&M Group PLC

KPMG

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

Key Audit Matters (continued)

Impairment of Goodwill	
The key audit matter	**How the matter was addressed**
The disclosure on goodwill is set out in the consolidated financial statements in the following notes: — Note 3 (K) (ii) – Material accounting policies, *Goodwill* (page 167). — Note 25(a) – Intangible assets – *Goodwill* (page 257 – 260).	
As at 31 December 2024, the Group recognized goodwill of Kshs 3.9 billion of which 50% related to entities in the investment sector, 44% from entities in the banking sector and 6% from insurance brokerage sector. Impairment of goodwill is considered a key audit matter because of the significant judgment applied in determining key inputs such as forecast cash flows, discount rates applied, forecast growth rates and terminal growth rates used to estimate the recoverable amount of cash generating units (CGU). The recoverable amount of the CGUs, which is based on the higher of the value in use or fair value less costs to sell, has been derived from discounted forecast cash flows models. These models use key assumptions such as estimates of future revenues, operating costs, terminal growth rates and discount rate (weighted average cost of capital).	Our audit procedures in this area included: — Evaluated the forecasting process undertaken by the Group by assessing the precision of prior year forecast cash flows by comparing with actual outcomes. — Conducted a sensitivity analysis on the assumed growth rate and discount rate used in computing the net present value (NPV) of cash flows to assess their impact on valuation outcomes. — Involving our valuation specialists in challenging the Group's valuation methodology, discount rates and growth rates by comparing the Group's input to external data such as economic growth projections and interest rates and independently estimating the discount rate used to present value the future cash flows. — Assessing the adequacy of the consolidated financial statements disclosures, including disclosures of key assumptions and judgements in accordance with IAS 36 *Impairment of Assets*.

Other Information

The Directors are responsible for the other information. The other information comprises the *Corporate information, Report of the directors, Statement on corporate governance, Statement of Directors' responsibilities and directors' remuneration report,* but does not include the consolidated and separate financial statements, and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the additional other information to be included in the *I&M Group PLC Annual Integrated Report and Financial Statements for the year ended 31 December 2024,* which is expected to be made available to us after that date.

Independent Auditor's Report To The Members of I&M Group PLC

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

Other Information (continued)

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Company 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for The Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of the 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 the 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, 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 skepticism 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.

Independent Auditor's Report To The Members of I&M Group PLC

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)

— 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 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 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.

— 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.

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Independent Auditor's Report To The Members of I&M Group PLC

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

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 given in the *Report of the Directors* on pages 118 and 119 is consistent with the consolidated and separate financial statements; and

— The auditable part of the directors' remuneration report on pages 123 to 124 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

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, Kenya

Date: 25 March 2025.

Consolidated and Company Statements of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 December 2024

		Group		Company	
	Note	2024	2023	2024	2023
		Kshs '000	Kshs '000	Kshs '000	Kshs '000
Interest income	8	68,105,524	50,458,574	301,894	267,262
Interest expense	9	(30,543,156)	(21,828,108)	-	-
Net interest income		**37,562,368**	**28,630,466**	**301,894**	**267,262**
Fee and commission income	10	7,941,432	6,868,831	-	-
Fee and commission expense	10	(985,348)	(918,506)	-	-
Net fee and commission income	10	**6,956,084**	**5,950,325**	**-**	**-**
Revenue		**44,518,452**	**34,580,791**	**301,894**	**267,262**
Net trading income	11	3,757,263	6,369,910	(84,028)	132,594
Other operating income	12	1,957,794	812,524	4,607,564	6,929,595
Net operating income before change in expected credit losses and other credit impairment charges		**50,233,509**	**41,763,225**	**4,825,430**	**7,329,451**
Change in expected credit losses and other credit impairment charges	20(b)	(7,818,349)	(6,869,542)	(208)	-
Net operating income		**42,415,160**	**34,893,683**	**4,825,222**	**7,329,451**
Staff costs	13	(9,199,035)	(7,654,549)	-	-
Premises and equipment costs	13	(651,218)	(818,821)	-	-
Other expenses	13	(9,628,856)	(8,071,390)	(44,591)	(59,791)
Depreciation and amortisation expenses	13	(3,056,665)	(2,872,241)	-	-
Operating expenses		**(22,535,774)**	**(19,417,001)**	**(44,591)**	**(59,791)**
Operating profit		**19,879,386**	**15,476,682**	**4,780,631**	**7,269,660**
Share of profit of joint venture	23(a)	896,971	1,203,644	-	-
Profit before income tax	14	**20,776,357**	**16,680,326**	**4,780,631**	**7,269,660**
Income tax expense	15(a)	(4,122,608)	(3,335,107)	(49,918)	(88,441)
Profit for the year		**16,653,749**	**13,345,219**	**4,730,713**	**7,181,219**

The notes set out on pages 140 to 279 form an integral part of these consolidated and separate financial statements.

(Continued Page 134)

Consolidated and Company Statements of Profit or Loss and Other Comprehensive Income (continued)

For The Year Ended 31 December 2024

	Note	Group		Company	
		2024	2023	2024	2023
		Kshs '000	Kshs '000	Kshs '000	Kshs '000
Other Comprehensive Income					
Items that will not be reclassified to profit or loss:					
Actuarial gains/(losses) on re-measurement of defined benefit scheme net of deferred tax	33(h)	(42,900)	(60,203)	-	-
Revaluation surplus on property and equipment net of deferred tax charge		402,625	88,145	-	-
Movement in fair value reserve for FVOCI - Equity Instruments	21	372,597	83,521	-	-
Deferred tax on movement in fair value reserve for FVOCI - Equity Instruments		(111,779)	(25,056)	-	-
Items that may be classified to profit or loss:					
Movement in fair value reserve for FVOCI debt instruments	21	3,575,568	(2,168,665)	33,343	(48,344)
Deferred tax - movement in fair value reserve for FVOCI debt instruments		(1,036,046)	778,777	-	-
Movement in cash flow hedge reserve		(119,147)	-	-	-
Deferred tax - movement in cash flow hedge reserve		35,744	-	-	-
Foreign operations-foreign currency translation differences		(7,310,932)	5,367,493	-	-
Total other comprehensive income for the year		**(4,234,270)**	**4,064,012**	**33,343**	**(48,344)**
Total comprehensive income for the year		**12,419,479**	**17,409,231**	**4,764,056**	**7,132,875**
Profit attributable to:					
Equity holders of the Company		15,379,279	12,615,177	4,730,713	7,181,219
Non-controlling interest	23	1,274,470	730,042	-	-
		16,653,749	**13,345,219**	**4,730,713**	**7,181,219**
Total comprehensive income attributable to:					
Equity holders of the Company		12,667,357	15,829,555	4,764,056	7,132,875
Non-controlling interest		(247,878)	1,579,676	-	-
		12,419,479	**17,409,231**	**4,764,056**	**7,132,875**
Basic earnings per share - (KShs)	**16**	**9.30**	**7.63**	**2.86**	**4.34**

The notes set out on pages 140 to 279 form an integral part of these consolidated and separate financial statements.

Our Governance

Our Business

Our Financials

Consolidated and Company Statements of Financial Position As At 31 December 2024

As At 31 December 2024

	Note	Group		Company	
		2024	2023	2024	2023
		Kshs '000	Kshs '000	Kshs '000	Kshs '000
ASSETS					
Cash and balances with central banks	17	33,462,962	41,275,497	-	-
Items in the course of collection	18	675,775	399,994	-	-
Financial assets at fair value through profit or loss (FVTPL)	21(a)	1,098,455	2,779,798	-	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	21(b)	71,762,934	60,287,145	910,411	876,832
Financial assets at amortised cost	21(c)	88,950,668	54,350,036	-	-
Loans and advances to banks	19	48,819,355	59,176,989	847,184	312,326
Loans and advances to customers	20(a)	287,082,574	311,330,840	-	-
Assets held for sale	22	507,314	307,501	-	-
Due from group companies	37(b)(iii)	-	-	755,366	3,264,319
Tax recoverable	15(b)	189,106	690,697	10,021	-
Other assets	27	7,107,653	7,349,298	500	2,318
Investment in Joint Venture	23(a)	6,514,568	7,878,467	2,515,591	2,515,591
Investment in subsidiaries	23(b)	-	-	34,698,390	32,298,390
Property and equipment	24	15,999,921	14,487,824	-	-
Intangible assets - Software	25(b)	2,948,940	3,176,250	-	-
Intangible assets - Goodwill	25(a)	3,948,134	4,315,881	-	-
Deferred tax assets	26	12,211,941	11,913,221	33,342	523
TOTAL ASSETS		**581,280,300**	**579,719,438**	**39,770,805**	**39,270,299**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Deposit from banks	28	35,046,478	39,499,089	-	-
Deposits from customers	29	412,179,477	416,674,435	-	-
Items in course of collection	18	3,291,106	769,041	-	-
Tax payable	15(b)	1,325,662	219,406	-	71,095
Due to group companies	37(b)(iv)	-	-	14,520	-
Other liabilities	30	13,062,216	8,109,564	2,308,212	148,744
Deferred tax liabilities	26	658,429	476,359	-	-
Long term debt	31	3,759,188	5,739,099	-	-
Subordinated debt	32	10,310,689	12,532,190	-	-
		479,633,245	**484,019,183**	**2,322,732**	**219,839**
Shareholders' equity					
Share capital	33(a)	1,653,621	1,653,621	1,653,621	1,653,621
Share premium	33(a)/(b)	17,561,629	17,561,629	17,561,629	17,561,629
Retained earnings		65,953,970	57,859,356	18,289,438	19,925,168
Revaluation reserve	33(c)	1,460,251	1,241,566	-	-
Fair value reserve	33(d)	(2,256,079)	(5,046,809)	(56,615)	(89,958)
Translation reserve	33(e)	(1,756,351)	3,838,683	-	-
Statutory credit risk reserve	33(f)	12,167,593	11,249,371	-	-
Cash flow hedge reserve	33(g)	(83,403)	-	-	-
Defined benefit reserve	33(h)	(227,168)	(184,268)	-	-
Equity attributable to Owners of the Company		**94,474,063**	**88,173,149**	**37,448,073**	**39,050,460**
Non-controlling interest	23	7,172,992	7,527,106	-	-
TOTAL SHAREHOLDERS' EQUITY		**101,647,055**	**95,700,255**	**37,448,073**	**39,050,460**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**581,280,300**	**579,719,438**	**39,770,805**	**39,270,299**

The consolidated and separate financial statements set out on pages 133 to 279 were approved and authorised for issue by the Board of Directors on 25 March 2024 and were signed on its behalf by:

Oliver Fowler	**Rose W. Kinuthia**	**Sarit S Raja Shah**	**Bilha Wanjiru Mwangi**
Director	**Director**	**Director**	**Secretary**

The notes set out on pages 140 to 279 form an integral part of these consolidated and separate financial statements.

Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2024

	Share capital	Share premium	Retained earnings	Defined benefit reserve	Cash flow hedge reserve	Statutory credit risk reserve	Revaluation 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	Kshs'000	Kshs'000
At 1 January 2024	**1,653,621**	**17,561,629**	**57,859,356**	**(184,268)**	**-**	**11,249,371**	**1,241,566**	**(5,046,809)**	**3,838,683**	**88,173,149**	**7,527,106**	**95,700,255**
Comprehensive income for the year												
Net profit after tax	-	-	15,379,279	-	-	-	-	-	-	**15,379,279**	1,274,470	**16,653,749**
	-	**-**	**15,379,279**	**-**	**-**	**-**	**-**	**-**	**-**	**15,379,279**	**1,274,470**	**16,653,749**
Other comprehensive income												
Translation reserve	-	-	-	-	-	-	-	-	(5,595,034)	**(5,595,034)**	(1,715,898)	**(7,310,932)**
Fair value reserve (Note 21)	-	-	-	-	-	-	-	3,934,223	-	**3,934,223**	13,942	**3,948,165**
Deferred tax - fair value reserve	-	-	-	-	-	-	-	(1,143,493)	-	**(1,143,493)**	(4,332)	**(1,147,825)**
Revaluation reserve	-	-	-	-	-	-	321,955	-	-	**321,955**	270,260	**592,215**
Deferred tax - revaluation reserve	-	-	-	-	-	-	(103,270)	-	-	**(103,270)**	(86,320)	**(189,590)**
Defined benefit plan	-	-	-	(42,900)	-	-	-	-	-	**(42,900)**	-	**(42,900)**
Cash flow hedge	-	-	-	-	(119,147)	-	-	-	-	**(119,147)**	-	**(119,147)**
Deferred tax - cash flow hedge reserve	-	-	-	-	35,744	-	-	-	-	**35,744**	-	**35,744**
Statutory credit risk	-	-	(918,222)	-	-	918,222	-	-	-	**-**	-	**-**
Total other comprehensive income	**-**	**-**	**(918,222)**	**(42,900)**	**(83,403)**	**918,222**	**218,685**	**2,790,730**	**(5,595,034)**	**(2,711,922)**	**(1,522,348)**	**(4,234,270)**
Total comprehensive income	**-**	**-**	**14,461,057**	**(42,900)**	**(83,403)**	**918,222**	**218,685**	**2,790,730**	**(5,595,034)**	**12,667,357**	**(247,878)**	**12,419,479**
Transactions with owners												
Dividends paid - 2023	-	-	(4,216,735)	-	-	-	-	-	-	**(4,216,735)**	(106,236)	**(4,322,971)**
Interim dividend - 2024	-	-	(2,149,708)	-	-	-	-	-	-	**(2,149,708)**	-	**(2,149,708)**
Total transactions with owners for the year	**-**	**-**	**(6,366,443)**	**-**	**-**	**-**	**-**	**-**	**-**	**(6,366,443)**	**(106,236)**	**(6,472,679)**
At 31 December 2024	**1,653,621**	**17,561,629**	**65,953,970**	**(227,168)**	**(83,403)**	**12,167,593**	**1,460,251**	**(2,256,079)**	**(1,756,351)**	**94,474,063**	**7,172,992**	**101,647,055**

The notes set out on page 140 to 279 form an integral part of these consolidated and separate financial statements.

Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2024

	Share capital	Share premium	Retained earnings	Defined benefit reserve	Statutory credit risk reserve	Revaluation 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	Kshs'000
At 1 January 2023	**1,653,621**	**17,561,629**	**53,674,183**	**(124,065)**	**6,993,268**	**1,154,325**	**(3,749,563)**	**(645,903)**	**76,517,495**	**5,132,093**	**81,649,588**
Comprehensive income for the year											
Net profit after tax	-	-	12,615,177	-	-	-	-	-	12,615,177	730,042	13,345,219
	-	**-**	**12,615,177**	**-**	**-**	**-**	**-**	**-**	**12,615,177**	**730,042**	**13,345,219**
Other comprehensive income											
Translation reserve	-	-	-	-	-	-	-	4,484,586	4,484,586	882,907	5,367,493
Fair value reserve (Note 21)	-	-	-	-	-	-	(2,037,506)	-	(2,037,506)	(47,638)	(2,085,144)
Deferred tax - fair value reserve	-	-	-	-	-	-	740,260	-	740,260	13,461	753,721
Revaluation reserve	-	-	-	-	-	123,085	-	-	123,085	-	123,085
Deferred tax - revaluation reserve	-	-	-	-	-	(35,844)	-	-	(35,844)	904	(34,940)
Defined benefit plan	-	-	-	(60,203)	-	-	-	-	(60,203)	-	(60,203)
Statutory credit risk	-	-	(4,254,989)	-	4,254,989	-	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**(4,254,989)**	**(60,203)**	**4,254,989**	**87,241**	**(1,297,246)**	**4,484,586**	**3,214,378**	**849,634**	**4,064,012**
Total comprehensive income	**-**	**-**	**8,360,188**	**(60,203)**	**4,254,989**	**87,241**	**(1,297,246)**	**4,484,586**	**15,829,555**	**1,579,676**	**17,409,231**
Transactions with owners											
Acquisition of I&M Bank (Uganda) Limited	-	-	(305,973)	-	-	-	-	-	(305,973)	147,280	(158,693)
Issue of shares - I&M Bank (T) Limited	-	-	(148,394)	-	1,114	-	-	-	(147,280)	851,526	704,246
Issue of preference shares - I&M Bank (Uganda) Limited	-	-	-	-	-	-	-	-	-	(31,375)	(31,375)
Dividends paid - 2022	-	-	(3,720,648)	-	-	-	-	-	(3,720,648)	(152,094)	(3,872,742)
Total transactions with owners for the year	**-**	**-**	**(4,175,015)**	**-**	**1,114**	**-**	**-**	**-**	**(4,173,901)**	**815,337**	**(3,358,564)**
At 31 December 2023	**1,653,621**	**17,561,629**	**57,859,356**	**(184,268)**	**11,249,371**	**1,241,566**	**(5,046,809)**	**3,838,683**	**88,173,149**	**7,527,106**	**95,700,255**

The notes set out on page 140 to 279 form an integral part of these consolidated and separate financial statements.

Company Statement of Changes in Equity

For The Year Ended 31 December 2024

2024:	Share capital	Share premium	Retained earnings	Fair value reserve	Total
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
At 1 January 2024	**1,653,621**	**17,561,629**	**19,925,168**	**(89,958)**	**39,050,460**
Comprehensive income for the year					
Profit for the year	-	-	4,730,713	-	4,730,713
	-	**-**	**4,730,713**	**-**	**4,730,713**
Other comprehensive income					
Fair value reserve (Note 21)	-	-	-	33,343	33,343
Total other comprehensive income	-	-	-	33,343	33,343
Total comprehensive income for the year	**-**	**-**	**4,730,713**	**33,343**	**4,764,056**
Transactions with owners recorded directly in equity					
Dividends paid - 2023	-	-	(4,216,735)	-	(4,216,735)
Interim dividend - 2024	-	-	(2,149,708)	-	(2,149,708)
Total transactions with owners for the year	**-**	**-**	**(6,366,443)**	**-**	**(6,366,443)**
At 31 December 2024	**1,653,621**	**17,561,629**	**18,289,438**	**(56,615)**	**37,448,073**
2023:					
At 1 January 2023	**1,653,621**	**17,561,629**	**16,464,597**	**(41,614)**	**35,638,233**
Comprehensive income for the year					
Profit for the year	-	-	7,181,219	-	7,181,219
	-	**-**	**7,181,219**	**-**	**7,181,219**
Total transactions with owners for the year					
Fair value reserve (Note 21)	-	-	-	(48,344)	(48,344)
	-	**-**	**-**	**(48,344)**	**(48,344)**
Total comprehensive income for the year	**-**	**-**	**7,181,219**	**(48,344)**	**7,132,875**
Transactions with owners recorded directly in equity					
Dividends paid - 2022	-	-	(3,720,648)	-	(3,720,648)
Total transactions with owners for the year	**-**	**-**	**(3,720,648)**	**-**	**(3,720,648)**
At 31 December 2023	**1,653,621**	**17,561,629**	**19,925,168**	**(89,958)**	**39,050,460**

The notes set out on page 140 to 279 form an integral part of these consolidated and separate financial statements.

Consolidated and Company Statements of Cash Flows

For The Year Ended 31 December 2024

		Group		Company	
		2024	2023	2024	2023
	Note	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Cash flows generated from operating activities	34	**3,558,168**	**57,623,200**	**4,107,782**	**7,082,944**
Cash flows used in investing activities					
Purchase of property and equipment (excluding right of use assets)	24	(3,644,135)	(1,384,935)	-	-
Purchase of intangible assets	25(b)	(901,298)	(1,272,378)	-	-
Investment in subsidiaries	23(b)	-	-	(2,400,000)	(962,232)
Proceeds from disposal of property and equipment		184,174	53,841	-	-
Net cash used in investing activities		**(4,361,259)**	**(2,603,472)**	**(2,400,000)**	**(962,232)**
Cash flows used in financing activities					
Payment of principal on long term borrowings	31	(873,579)	(1,076,978)	-	-
Payment of principal on subordinated debt	32	-	(1,741,298)	-	-
Dividend paid to shareholders of the company		(4,216,735)	(3,720,648)	(4,216,735)	(3,720,648)
Dividend paid to non-controlling interests		(106,236)	(152,094)	-	-
Issue of shares - I&M Bank (Uganda) Limited		-	545,553	-	-
(Redemption)/issue of preference shares - I&M Bank (Uganda) Limited		-	(31,375)	-	-
Payment of principal lease liabilities	30	(1,206,179)	(869,926)	-	-
Net cash used in financing activities		**(6,402,729)**	**(7,046,766)**	**(4,216,735)**	**(3,720,648)**
Net increase/(decrease) in cash and cash equivalents		**(7,205,820)**	**47,972,962**	**(2,508,953)**	**2,400,064**
Cash and cash equivalents at start of the year		**77,848,257**	**27,082,130**	**3,264,319**	**864,255**
Effect of exchange rate fluctuations on cash and cash equivalents held		(13,742,877)	2,793,165	-	-
Cash and cash equivalents at end of the year	34(b)	**56,899,560**	**77,848,257**	**755,366**	**3,264,319**

The notes set out on pages 140 to 279 form an integral part of these consolidated and separate financial.

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Notes to the Consolidated and Separate Financial Statements

For The Year Ended 31 December 2024

1. Reporting Entity

I&M Group PLC (the "Company"), is a non-operating holding company licensed by the Central Bank of Kenya (CBK) under the Kenyan Banking Act (Chapter 488). The Company is incorporated in Kenya under the Kenyan Companies Act, 2015 and comprises banking subsidiaries in Kenya, Tanzania, Rwanda, Uganda and a joint venture in Mauritius and non banking Subsidiaries in Kenya, Mauritius and Uganda. The consolidated financial statements as at and for the year ended 31 December 2024 comprise of entities in Kenya – I&M Bank LIMITED, I&M Capital Limited, I&M Realty Limited, I&M Burbidge Capital Limited, Giro Limited, I&M Bancassurance Intermediary Limited, and Investment & Mortgages Nominees Limited; Tanzania - I&M Bank (T) Limited; Rwanda - I&M Bank (Rwanda) PLC, Mauritius - BCR Investment Company Limited and a joint venture - Bank One Limited; and Uganda – I&M Bank (Uganda) Limited and I&M Burbidge Capital (U) Limited (together referred to as the "Group"). The address of its registered office is as follows:

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

The Company owns the following entities directly:

Bank One Limited – 50% interest in Bank One Limited, a joint venture in a bank licensed in Mauritius;

i. I&M Bank LIMITED – 100% shareholding;
ii. I&M Capital Limited – 100% Shareholding;
iii. I&M Realty Limited – 100% Shareholding;
iv. BCR Investment Company Limited – 100% Shareholding;
v. I&M Burbidge Capital Limited – 100% Shareholding;
vi. Giro Limited – 100% Shareholding;
vii. I&M Bank (Uganda) Limited – 79.29% Shareholding, and;
viii. Investment & Mortgages Nominees Limited – 100% Shareholding.

Through I&M Bank LIMITED, the Company has:

i. 78.51% shareholding in I&M Bank (T) Limited, and;
ii. 100% shareholding in I&M Bancassurance Intermediary Limited (incorporated on 23 July 2014).

Through BCR Investment Company Limited (BCR), a non-operating holding company, the Company has 54.47% effective shareholding in I&M Bank (Rwanda) PLC as BCR owns 54.47% shareholding in I&M Bank (Rwanda) PLC;

Through I&M Burbidge Capital Limited, the Company has 100% effective shareholding in I&M Burbidge Capital (U) Limited as the Company is 100% owned by I&M Burbidge Capital Limited.

Through I&M Realty Limited, the Company has 100% effective shareholding in I&M Realty (Tanzania) Limited as the Company is 100% owned by I&M Realty Limited.

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

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 a manner required by the Kenyan Companies Act, 2015.

Details of the material accounting policies are included in Note 3.

For the Kenyan Companies Act, 2015 reporting purposes, in these financial statements the "balance sheet" is represented by/its 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.

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) and Investment Properties which are measured at fair value.

(b.) Functional and Presentation Currency

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

(c.) Use of Estimates and Judgments

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.

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 principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

(a.) Basis of Consolidation

(i.) Business Combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(ii.) 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.

3. Material Accounting Policies (continued)

(a.) Basis of Consolidation (continued)

(iii.) 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.

(iv.) Interest in Equity-Accounted Investees

Investments in joint ventures are accounted for using the equity method of accounting in the Consolidated/Group financial statements. These are undertakings in which the Group has between 20% and 50% of the voting rights and over which the Group exercises significant influence but which it does not control. Under the equity method, the Group's share of its joint ventures' post-acquisition profits or losses is recognised in profit or loss and its share of other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition total comprehensive income or loss (including dividends received from the associate) is adjusted against the carrying amount of the investment.

Losses of a joint venture in excess of the Group's interest in that joint venture are recognised only to the extent that the Group has incurred legal or constructive obligations to make payments on behalf of the associate.

Unrealized gains arising from transaction with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Investments in joint ventures are accounted at cost less impairment loss in the separate financial statements of the Company. They are initially recognised at cost which includes transaction costs.

(v.) 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.

3. Material Accounting Policies (continued)

(a.) Basis of Consolidation (continued)

(vi.) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(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 Consolidated Statement of profit or loss and other 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.

3. Material Accounting Policies

(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.

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 and 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).

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 include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- interest on debt instruments measured at Fair Value Through Other Comprehensive Income (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 Fair Value Through Profit or Loss (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 – is recognised as the related services are performed.

Corporate advisory fees receivable in the normal course of business, are recognised on the basis of terms and conditions stipulated in the client engagement contract, and are recognised over time as the service is provided. The amounts to be collected from customers at period end are recognised as trade receivables. Variable commission are recognised when it is probable that the fee is payable.

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 expensed as the services are received.

(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 includes all fair value changes, interest 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.

3. Material Accounting Policies (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.

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 (including regular-way purchases and sales of financial assets) 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:

i. amortised cost;

ii. fair value through other comprehensive income (FVOCI); or

iii. 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 asset is 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.

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3. Material Accounting Policies (continued)

(f.) Financial instruments

ii. Classification and Measurement of Financial Assets (continued)

(i.) Amortised Cost (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.

3. Material Accounting Policies (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	
Off-balance sheet financial instruments	Loan commitments		
	Guarantees, acceptances 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, financial assets at FVOCI, 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.

Business Model Assessment for Amortised Cost Measurement

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).

3. Material Accounting Policies (continued)

(f.) Financial instruments (continued)

(ii.) Classification and Measurement of Financial Assets (continued)

(i.) Amortised Cost (continued)

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 asset is 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.

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).

3. Material Accounting Policies (continued)

(f.) Financial instruments (continued)

(ii.) Classification and Measurement of Financial Assets (continued)

(ii.) Fair Value Through Other Comprehensive Income (FVOCI) (continued)

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.

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.

(iii.) 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.

3. Material Accounting Policies (continued)

(f.) Financial instruments (continued)

(ii.) Classification and Measurement of Financial Assets (continued)

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:

- 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.

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:

3. Material Accounting Policies (continued)

(f.) Financial instruments (continued)

(ii.) Classification and Measurement of Financial Assets (continued)

Business Model Assessment (continued)

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- 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 expected credit losses (ECL) in the statement of financial position.

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3. Material Accounting Policies (continued)

(f.) Financial instruments (continued)

(ii.) Classification and measurement of financial assets (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). 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to 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 Consolidated 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income. The accumulated allowance recognised in OCI is recycled to the Consolidated 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.) Whose cash flows do not represent payments that are solely payments of principal and interest.

These instruments are measured at fair value in the Consolidated Statement of Financial Position, with transaction costs recognized immediately in the Consolidated 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income.

3. Material Accounting Policies (continued)

(f.) Financial instruments (continued)

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

Debt Instruments Designated at FVTPL

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 Consolidated Statement of Financial Position at fair value. Changes in fair value are recognized in Non-interest income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Equity Instruments

The Group has elected at initial recognition to irrevocably designate an equity investment, held for purposes other than trading, at FVOCI. The fair value changes, including any associated foreign exchange gains or losses, are recognized in OCI and are not subsequently reclassified in the Consolidated 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 profit or loss.

Reclassification of Financial Assets

The Group reclassifies financial assets when it changes its business model for managing financial assets.

Reclassifications are expected to be very infrequent. Such changes are determined by the Group's senior management as a result of external or internal changes and must be significant to the Group's operations and demonstrable to external parties. Accordingly, a change in Group's business model will occur only when the Group either begins or ceases to perform an activity that is significant to its operations; for example, when the Group has acquired, disposed of or terminated a business line.

The following are not considered to be changes in the Group's business model:

- a change in intention related to particular financial assets (even in circumstances of significant changes in market conditions);
- a temporary disappearance of a particular market for financial assets; or
- a transfer of financial assets between parts of the Group with different business models.

If the Group reclassifies its financial assets, it applies the reclassification prospectively from the reclassification date, defined as the first day of the first reporting period following the change in business model that results in the Group reclassifying financial assets.

3. Material Accounting Policies (continued)

(f.) Financial instruments (continued)

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

The reclassification applies prospectively from the reclassification date and therefore previous recognised gains, losses (including impairment gains or losses) or interest are not restated. Changes in the objective of the Group's business model are usually effected before the reclassification date.

Financial Liabilities

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

(iii.) Impairment on 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 that are debt instruments (amortised cost and FVOCI) including loans and advances, trade receivables from Bancassurance and Advisory, and other financial assets measured at amortised cost.
- lease receivables (rental income collectible from Investment properties);
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

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 has not increased significantly since their initial recognition i.e. stage 1 (see Note 4(a)).

Loss allowances for lease receivables (on investment property), and trade receivables (on advisory and 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.

3. Material Accounting Policies (continued)

(f.) Financial instruments (continued)

(iii.) Impairment on Financial Assets (continued)

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.

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'.

3. Material Accounting Policies (continued)

(f.) Financial instruments (continued)

(iii.) Impairment on Financial Assets (continued)

Significant Increase in Credit Risk (SICR)

At each reporting date, the Group performs both qualitative and quantitative assessments to determine 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 uses below criteria for determining whether there has been a significant increase in credit risk:

- a quantitative test based on movement in PD;
- qualitative indicators; and
- the Group considers that a significant increase in credit risk occurs when assets is more than 30 days past due and or shows qualitative factors such as change in industry behaviours e.g. breach in covenants, restructuring and decline in trading activities.

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 backstop when contractual payments are more than 30 days past due.

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

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3. Material Accounting Policies (continued)

(f.) Financial instruments (continued)

(iii.) Impairment on Financial Assets (continued)

Measurement of ECL (continued)

- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover. See also Note 4(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 Note 4a(v) 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.

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; or
- the disappearance of an active market for a security because of financial difficulties.

3. Material Accounting Policies (continued)

(f.) Financial instruments (continued)

(iii.) Impairment on Financial Assets (continued)

Credit-Impaired Financial Assets (continued)

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.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors;

i. The market's assessment of creditworthiness as reflected in bond yields.
ii. The rating agencies assessments of creditworthiness.
iii. The country's ability to access the capital markets for new debt issuance.
iv. The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

Presentation of allowance for ECL in the statement of financial position

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.

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.

3. Material Accounting Policies (continued)

(f.) Financial instruments (continued)

(iv.) 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.

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.

3. Material Accounting Policies (continued)

(f.) Financial instruments (continued)

(v.) 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 Group Credit Committee regularly reviews reports on forbearance activities. For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators. 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. A customer needs to demonstrate consistently good payment behaviour over a period of time 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 Stage 1.

The impact of modifications of financial assets on the expected credit loss calculation is discussed in Note 3(f)(v) and Note 4(a)(v).

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.

3. Material Accounting Policies (continued)

(f.) Financial instruments (continued)

(v.) Modifications of Financial Assets and Financial Liabilities (continued)

Financial Liabilities (continued)

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. 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 measure 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.

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 measure fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

(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.

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.

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

3. Material Accounting Policies (continued)

(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 or valuation(buildings) less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to 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
• Buildings	2% or over the period if shorter than 50 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.

(k.) Intangible assets

(i.) Computer software

The costs incurred to acquire and bring to use specific computer software licences are capitalised. Software is measure at cost less accumulated amortisation and accumulated impairment. 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.

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3. Material Accounting Policies (continued)

(k.) Intangible assets (continued)

(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.

Goodwill is reviewed annually to determine whether there is any indication of impairment. The task involves comparing the carrying value of a cash generating unit (CGU) including cashflows, discounted at a rate of interest that reflects inherent risk of the CGU to which the goodwill relates to. The CGU discounted cashflows are compared with the net carrying amount plus goodwill to test for impairment triggers. Impairment is required whenever the cashflows are materially lower than carrying value.

(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.

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.

3. Material Accounting Policies (continued)

(l.) Leases (continued)

Group acting as a lessee (continued)

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.

Group acting as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

3. Material Accounting Policies (continued)

(l.) Leases (continued)

Group acting as a lessor(continued)

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

(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.) Derivative Financial Instruments

Derivative financial instruments are recognised initially at fair value on the date the derivative contract is entered into. Subsequent to initial recognition, derivative financial instruments are stated at fair value.

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

3. Material Accounting Policies (continued)

(o.) 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.

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.

(iii.) Employee Share Ownership Plan (ESOP)

The grant date fair value of equity-settled share-based payment awards (i.e. stock options) granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of share awards for which the related service and non-market performance vesting conditions are expected to be met such that the amount ultimately recognised as an expense is based on the number of share awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(p.) 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.

(q.) 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.

3. Material Accounting Policies (continued)

(r.) 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.

(s.) 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 is 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.

(t.) Provisions

Provisions are recognised when the Company 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.

(u.) 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.

(V.) 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.

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.

3. Material Accounting Policies (continued)

(w.) Operating Segments

An operating segment is a component of the Group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance. The Group's identification of segments and the measurement of segment results is based on the Group's internal reporting to the chief operating decision makers, comprising of the Group's management committees. Transactions between segments are priced at market-related rates.

The Group is required to disclose information to the users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates in compliance with IFRS 8. An operating segment is a component of the Group engaged in business activities, whose operating results are reviewed regularly by management to make decisions about resources to be allocated to segments and assessing segment performance.

Identification of segments and the measurement of segment results is based on the Group's internal reporting to management. Management has determined the operating segments based on the reports reviewed by the Group's Chief Executive with the assistance of the Group's Executive Committee (GEXCO) and the Group Asset and Liability Committee (GALCO). The Group has therefore segmented its business based on geographical location namely, Kenya, Tanzania, Rwanda, Uganda and Mauritius. The geographical spread (across borders) is used as part of performance analysis as disclosed in Note 7.

(x.) 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.

(y.) New standards, amendments and interpretations

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

The Group and Company has adopted the following new standards and amendments during the year ended 31 December 2024, including consequential amendments to other standards with the date of initial application by the Group and Company being 1 January 2024. The nature and effects of the changes are as explained here in.

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

None of the standards had a material effect on the financial statements of the Group and Company.

3. Material Accounting Policies (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 31 December 2024 and have not been applied in preparing these financial statements.

The Group does not plan to adopt these standards early. 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: • 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
• 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

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

3. Material Accounting Policies (continued)

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

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.

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 more significant types of risk to which the Group is exposed are credit risk, liquidity risk, market risk and operational risk. Market risk includes 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 and other banks and investment securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

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 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.

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.

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.

Credit-related commitment risks

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.

An assessment of the extent to which fair values of collaterals cover existing credit risk exposure on loans and advances to customers is highlighted below.

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.

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

Exposure to credit risk

The Group also monitors concentrations of credit risk that arise by industry and type of customer in relation to loans and advances to customers by carrying a balanced portfolio. 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.

(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.

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

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

Group

2024:	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total 31 December
Risk classification	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Loans and advances to Customers at amortised cost				
Normal (Stage 1)	253,956,612	-	-	253,956,612
Watch (Stage 2)	-	11,792,071	-	11,792,071
Non-performing loans (Stage 3)	-	-	35,793,699	35,793,699
Gross carrying amount	**253,956,612**	**11,792,071**	**35,793,699**	**301,542,382**
Loss allowance	(2,106,800)	(1,721,892)	(10,631,116)	(14,459,808)
Net carrying amount	**251,849,812**	**10,070,179**	**25,162,583**	**287,082,574**

2023:	12 Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit im-paired (Stage 3)	Total 31 December
Risk classification	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Loans and advances to Customers at amortised cost				
Normal (Stage 1)	264,215,244	-	-	264,215,244
Watch (Stage 2)	-	25,279,007	-	25,279,007
Non-Performing loans (Stage 3)	-	-	35,711,022	35,711,022
Gross carrying amount	**264,215,244**	**25,279,007**	**35,711,022**	**325,205,273**
Loss allowance	(1,528,832)	(1,388,143)	(10,957,458)	(13,874,433)
Net carrying amount	**262,686,412**	**23,890,864**	**24,753,564**	**311,330,840**

Notes to the Consolidated and Separate Financial Statements (continued)

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	9,593,382	9,319,246
Grade 4: Doubtful	19,954,886	17,720,403
Grade 5: Loss	6,245,431	8,671,373
	35,793,699	**35,711,022**
Specific allowances for impairment	(10,631,116)	(10,957,458)
Carrying amounts	**25,162,583**	**24,753,564**
Unidentified impairment:		
Grade 2: Watch	11,792,071	24,649,346
Grade 1: Normal	253,956,612	264,844,905
	265,748,683	**289,494,251**
Portfolio allowances for impairment	(3,828,692)	(2,916,975)
Carrying amounts	**261,919,991**	**286,577,276**
Total carrying amounts	**287,082,574**	**311,330,840**
Loan loss provisions as per IFRS 9	14,459,808	13,874,433
Statutory loan loss reserve	12,167,593	11,249,371
Regulatory loan loss provisions	**26,627,401**	**25,123,804**

Notes to the Consolidated and Separate Financial Statements (continued)

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)

	Gross	Net
Identified impairment:	**Kshs'000**	**Kshs'000**
31 December 2024		
Grade 3: Substandard	9,593,382	9,852,836
Grade 4: Doubtful	19,954,886	12,507,933
Grade 5: Loss	6,245,431	2,801,814
	35,793,699	25,162,583
31 December 2023		
Grade 3: Substandard	9,319,246	10,645,036
Grade 4: Doubtful	17,720,403	10,983,588
Grade 5: Loss	8,671,373	3,124,940
	35,711,022	**24,753,564**

	Gross	Net
Unidentified impairment:	**Kshs'000**	**Kshs'000**
31 December 2024		
Grade 1: Normal	253,956,612	251,849,812
Grade 2: Watch	11,792,071	10,070,179
	265,748,683	**261,919,991**
31 December 2023		
Grade 1: Normal	264,844,905	263,303,465
Grade 2: Watch	24,649,346	23,273,811
	289,494,251	**286,577,276**

Notes to the Consolidated and Separate Financial Statements (continued)

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.

Kenya

	2024	
Sector	**Normal**	**Watch**
Agriculture	1.19%	3.12%
Manufacturing	0.88%	0.72%
Building And Construction	2.23%	11.11%
Mining & Quarrying	0.45%	0.69%
Energy & Water	1.18%	1.54%
Wholesale Trade & Retail Trade	1.38%	4.11%
Tourism, Restaurants and Hotels	1.39%	6.12%
Transport & Communication	1.04%	1.88%
Real Estate	1.97%	2.10%
Financial Services	1.23%	2.11%
Personal and Household	1.30%	1.83%

Tanzania

	2024	
Sector	**Normal**	**Watch**
Agriculture	0.33%	25.21%
Manufacturing	1.58%	21.96%
Building And Construction	2.38%	9.51%
Mining & Quarrying	15.92%	42.03%
Education	0.05%	0.05%
Wholesale Trade & Retail Trade	1.45%	29.25%
Tourism, Restaurants and Hotels	0.05%	0.05%
Transport & Communication	0.81%	14.62%
Real Estate	1.48%	10.60%
Personal and Household	1.19%	23.89%
Housing Loan	2.80%	9.95%
Other Services	0.85%	12.91%

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

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

Rwanda

	2024	
Sector	**Normal**	**Watch**
Agriculture	0.08%	0.05%
Manufacturing	0.05%	15.35%
Building And Construction	2.14%	8.22%
Mining & Quarrying	0.05%	0.05%
Energy & Water	0.39%	19.76%
Wholesale Trade & Retail Trade	0.74%	8.58%
Tourism, Restaurants and Hotels	2.98%	30.06%
Transport & Communication	2.08%	3.42%
Real Estate	0.30%	6.55%
Financial Services	0.05%	0.05%
Personal and Household	2.72%	19.67%
Social Community Personal Services	1.68%	39.51%
Government & Parastatals	0.0005%	0.0005%

Uganda

	2024	
Sector	**Normal**	**Watch**
Agriculture	0.14%	0.48%
Mining and Quarrying	0.05%	0.05%
Manufacturing	0.32%	2.01%
Trade	3.22%	16.27%
Transport and Communication	1.75%	8.99%
Electricity and Water	0.05%	0.05%
Building, Mortgage, Construction and Real Estate	0.65%	2.54%
Business Services	0.48%	1.19%
Community, Social and Other Services	0.45%	0.45%
Personal Loans and Household Loans	3.77%	23.03%

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

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

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 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 the prudential guidelines of the respective jurisdictions.

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.

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. Loss rates (Current -4%, 30-90 days - 5%, 91-180 days - 24%, 180-360 days - 87% and 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.

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

ii. Credit Quality Analysis – Trade Receivables

2024:	Gross	Impairment	Net	Credit impaired
	Kshs'000	Kshs'000	Kshs'000	
Current	58,352	2,107	56,245	No
Past due:				
30-90 days	24,062	2,349	21,713	No
91-180 days	23,441	13,859	9,582	Yes
180-360 days	70,206	58,560	11,646	Yes
Over 360 days	13,976	13,976	-	Yes
	190,037	**90,851**	**99,186**	

2023:	Gross	Impairment	Net	Credit impaired
	Kshs'000	Kshs'000	Kshs'000	
Current	39,142	3,517	35,625	No
Past due:				
30-90 days	22,619	3,698	18,921	No
91-180 days	25,675	16,020	9,655	Yes
180-360 days	67,070	57,330	9,740	Yes
Over 360 days	21,208	21,208	-	Yes
	175,714	**101,773**	**73,941**	

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(ii.) Credit Quality Analysis – Trade Receivables (continued)

Impairment Loss Movement on Trade Receivables

	2024	2023
	Kshs'000	Kshs'000
At 1 January	**101,773**	**91,548**
(Recoveries)/charge for the year	(9,548)	12,422
Write off during the year	(505)	(2,927)
Translation difference	(869)	730
At 31 December	**90,851**	**101,773**

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. 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 larger banking group.

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.

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(iii.) Credit Quality Analysis – Financial Instruments

The table below best represents the Group's Net exposure to credit risk in regard to financial assets other than loans and advances to customers as at 31 December 2024.

The Group has estimated that the ECL for the financial assets below (other than for government securities) has minimal credit risk as of 31 December 2024; therefore, no provisions have been recognized in the financial statements. The ECL for debt instruments is disclosed in Note 21.

	Group		Company	
	2024	2023	2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Balances with central banks (Note 17)	26,280,285	34,774,324	-	-
Items in the course of collection (Note 18)	675,775	399,994	-	-
Loans and advances to banks (Note 19)	48,819,355	59,176,989	847,184	312,326
Financial assets at fair value through other comprehensive income (FVOCI) - Debt instruments (Note 21)	70,129,162	58,482,617	910,411	876,832
Other financial assets at amortised cost; Government securities (Note 21)	88,851,482	54,276,095	-	-
Due from group companies (Note 37)	-	-	755,366	3,264,319
	234,756,059	**207,110,019**	**2,512,961**	**4,453,477**

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. Estimate 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 31 December 2024 or 2023.

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

Group	2024	2023
	Kshs'000	Kshs'000
Fair value of collateral held – against impaired loans	**25,162,583**	**24,753,564**

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.

(v.) Amounts arising from ECL

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.

Our Governance
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Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (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 banks	33,462,962	-	-	-	33,462,962
Financial assets at fair value through other comprehensive income	71,762,934	-	-	-	71,762,934
Financial assets at fair value through profit or loss	1,098,455	-	-	-	1,098,455
Loans and advances to banks	48,819,355	-	-	-	48,819,355
Other assets	7,107,653	-	-	-	7,107,653
Loans and advances to customers	287,082,574	107,625,112	44,449,692	91,695,600	43,312,170
Credit exposures relating to off-balance sheet items	125,526,195	32,740,275	19,854,834	42,069,189	30,861,897
	574,860,128	**140,365,387**	**64,304,526**	**133,764,789**	**236,425,426**

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	41,275,497	-	-	-	41,275,497
Financial assets at fair value through other comprehensive income	60,287,145	-	-	-	60,287,145
Financial assets at fair value through profit or loss	2,779,798	-	-	-	2,779,798
Loans and advances to banks	59,176,989	-	-	-	59,176,989
Other assets	7,349,298	-	-	-	7,349,298
Loans and advances to customers	311,330,840	101,666,719	39,398,493	83,484,158	86,781,470
Credit exposures relating to off-balance sheet items	136,830,941	34,423,826	17,773,638	38,288,267	46,345,210
	619,030,508	**136,090,545**	**57,172,131**	**121,772,425**	**303,995,407**

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

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 an 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 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 below supplements

- 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.

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

Credit risk grading (continued)

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

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. Any other known information about the borrower which impacts their creditworthiness. 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 macro-economic 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 macro-economic 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 rent receivables and trade receivables (Note 4(a)(ii)).

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.

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

Modified financial assets (continued)

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).

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; with and;
- 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 one year) 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 provided has 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).

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
	Kshs'000	Kshs'000
Assistance package category		
Loan deferral package		
Corporate & Institutional Banking	251,271	7,300,099
Business Banking	252,659	448,557
Premium Banking	53,026	133,397
Personal Banking	10,016	1,762
Interest only		
Corporate & Institutional Banking	1,187,123	1,526,728
Business Banking	34,582	445,561
Premium Banking	-	52,613
Personal Banking	-	12,014
Term extensions		
Corporate & Institutional Banking	3,540,928	3,794,690
Business Banking	471,700	938,885
Premium Banking	848,915	3,246
Personal Banking	-	1,430,903
Corporate & Institutional Banking	**4,979,322**	**12,621,517**
Business Banking	**758,941**	**1,833,003**
Premium Banking	**901,941**	**189,256**
Personal Banking	**10,016**	**1,444,679**
	6,650,220	**16,088,455**

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

Modified financial assets (continued)

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.

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.

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4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

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 country Assets and Liabilities Committee (ALCO) 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.

IFRS 9 requires an entity to measure expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

The Bank is therefore required to formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. Two additional economic scenarios (Upside and Downside) were incorporated, and relative probabilities assigned to each outcome.

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 macro-economic 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.

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4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Scenario Development

(a.) Weights

The Group has considered a probability weighted out-come of three scenarios in its scenario analysis:

- Base Case- These are the forecasted probabilities of default under current normal macro-economic conditions.
- Pessimistic Case/ Downside - These are the forecasted probabilities of default under adverse macro-economic conditions obtained by stressing the current macro-economic variables by the mean standard deviation.
- Optimistic Case/ Upside - These are the forecasted probabilities of default under a positive macro-economic outlook obtained by stressing the current macro-economic variables by the mean standard deviation.

The weights are developed based on the average number of loans under default for the past 24 months considering the distribution of the default rates around the mean standard deviation.

(b.) Forecasted rates

The Group has performed a regression analysis of the various macro-economic variables and the historical default rates. In coming up with the relevant macro-economic variables the following have been considered:

- The degree of correlation between the macro factors and the default rates- A 40%-degree correlation coefficient between the macro-variables and the historical default rates is deemed to be significant for variable selection.
- Logical assessment of whether the resulting correlations with the expected relationship. If the correlation relationship meets the criteria, the variable is selected, otherwise it is ignored irrespective of the strength of the correlation.
- Confidence level– A p-value of 5% has been used to provide a 95% level of confidence in the regression model.
- The degree in which the independent i.e., macro-economic variables explain how much of the variation in the predicted variable i.e., default rates. The statistical metric taken into account is an adjusted R-squared of 40%.

The above statistical criterion forms the basis of macro -economic variables selection to forecast the 12-month point in time expected default rates.

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Scenario Development (continued)

(c.) Forecasted rates (continued)

The general expectation is that as new data on default rates and changes in macro-economic factors is brought in, the logistic regression model will pick a new set of relevant macro-factors based on the statistical metrics mentioned above.

A scenario forecast of default rates and the selected macro-economic variables based on the correlation coefficients is then performed to consider the three scenarios as follows:

Base case- In this instance it is assumed the forecasted macro-factors will be largely consistent with the historical macro-factors therefore, no significant spikes are expected in the macro-factors and hence resulting to default rates that are relatively normal to those observed historically.

Pessimistic/Downside forecasts- In this instance, it is assumed there will be huge positive spikes in the forecasted macro-economic variables that will consequently result to higher default rates taking into consideration the correlation coefficients.

Optimistic/Upside forecasts- In this instance, it is assumed there will be negative spikes in the forecasted macro-economic variables that will consequently result to lower default rates taking into consideration the correlation coefficients.

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 macro-economic 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 macro-economic variables data. The macro-economic data series consists of both the historical data series as well as the forecasted macro-economic variables within a period of 10 years. Expected relationships between the macro-economic variables and the NPL experience are defined, and only macro-economic variables meeting these defined relationships are selected for the additional statistical tests which are carried out.

In selecting the macro-economic 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:

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Scenario Development (continued)

(c.) Forecasted rates (continued)

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

Selection of the macro-economic 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. 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 macro-economic 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 macro-economic variables that are applied. Once the final macro-economic variables for each sector are selected, adjustment factors are calculated and these adjustment factors are applied to the PDs.

The economic scenarios used as at 31 December 2024 (for Kenya) included the following ranges of key indicators based on sectors.

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

The economic scenarios used as at 31 December 2024 (for Kenya) included the following ranges of key indicators based on sectors.

Agriculture Selected Macro-economic variables	Average base scenario adjustment factor	Average upside scenario adjustment factor	Average downside scenario adjustment factor
Total expenditure (Local currency) Short-term external debt per capita (USD) Public external debt stock (USD)	100%	93.7%	106.7%

Building & Construction Selected Macro-economic variables	Average base scenario adjustment factor	Average upside scenario adjustment factor	Average downside scenario adjustment factor
Total revenue (Local currency) Total revenue (USD)	100%	98.0%	101.1%

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

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

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

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

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

Energy & water Selected Macro-economic Variables	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Total expenditure (Local currency) Short-term external debt per capita (USD) Net exports per capita (Local currency) Public external debt stock per capita (USD)	100%	94.90%	105.30%

Manufacturing Selected Macro-economic Variables	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Nominal GDP (local currency) Net exports per capita (Local currency) Long term external debt stock per capita (USD)	100%	99.10%	101.00%

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Real estate Selected Macro-economic Variables	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Money supply (Local currency) Short-term external debt per capita (USD) Total expenditure (Local currency) Savings (Local currency)	100%	99.30%	100.70%

Tourism Selected Macro-economic Variables	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Nominal GDP (Local currency) Total revenue (Local currency)	100%	99.10%	101.00%

Personal Selected Macro-economic Variables	Average Base Scenario Adjustment Factor	Average Upside Scenario Adjustment Factor	Average Downside Scenario Adjustment Factor
Nominal GDP per capita (Local currency) Foreign reserves	100%	99.00%	101.00%

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 Tanzania.

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4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Agriculture	Weighting			
	Coefficient/ sensitivity	Base	Upside	Downside
		%	%	%
Weighting		71%	13%	17%
Repo	35.149	5.30%	4.18%	6.42%
Constant	(1.705)	-	-	-

Hotel & Restaurant	Weighting			
	Coefficient/ sensitivity	Base	Upside	Downside
		%	%	%
Weighting		**71%**	**13%**	**17%**
Repo	30.047	5.30%	7.06%	3.54%
Deposit	(90.713)	8.12%	7.79%	9.88%
Constant	4.833	-	-	-

Building & Construction	Weighting			
	Coefficient/ sensitivity	Base	Upside	Downside
		%	%	%
Weighting		**71%**	**13%**	**17%**
364 Day T-bills	18.345	9.98%	11.63%	8.33%
Currency exchange rates	9.617	(4.04%)	(1.53%)	(6.54%)
Constant	(1.836)	-	-	-

Other services	Weighting			
	Coefficient/ sensitivity	Base	Upside	Downside
		%	%	%
Weighting		**71%**	**13%**	**17%**
91 Day T-bills	(42.616)	5.60%	4.14%	7.07%
Deposit	(174.346)	8.12%	7.79%	8.44%
Constant	12.597	-	-	-

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Personal Loan	Weighting			
	Coefficient/ sensitivity	Base %	Upside %	Downside %
Weighting		**71%**	**13%**	**17%**
91 Day T-bills	14.379	5.60%	7.07%	4.14%
364 Day T-bills	11.517	10.12%	11.76%	8.47%
Constant	(4.768)	-	-	-

Real estate	Weighting			
	Coefficient/ sensitivity	Base %	Upside %	Downside %
Weighting		**71%**	**13%**	**17%**
Central bank rate	10.496	6.00%	6.23%	5.77%
Inflation	27.933	3.02%	3.07%	2.97%
Constant	(3.868)	-	-	-

Trade	Weighting			
	Coefficients	Base	Upside	Downside
Weighting		**71%**	**13%**	**17%**
Central Bank Rate	33.968	12.88%	13.53%	12.23%
GDP	(7.005)	4.61%	3.88%	5.33%
Constant	(5.164)	-	-	-

Manufacturing	Weighting			
	Coefficients	Base	Upside	Downside
Weighting		**71%**	**13%**	**17%**
Interbank	(23.682)	7.28%	6.91%	7.66%
Currency exchange rates	7.985	0.87%	1.10%	0.64%
Public debt to GDP	109.818	36.13%	36.19%	36.06%
Constant	(42.583)	-	-	-

In Rwanda, the Bank has 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 macro-economic variables, credit risk and credit losses.

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4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

In 2024, the likelihood of different economic scenarios was adjusted to reflect changing circumstances. A moderate economic outcome (base case) was assigned a 54.17% chance, with a stronger economic performance (upside case) at 29.17% and a weaker performance (downside case) at 16.67%. This differed slightly from 2022's weighting, which placed more emphasis on the base case (62.5%).

To predict how these scenarios might impact investments, analysts examined historical data (3-5 years) on key economic indicators and their relationship to defaults and losses across various financial assets.

As of December 31, 2024, the base case assumptions were re-evaluated to account for recent developments. This included factors like the lingering effects of the war in Ukraine's economic impact, and global climate change. Additionally, the analysis considered how central banks, governments, businesses, and institutions (e.g., through repayment deferrals) are responding to these events. These factors will influence the severity and duration of the predicted economic downturn. The forecast period is 12 months.

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

The economic scenarios used as at 31 December included the following ranges of key indicators:

Macro-Economic variable	2024		
	Base	Upside	Downside
	%	%	%
Weighting	**54.17%**	**29.17%**	**16.67%**
Publice debt to GDP	78.0%	79.0%	77.0%
T-Bills 91 days	8.7%	9.1%	8.2%
Reverse REPO	7.0%	7.3%	6.8%

For Uganda, in determining the likelihood of each of the macroeconomic scenarios based on sectors, a weighting of 68.2% (base case), 10.6% (upside case) and 21.2% (downside case) was applied.

There have been changes to the types of forward-looking variables (key economic drivers) used as model inputs in the current year.

The Bank's historical Probabilities of Default (PDs) for purposes of incorporating forward looking information were modelled at portfolio sector level using transition matrices that analysed the movements of loans from one classification (stage) to another over the past 5 years.

Linear correlations between the macroeconomic factors and the Bank's Sector NPL Ratios (Non-Performing Loans to Gross Loans (NPL %)) were individually tested. Macro-economic variables to be used for regression were then selected based on:

- Correlation Coefficient of at least 40% (Guildford's criterion).
- No counter intuitive relationship with the NPL ratios.

A backward elimination multiple regression model was then performed between the Bank NPL Ratios and all the macro-economic factors selected.

Two approaches were considered to compute the Macro-adjusted PDs using the Forecasted NPL ratios above i.e linear model approach and direct inference approach.

Probabilities of default from the linear model take precedence over Direct Inference subject to the set conditions in the analysis.

If the Direct inference approach and linear model present significant deviation from recent trends and Historical PDs, the historical PD was adjusted by an average of the macro-adjustments from the sectors where modelling was possible.

Management overlays have been applied to five (5) sectors i.e. average of macroeconomic percentage adjustment under direct inference approach has been applied to the historical PDs for the sectors below since the regression analysis results derived under both direct inference and linear model approach were significantly different from historial PDs and recent trends.

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Results from Macroeconomic adjustments under Direct inference approach were used for the following sectors where modelling was possible.

- Manufacturing
- Trade
- Transport and Communication
- Building and Construction
- Community, Social and Other services.

The table below lists the macroeconomic assumptions used in the base, upside and downward scenarios over a twelve months and five-year forecast period. The assumptions represent absolute percentages or month on month percentage changes for the different variables that were statistically significant with the bank's portfolio data.

2024		General government gross debt	Current account balance	Public Debt to GDP	Unemployment Rate
Base economic assumption	12_M Avg	51.00%	(6.60%)	51.11%	3.31%
	60_M Avg	46.10%	(5.13%)	43.86%	3.33%
	Peak	40.28%	(3.05%)	36.33%	3.23%
Upside economic assumption	12_M Avg	50.47%	(5.87%)	50.60%	3.14%
	60_M Avg	45.58%	(4.40%)	43.35%	3.16%
	Peak	39.76%	(2.32%)	35.82%	3.06%
Downside economic assumption	12_M Avg	51.52%	(7.33%)	51.62%	3.47%
	60_M Avg	46.63%	(5.86%)	44.37%	3.49%
	Peak	51.88%	(7.36%)	51.91%	3.52%

Direct inference statistical method was used in incorporating forward looking information for Manufacturing, Trade, Transport & Communication, Building & Construction, Community, Social Services sectors.

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).

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

Measurement of ECL (continued)

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. Where it is available, market data may also be used to derive the PD for loans and advances to banks and investment securities.

LGD is 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.

4. Financial Risk Management (continued)

(a.) Credit Risk (continued)

(v.) Amounts arising from ECL (continued)

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.

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

Group

2024:	ECL	Impact
	Kshs'000	Kshs'000
100% upside scenario	4,490,284	(23,306)
100% base scenario	4,522,637	(4,200)
100% downside scenario	4,558,948	16,233

2023:	ECL	Impact
	Kshs'000	Kshs'000
100% upside scenario	3,457,358	(291,926)
100% base scenario	3,790,583	(27,047)
100% downside scenario	4,121,346	369,634

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 (continued)

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)	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 2024	**1,528,832**	**1,388,143**	**10,957,458**	**13,874,433**	**264,215,244**	**25,279,007**	**35,711,022**	**325,205,273**
Transfer from 12 months ECL (Stage 1)	(62,769)	34,872	27,897	-	(12,585,208)	8,718,131	3,867,077	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	273,646	(840,731)	567,085	-	10,530,003	(16,038,493)	5,508,490	-
Transfer from Lifetime ECL credit impaired (Stage 3)	135,264	85,128	(220,392)	-	1,328,486	534,413	(1,862,899)	-
Net remeasurement of loss allowance	(90,446)	1,008,688	2,784,783	3,703,025	(14,547,544)	(6,581,012)	(1,787,615)	(22,916,171)
New financial assets originated or purchased	466,988	101,902	561,217	1,130,107	30,425,640	717,576	636,943	31,780,159
Financial assets derecognised	(36,596)	(12,092)	(269,130)	(317,818)	(11,393,411)	481,150	(398,496)	(11,310,757)
Write off	-	(96)	(2,925,644)	(2,925,740)	-	(325)	(4,480,061)	(4,480,386)
Translation difference	(108,119)	(43,922)	(852,158)	(1,004,199)	(14,016,598)	(1,318,376)	(1,400,762)	(16,735,736)
Balance at 31 December 2024	**2,106,800**	**1,721,892**	**10,631,116**	**14,459,808**	**253,956,612**	**11,792,071**	**35,793,699**	**301,542,382**

Notes to the Consolidated and Separate Financial Statements (continued)

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	**401,363**	**3,456,140**	**13,580,191**	**17,437,694**	**201,334,032**	**28,178,751**	**26,515,054**	**256,027,837**
Transfer from 12 months ECL (Stage 1)	(35,127)	23,712	11,415	-	(15,277,835)	11,545,259	3,732,576	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	110,862	(410,344)	299,482	-	4,844,247	(17,869,870)	13,025,623	-
Transfer from Lifetime ECL credit impaired (Stage 3)	32,656	21,436	(54,092)	-	195,881	208,314	(404,195)	-
Net remeasurement of loss allowance	656,072	(1,805,753)	7,234,992	**6,085,311**	25,000,766	3,127,428	4,378,107	**32,506,301**
New financial assets originated or purchased	345,818	83,261	311,999	**741,078**	54,519,226	1,760,390	840,136	**57,119,752**
Financial assets derecognised	(18,120)	(23,144)	(466,525)	**(507,789)**	(12,618,406)	(2,735,646)	(1,767,204)	**(17,121,256)**
Write off	-	-	(10,703,395)	**(10,703,395)**	(82,472)	(3)	(11,837,338)	**(11,919,813)**
Translation difference	35,308	42,835	743,391	**821,534**	6,299,805	1,064,384	1,228,263	**8,592,452**
Balance at 31 December 2023	**1,528,832**	**1,388,143**	**10,957,458**	**13,874,433**	**264,215,244**	**25,279,007**	**35,711,022**	**325,205,273**

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)			
	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 2024	**245,983**	**20,841**	**46,210**	**313,034**	**134,193,676**	**2,208,075**	**429,190**	**136,830,941**
Transfer from 12 months ECL (Stage 1)	(126)	71	55	-	(652,560)	640,699	11,861	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	5,868	(5,868)	-	-	832,167	(837,974)	5,807	-
Transfer from Lifetime ECL credit impaired (Stage 3)	284	-	(284)	-	500	-	(500)	-
Net remeasurement of loss allowance	(18,404)	1,876	135,986	119,458	(1,842,147)	(735,128)	(132,535)	**(2,709,810)**
New financial assets originated or purchased	44,067	943	570	45,580	8,806,731	49,507	570	**8,856,808**
Financial assets derecognised	(18,961)	(1,025)	(780)	(20,766)	(12,701,117)	(215,327)	(40,373)	**(12,956,817)**
Translation difference	(4,812)	(912)	(142)	(5,866)	(4,483,827)	(10,377)	(723)	**(4,494,927)**
Balance at 31 December 2024	**253,899**	**15,926**	**181,615**	**451,440**	**124,153,423**	**1,099,475**	**273,297**	**125,526,195**

Notes to the Consolidated and Separate Financial Statements (continued)

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)			
	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	**73,065**	**51,371**	**60,189**	**184,625**	**94,996,286**	**3,617,634**	**631,219**	**99,245,139**
Transfer from 12 months ECL (Stage 1)	(1,578)	1,536	42	-	(2,342,984)	2,061,039	281,945	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	40,010	(41,618)	1,608	-	1,984,990	(2,023,918)	38,928	-
Transfer from Lifetime ECL credit impaired (Stage 3)	4,025	-	(4,025)	-	7,000	-	(7,000)	-
Net remeasurement of loss allowance	82,715	14,953	(123)	**97,545**	7,905,151	(360,423)	(60,109)	**7,484,619**
New financial assets originated or purchased	65,269	1,455	-	**66,724**	45,954,640	61,389	25,169	**46,041,198**
Financial assets derecognised	(17,866)	(10,536)	(11,481)	**(39,883)**	(17,057,332)	(1,189,311)	(526,846)	**(18,773,489)**
Translation difference	343	3,680	-	**4,023**	2,745,925	41,665	45,884	**2,833,474**
Balance at 31 December 2023	**245,983**	**20,841**	**46,210**	**313,034**	**134,193,676**	**2,208,075**	**429,190**	**136,830,941**

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 client lending, trading activities and investments. These outflows could be principally through customer withdrawals, wholesale counterparties removing financing, collateral posting requirements or loan draw-downs. This risk is inherent in all banking operations and can be affected by a range of Bank-specific and market-wide events which can result in: – an inability to support normal business activity; and – a failure to meet liquidity regulatory requirements.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. 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 Asset and Liabilities Committee. The Asset and Liabilities Committee (ALCO) also monitors the liquidity gap and at first instance would source funds from 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 31 and Note 32.

The liquidity ratios (net liquid assets divided by total short-term liabilities) at the reporting date and during the reporting period (based on month end ratios) were as follows;

	Kenya		Tanzania		Rwanda		Uganda	
	2024	2023	2024	2023	2024	2023	2024	2023
At 31 December	47%	39%	35%	29%	51%	50%	41%	52%
Average for the period	44%	39%	31%	27%	49%	45%	44%	52%
Highest for the period	50%	42%	38%	35%	52%	50%	55%	57%
Lowest for the period	37%	37%	25%	23%	45%	39%	33%	46%

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at 31 December 2024 to the contractual maturity date.

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

4. Financial Risk Management (continued)

(b.) Liquidity risk (continued)

Group	Contractual cash flows						
31 December 2024	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
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Cash and balances with central banks	33,461,668	1,294	-	-	-	**33,462,962**	**33,462,962**
Items in the course of collection	675,775	-	-	-	-	**675,775**	**675,775**
Financial assets at fair value through profit or loss (FVTPL)	181,204	495,616	553,945	44,002	186,531	**1,461,298**	**1,098,455**
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	9,990,010	12,683,590	25,796,294	55,325,111	**103,795,005**	**71,762,934**
Financial assets at amortised cost	1,877,052	27,728,514	23,811,010	28,767,389	31,120,685	**113,304,650**	**88,950,668**
Loans and advances to banks	13,423,987	30,807,446	5,105,314	-	-	**49,336,747**	**48,819,355**
Loans and advances to customers	18,554,237	47,667,622	54,499,380	173,044,083	100,213,263	**393,978,585**	**287,082,574**
Assets held for sale	-	-	507,314	-	-	**507,314**	**507,314**
Other assets	1,681	-	7,745,189	-	-	**7,746,870**	**7,107,653**
At 31 December 2024	**68,175,604**	**116,690,502**	**104,905,742**	**227,651,768**	**186,845,590**	**704,269,206**	**539,467,690**
LIABILITIES							
Deposits from banks	3,362,781	27,469,593	1,319,542	2,346,429	2,558,527	**37,056,872**	**35,046,478**
Items in the course of collection	6,343	46,542	-	-	-	**52,885**	**3,291,106**
Deposits from customers	148,159,250	153,860,595	83,739,134	17,272,420	13,905,977	**416,937,376**	**412,179,477**
Other liabilities	3,162,375	6,554,916	557,267	-	-	**10,274,558**	**10,341,463**
Long term debt	84,314	-	170,693	2,265,790	1,274,403	**3,795,200**	**3,759,188**
Subordinated debt	-	3,917,170	-	7,961,493	-	**11,878,663**	**10,310,689**
Capital commitments	-	-	1,550,427	-	-	**1,550,427**	**1,550,427**
Lease liabilities	167,198	136,057	574,575	1,608,756	388,700	**2,875,286**	**2,720,753**
At 31 December 2024	**154,942,261**	**191,984,873**	**87,911,638**	**31,454,888**	**18,127,607**	**484,421,267**	**479,199,581**

4. Financial Risk Management (continued)

(b.) Liquidity risk (continued)

Group	Contractual cash flows						
31 December 2023	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
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Cash and balances with central banks	41,273,927	1,570	-	-	-	**41,275,497**	**41,275,497**
Items in the course of collection	399,994	-	-	-	-	**399,994**	**399,994**
Financial assets at fair value through profit or loss (FVTPL)	-	747,456	2,285,818	-	-	**3,033,274**	**2,779,798**
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	8,493,456	4,578,811	15,804,488	66,091,674	**94,968,429**	**60,287,145**
Financial assets at amortised cost	1,876,248	3,429,676	11,213,691	32,079,633	29,280,279	**77,879,527**	**54,350,036**
Loans and advances to banks	59,333,008	964,587	5,785,044	-	-	**66,082,639**	**59,176,989**
Loans and advances to customers	49,340,293	28,840,625	52,212,570	165,637,822	135,472,193	**431,503,503**	**311,330,840**
Assets held for sale	-	307,501	-	-	-	**307,501**	**307,501**
Other assets	1,677	-	7,347,621	-	-	**7,349,298**	**7,349,298**
At 31 December 2023	**152,225,147**	**42,784,871**	**83,423,555**	**213,521,943**	**230,844,146**	**722,799,662**	**537,257,098**
LIABILITIES							
Deposits from banks	10,772,362	17,759,986	6,741,866	3,480,663	3,783,513	**42,538,390**	**39,499,089**
Items in the course of collection	56,011	769,041	-	-	-	**825,052**	**769,041**
Deposits from customers	152,244,711	135,017,470	100,448,952	21,916,806	12,797,291	**422,425,230**	**416,674,435**
Other liabilities	1,639,950	5,129,248	628,634	397,624	-	**7,795,456**	**5,524,424**
Long term debt	65,795	-	225,416	5,113,066	377,322	**5,781,599**	**5,739,099**
Subordinated debt	-	-	406,924	5,285,852	10,872,250	**16,565,026**	**12,532,190**
Capital commitments	-	-	1,593,075	-	-	**1,593,075**	**1,593,075**
Lease liabilities	200,636	149,155	673,224	1,760,923	394,627	**3,178,565**	**2,585,140**
At 31 December 2023	**164,979,465**	**158,824,900**	**110,718,091**	**37,954,934**	**28,225,003**	**500,702,393**	**484,916,493**

Deposits from customers represent business transaction, personal transaction, savings, call and fixed deposit balances, which behavioural experience has shown to be stable.

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. The objective of the Groups market risk is to manage and control market risk exposures within acceptable parameters to ensure the Group's solvency while optimising the return on risk.

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 (continued)

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 2024	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
ASSETS							
Cash and balances with central banks	-	-	-	-	-	33,462,962	**33,462,962**
Items in the course of collection	-	-	-	-	-	675,775	**675,775**
Financial assets at fair value through profit or loss (FVTPL)	1,681	-	1,058	314,236	781,480	-	**1,098,455**
Financial assets measured at fair value through other comprehensive income (FVOCI)	175,792	10,040,238	12,114,933	18,587,420	30,790,480	54,071	**71,762,934**
Financial assets at amortised cost	1,954,287	26,753,175	22,246,662	19,684,715	18,311,829	-	**88,950,668**
Loans and advances to banks	21,631,233	25,794,515	1,242,851	150,756	-	-	**48,819,355**
Loans and advances to customers	14,881,765	219,626,897	10,879,723	28,828,429	12,865,760	-	**287,082,574**
Other assets	-	-	-	-	-	7,107,653	**7,107,653**
At 31 December 2024	**38,644,758**	**282,214,825**	**46,485,227**	**67,565,556**	**62,749,549**	**41,300,461**	**538,960,376**
LIABILITIES							
Deposits from banks	8,466,043	26,376,467	203,284	-	-	684	**35,046,478**
Items in the course of collection	-	-	-	-	-	3,291,106	**3,291,106**
Deposits from customers	133,919,914	156,214,174	75,198,953	3,775,075	-	43,071,361	**412,179,477**
Other liabilities	-	475,208	394,072	-	-	12,192,936	**13,062,216**
Long term debt	1,375	-	2,938,931	173,346	645,536	-	**3,759,188**
Subordinated debt	-	10,310,689	-	-	-	-	**10,310,689**
At 31 December 2024	**142,387,332**	**193,376,538**	**78,735,240**	**3,948,421**	**645,536**	**58,556,087**	**477,649,154**
Interest rate gap	**(103,742,574)**	**88,838,287**	**(32,250,013)**	**63,617,135**	**62,104,013**	**(17,255,626)**	**61,311,222**

Notes to the Consolidated and Separate Financial Statements (continued)

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	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
ASSETS							
Cash and balances with central banks	-	-	-	-	-	41,275,497	**41,275,497**
Items in the course of collection	-	-	-	-	-	399,994	**399,994**
Financial assets at fair value through profit or loss (FVTPL)	-	-	2,229,196	433,116	117,486	-	**2,779,798**
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	7,837,460	4,227,408	11,296,989	36,765,572	159,716	**60,287,145**
Financial assets at amortised cost	1,962,145	3,689,380	10,463,718	20,809,231	17,425,562	-	**54,350,036**
Loans and advances to banks	29,667,211	24,294,188	5,215,590	-	-	-	**59,176,989**
Loans and advances to customers	16,146,904	232,632,597	16,088,729	35,547,987	10,914,623	-	**311,330,840**
Other assets	-	-	-	-	-	7,349,298	**7,349,298**
At 31 December 2023	**47,776,260**	**268,453,625**	**38,224,641**	**68,087,323**	**65,223,243**	**49,184,505**	**536,949,597**
LIABILITIES							
Deposits from banks	18,376,893	16,386,706	4,735,104	-	-	386	**39,499,089**
Items in the course of collection	-	-	-	-	-	769,041	**769,041**
Deposits from customers	138,149,476	138,211,706	90,720,438	8,795,737	-	40,797,078	**416,674,435**
Other liabilities	-	197,681	523,449	-	-	7,388,434	**8,109,564**
Long term debt	1,832	-	4,672,089	204,921	860,257	-	**5,739,099**
Subordinated debt	-	12,532,190	-	-	-	-	**12,532,190**
At 31 December 2023	**156,528,201**	**167,328,283**	**100,651,080**	**9,000,658**	**860,257**	**48,954,939**	**483,323,418**
Interest rate gap	**(108,751,941)**	**101,125,342**	**(62,426,439)**	**59,086,665**	**64,362,986**	**229,566**	**53,626,179**

Customer deposits up to three months represent transactional accounts, savings accounts and call deposit account balances, which behavioural 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.

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

4. Financial Risk Management (continued)

(c.) Market risk (continued)

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.

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	9,953,198	6,967,239
Liabilities	(8,381,861)	(5,867,303)
Net position	**1,571,337**	**1,099,936**

31 December 2023	Profit or loss	Equity net of tax
200 basis points	**Increase/decrease in basis points ('000)**	**Increase/decrease in basis points ('000)**
Assets	9,755,302	6,828,711
Liabilities	(8,687,370)	(6,081,159)
Net position	**1,067,932**	**747,552**

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

4. Financial Risk Management (continued)

(c.) Market risk (continued)

Currency rate 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 31 December 2024 and 31 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	9,017,177	643,373	1,150,341	6,286,441	**17,097,332**
Items in the course of collection	28,017	-	-	-	**28,017**
Financial assets at fair value through profit or loss (FVTPL)	6,814,672	-	-	107,142	**6,921,814**
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	-	-	895,777	**895,777**
Financial assets at amortised cost	32,059,627	2,419,483	-	17,390,794	**51,869,904**
Loans and advances to banks	41,796,545	1,881,494	3,651,338	1,881,148	**49,210,525**
Loans and advances to customers	72,975,224	1,854,867	6,500,217	35,016,511	**116,346,819**
Other assets	14,332,682	490,831	427,681	3,285,980	**18,537,174**
At 31 December 2024	**177,023,944**	**7,290,048**	**11,729,577**	**64,863,793**	**260,907,362**
LIABILITIES					
Deposits from banks	3,770,269	95,762	611,260	6,878,175	**11,355,466**
Deposits from customers	155,568,956	7,536,853	5,695,241	44,890,334	**213,691,384**
Other liabilities	1,148,238	13,961	16,435	3,039,907	**4,218,541**
Due to group companies	-	-	4,920	304	**5,224**
Long-term debt	1,764,685	-	-	3,459,676	**5,224,361**
Subordinated debt	9,995,950	393,086	288,630	5,547	**10,683,213**
At 31 December 2024	**172,248,098**	**8,039,662**	**6,616,486**	**58,273,943**	**245,178,189**
Net on statement of financial position	**4,775,846**	**(749,614)**	**5,113,091**	**6,589,850**	**15,729,173**
Net notional off balance sheet position	**24,011,745**	**765,447**	**(4,392,256)**	**153,792**	**20,538,728**
Overall net position – 2024	**28,787,591**	**15,833**	**720,835**	**6,743,642**	**36,267,901**

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

4. Financial Risk Management (continued)

(c.) Market risk (continued)

Currency rate risk

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	14,237,867	793,167	1,274,128	5,884,479	**22,189,641**
Items in the course of collection	59,362	-	862	-	**60,224**
Financial assets at fair value through profit or loss (FVTPL)	987,889	-	-	1,689,007	**2,676,896**
Financial assets at amortised cost	24,412,098	-	-	8,967,156	**33,379,254**
Loans and advances to banks	49,575,710	3,746,744	2,942,872	1,299,181	**57,564,507**
Loans and advances to customers	95,672,266	3,913,010	8,882,860	5,525,175	**113,993,311**
Other assets	9,875,822	351,515	289,115	596,337	**11,112,789**
At 31 December 2023	**194,821,014**	**8,804,436**	**13,389,837**	**23,961,335**	**240,976,622**
LIABILITIES					
Deposits from banks	9,563,208	50,887	602,245	73	**10,216,413**
Deposits from customers	166,487,017	10,127,498	6,351,273	16,105,513	**199,071,301**
Other liabilities	797,518	15,784	93,138	1,459,140	**2,365,580**
Long-term debt	3,899,020	-	6,265	-	**3,905,285**
Subordinated debt	6,612,366	342,113	247,780	7,823	**7,210,082**
At 31 December 2023	**187,359,129**	**10,536,282**	**7,300,701**	**17,572,549**	**222,768,661**
Net on statement of financial position	**7,461,885**	**(1,731,846)**	**6,089,136**	**6,388,786**	**18,207,961**
Net notional off balance sheet position	**11,644,623**	**5,432,299**	**2,230,531**	**274,644**	**19,582,097**
Overall net position – 2023	**19,106,508**	**3,700,453**	**8,319,667**	**6,663,430**	**37,790,058**

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)	719,690	503,783
GBP (± 2.5% movement)	396	277
EUR (± 2.5% movement)	18,021	12,615

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)	477,663	334,364
GBP (± 2.5% movement)	92,511	64,758
EUR (± 2.5% movement)	207,992	145,594

(d) 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 all banks.

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.

4. Financial Risk Management (Continued)

(d) Capital management (continued)

Regulatory capital – Kenya (continued)

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 the 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:

- The minimum level of regulatory capital of Kshs 1 billion.
- A core capital of not less than 10.5% of total risk weighted assets, plus risk weighted off-balance sheet items.
- A core capital of not less than 10.5% of its total deposit liabilities.
- A total capital of not less than 14.5% of its total risk weighted assets, plus risk weighted off-balance sheet items.

The Group and I&M Bank LIMITED'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, 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 based on an assessment of the following:

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

4. Financial Risk Management (Continued)

(d) Capital management (continued)

Regulatory capital – Kenya (continued)

I&M Group PLC

The consolidated regulatory capital position for the Group as per the requirement of the Central Bank of Kenya was as follows:

		2024	2023
		Kshs'000	Kshs'000
Core capital (Tier 1)			
Share capital		1,653,621	1,653,621
Share premium		17,561,629	17,561,629
Retained earnings		65,953,970	57,864,315
Other reserves		4,310,242	7,376,124
		89,479,462	**84,455,689**
Less: Goodwill		(3,948,134)	(4,315,881)
Less: Deferred tax		(52,745)	-
Total Core capital		**85,478,583**	**80,139,808**
Supplementary capital (Tier 2)			
Revaluation reserves		365,063	310,392
Term subordinated debt		10,310,689	12,532,190
Statutory loan loss reserve		6,352,784	11,249,371
		17,028,536	**24,091,953**
Total capital		**102,507,119**	**104,231,761**
Risk weighted assets			
Credit risk weighted assets		410,023,411	459,192,097
Market risk weighted assets		30,722,875	24,716,756
Operational risk weighted assets		67,476,448	55,948,709
Total risk weighted assets		**508,222,734**	**539,857,562**
Deposits from customers		**412,179,477**	**416,674,435**
Capital ratios	Minimum*		
Core capital/total deposit liabilities	**8.0%**	**20.74%**	**19.23%**
Core capital/total risk weighted assets	**10.5%**	**16.82%**	**14.84%**
Total capital/total risk weighted assets	**14.5%**	**20.17%**	**19.31%**

***As defined by the Central Bank of Kenya**

4. Financial Risk Management (Continued)

(d) Capital management (continued)

Regulatory capital – Kenya (continued)

The regulatory capital position for I&M Bank LIMITED being the Kenyan banking subsidiary was as follows:

		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	38,197,701
Total risk weighted assets		**324,995,089**	**334,260,495**
Deposits from customers		**307,704,596**	**236,775,189**
Capital ratios	Minimum*		
Core capital/total deposit liabilities	**8.0%**	**15.58%**	**18.14%**
Core capital/total risk weighted assets	**10.5%**	**14.75%**	**12.85%**
Total capital/total risk weighted assets	**14.5%**	**17.39%**	**18.01%**

**** As defined by the Central Bank of Kenya***

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Notes to the Consolidated and Separate Financial Statements (continued)

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 banking industry as a whole. 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 capital is analysed in two tiers:

- Tier 1 capital, which 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, which 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 (Core capital) is also subjected to various limits such as Tier 1 Capital should not be less than 10 percent of the risk weighted assets and premises investments should not exceed 50 percent of the Core capital and movable assets should not exceed 20% of Core capital.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of 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.

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(d) Capital management (continued)

Regulatory capital – Tanzania (continued)

		2024	2023
		Tzs'000	Tzs'000
Core capital (Tier 1)			
Share capital		23,954,016	23,954,016
Share premium		31,528,228	31,528,228
Retained earnings		56,143,598	27,152,132
		111,625,842	**82,634,376**
Less: Prepaid expenses		(2,087,088)	(1,809,906)
Deferred tax asset		(12,562,103)	(12,332,516)
Total Core capital		**96,976,651**	**68,491,954**
Supplementary capital (Tier 2)			
General provisions in equity		7,857,958	21,685,733
Fair value reserve		270,004	285,747
		8,127,962	**21,971,480**
Total capital		**105,104,613**	**90,463,434**
Risk weighted assets			
On balance sheet		439,667,173	419,307,628
Off balance sheet		65,544,063	36,534,619
Capital charge for market risk		27,372,184	38,082,325
Operational risk weighted assets		697,710	1,505,646
Total risk weighted assets		**533,281,130**	**495,430,218**
Capital ratios	Minimum*		
Core capital/total risk weighted assets	**12.5%**	**18.18%**	**13.82%**
Total capital/total risk weighted assets	**14.5%**	**19.71%**	**18.26%**

As defined by the Bank of Tanzania

- The minimum level of regulatory capital is Tzs 15 billion.

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4. Financial Risk Management (Continued)

(d) Capital management (continued)

Regulatory capital – Rwanda

The Bank's objectives when managing capital, which is a broader concept than the "equity" on the balance sheet, are:

- To comply with the capital requirements set by the National Bank of Rwanda;
- To safeguard the Bank's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To maintain a strong capital base to support the development of its business.

The National Bank of Rwanda (BNR) sets and monitors capital requirements for the banking industry as a whole. In implementing its current capital requirements, BNR, requires Banks in Rwanda to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Bank's regulatory capital consists only of Tier 1 capital, which includes ordinary share capital, retained earnings, revaluation reserves and statutory reserves. The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

		2024	2023
		Frw'000	Frw'000
Core capital (Tier 1)			
Share capital		15,150,000	15,150,000
Share premium		6,249,832	6,249,832
Retained earnings		66,974,510	52,363,857
		88,374,342	**73,763,689**
Less: Other reserves		39,550	(261,956)
Less: Intangible assets		(1,645,128)	(2,392,033)
Total Core capital (Tier 1 Capital)		**86,768,764**	**71,109,700**
Supplementary capital			
Revaluation reserves		8,311,671	5,905,599
		8,311,671	**5,905,599**
Total capital (Tier 2 Capital)		**95,080,435**	**77,015,299**
Total risk weighted assets		**507,859,347**	**433,529,860**
Capital ratios	Minimum*		
Core capital/total risk weighted assets	**13.0%**	**17.09%**	**16.40%**
Total capital/total risk weighted assets	**15.0%**	**18.72%**	**17.76%**

**** As defined by the Bank of Rwanda***

- The minimum level of regulatory capital is Rwf 5 billion.

4. Financial Risk Management (Continued)

(d) Capital management (continued)

Regulatory Capital – Uganda

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the Central Bank;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Bank of Uganda (the Authority), for supervisory purposes. The required information is filed with the Authority on a quarterly basis.

The Bank maintains a ratio of common equity tier 1 capital to its risk weighted assets and total regulatory capital to its risk-weighted assets above the minimum levels of 12.5% and 14.5% as established under the Financial Institutions (Capital Adequacy Requirements) Regulations, 2018 and the Financial Institutions (Capital Buffers and Leverage Ratio) Regulations, 2021.

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

- Common equity tier 1 capital of not less than 12.5% of its total risk weighted assets, plus sum of risk weighted off-balance sheet items and market risk.
- Total capital of not less than 14.5% of its total risk weighted assets, plus sum of risk weighted off-balance sheet items and market risk.
- Leverage ratio at a minimum of 6%, that is common equity tier 1 as a ratio of total assets plus off balance sheet items.

The regulatory capital requirements are strictly observed when managing economic capital. The Bank's regulatory capital is managed by its Bank Treasury and comprises two tiers:

- Tier 1 capital: permanent shareholder's equity, share premium, prior years' retained profits, net after tax profits current year to date (50% only), general reserves, less goodwill and other intangible assets, current year losses, investment in unconsolidated subsidiaries, deficiencies in provisions for losses, prohibited loans to insiders and other deductions determined by Central Bank.
- Tier 2 capital: Revaluation reserves on fixed assets, unencumbered general provisions for losses, hybrid capital instruments and others and subordinated term debt.

The risk-weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of and reflecting an estimate of the credit risk associated with each asset and counterparty. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(d) Capital management (continued)

Regulatory Capital – Uganda (continued)

The Minister of Finance, Planning and Economic Development of the Government of Uganda, in consultation with Bank of Uganda issued the Financial Institutions (Revision of Minimum Capital Requirements) Instrument 2022, as mandated under the Financial Institutions Act, section 26 (5) requiring persons who wish to transact financial institution business in the capacity of a Bank in Uganda:

- To have a minimum paid-up cash capital of not less than Ushs 150 billion by 30 June 2024.
- To always have the minimum capital funds un-impaired by losses (Core Capital) not less than Ushs 150 billion by 30 June 2024.

As at 31 December 2024, the Bank was compliant with both the minimum paid up cash capital and the minimum capital funds unimpaired by losses as indicated below;

(i.)

Minimum paid-up capital requirement	Ushs'000
Required	150,000,000
Available	210,000,000
Surplus	**60,000,000**

(ii.)

Minimum capital funds unimpaired by losses	Ushs'000
Required	150,000,000
Available	150,572,752
Surplus	**572,752**

The table below summarises the composition of regulatory capital and the ratios of the Bank for the years ended 31 December 2024 and 2023. During those two years, the Bank complied with all of the externally imposed capital requirements to which it is subject.

4. Financial Risk Management (Continued)

(d) Capital management (continued)

Regulatory Capital – Uganda (continued)

		2024	2023
		Ushs'000	Ushs'000
Core capital (Tier 1)			
Share capital		210,000,000	210,000,000
Retained earnings		8,786,102	(11,487,182)
		218,786,102	**198,512,818**
Less: Intangible assets		(3,305,280)	(3,875,160)
Less: Deferred income tax asset		(64,646,151)	(59,305,284)
Unrealised foreign exchange gains		(261,919)	(480,265)
Total Core capital (Tier 1 Capital)		**150,572,752**	**134,852,109**
Supplementary capital			
General provisions		4,229,075	2,949,880
Total capital (Tier 2 Capital)		**154,801,827**	**137,801,989**
Risk weighted assets:			
On-balance sheet		509,615,672	398,656,027
Off-balance sheet		71,753,614	59,928,066
Counterparty credit risk exposures		37,852	18,230
Market risk		29,909,198	11,527,671
Total risk weighted assets		**611,316,336**	**470,129,994**
Capital ratios	Minimum*		
Core capital/total risk weighted assets	**12.5%**	**24.63%**	**28.68%**
Total capital/total risk weighted assets	**14.5%**	**25.32%**	**29.31%**

As defined by the Bank of Uganda

Regulatory Capital – Mauritius

Under the BASEL II methodology, Bank of Mauritius has issued guidelines for the measurement of Credit Risk, Market Risk and Operational Risk. The minimum required capital as set by the Bank of Mauritius, under BASEL II guidelines, is a capital to Risk Weighted Assets of 10%.

The Bank's capital management policy is to provide sufficient capital for the banking business to achieve its strategic objectives, taking into account the regulatory, economic and commercial environment in which it operates. The capital adequacy framework is supported by a Board approved Internal Capital Adequacy Assessment Process (ICAAP), which encompasses capital planning for current and future periods, taking into consideration strategic focus and business plan and assessment of all material risks under stress conditions.

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

4. Financial Risk Management (Continued)

(d) Capital management (continued)

Regulatory Capital – Mauritius (continued)

The Bank's objectives when managing capital are:

- To comply with the capital requirements set by the regulator;
- To safeguard the Bank's ability to continue its business as a going concern;
- To maximize returns to shareholders and optimize the benefits to stakeholders;
- To maintain a strong capital base to support the development of its business.

The Bank's eligible capital as managed by the Bank's management is divided into two tiers:

1. ***Core capital or Tier 1 Capital:*** Comprising Share capital, profit and loss, and reserves created by appropriations of retained earnings. The book value of goodwill and other intangible assets is deducted in arriving at core capital; and
2. ***Supplementary capital or Tier 2 Capital:*** Qualifying perpetual and term subordinated debts, collectively assessed impairment allowances, regulatory reserve, and fair value gains arising on revaluation of holdings of land and buildings and FVOCI equities and debt securities. Investment in subsidiaries, significant investments in non-subsidiary companies and shares, and investments in other banks' equity are deducted 50% from Tier-1 capital and 50% from supplementary capital to arrive at the eligible capital.

Capital Adequacy and the use of eligible capital are monitored regularly by Management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by Bank of Mauritius for supervisory purposes. The required information is submitted to the Bank of Mauritius on a quarterly basis.

The ratio of its capital to aggregate risk weighted assets being the Capital Adequacy Ratio as at 31 December 2024 was 17.15% (2023 – 16.85%).

5. Use Of Estimates and Judgement

Key sources of estimation uncertainty

(a) Expected credit losses

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI debt instruments 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 15 and Note 26).

(c) Property and equipment

Property and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account which involves extensive subjective judgment. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The rates used are set out under accounting policy Note 3(i). Useful lives of property plant and equipment

Property plant and equipment are depreciated over their useful lives. The actual lives of the assets are assessed annually and may vary depending on several factors. Management applies judgement in determining useful lives.

(d) 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(a). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The CGU discounted cashflows are compared with the net carrying amount plus goodwill to test for impairment triggers. Impairment is required whenever the cashflows are materially lower than carrying value.

5. Use Of Estimates and Judgement (continued)

Key sources of estimation uncertainty (continued)

(e) Lease term

The Group makes judgement on whether it is reasonably certain that it will exercise extension options.

(f) 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. The Group's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories in certain circumstances.

In classifying financial asset at amortized cost, 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.

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. See Note 3(f)(ii).

Note 24: Impairment testing for CGUs containing goodwill: Key assumptions underlying recoverable amounts.

Note 36 and Note 37: Recognition and measurement of contingencies: Key assumptions about the likelihood and magnitude of an outflow of resources.

Note 5: measurement of fair value of financial instruments with significant unobservable inputs.

6. Fair Value Heirarchy For Assets Carried At Fair Value

Accounting classifications at carrying amounts and fair values

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the 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.

6. Fair Value Heirarchy For Assets Carried At Fair Value (continued)

Accounting classifications at carrying amounts and fair values (continued)

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.

A substantial proportion of deposits mature within 12 months and hence the fair value approximates their carrying amounts.

Category of asset/liability	Valuation techniques applied	Significant observable inputs
Cash and cash equivalents, items in course of collection, 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 securities.	Prices quoted in an active market	Quoted prices.
Derivatives.	Discounted cash flow techniques and/or option pricing models, such as the Black Scholes model.	Spot price, interest rate and/ or volatility.
Deposits.	A substantial proportion of deposits mature within 12 months and hence the fair value approximates their carrying amounts.	

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 (continued)

For The Year Ended 31 December 2024

6. Fair Value Heirarchy For Assets Carried At Fair Value (continued)

Accounting classifications at carrying amounts and fair values (continued)

Group	Carrying amounts					Fair value			
31 December 2024	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
Cash and balances with central banks	33,462,962	-	-	-	**33,462,962**	-	33,462,962	-	**33,462,962**
Items in the course of collection	675,775	-	-	-	**675,775**	-	675,775	-	**675,775**
Financial assets at fair value through profit or loss (FVTPL)	-	-	1,098,455	-	**1,098,455**	1,098,455	-	-	**1,098,455**
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	71,762,934	-	-	**71,762,934**	71,762,934	-	-	**71,762,934**
Financial assets at amortised cost	88,950,668	-	-	-	**88,950,668**	87,534,516	-	-	**87,534,516**
Loans and advances to banks	48,819,355	-	-	-	**48,819,355**	-	48,819,355	-	**48,819,355**
Loans and advances to customers	287,082,574	-	-	-	**287,082,574**	-	301,542,382	-	**301,542,382**
Other assets	7,107,653	-	-	-	**7,107,653**	-	7,107,653	-	**7,107,653**
	466,098,987	**71,762,934**	**1,098,455**	**-**	**538,960,376**	**160,395,905**	**391,608,127**	**-**	**552,004,032**
Deposits from banks	-	-	-	35,046,478	**35,046,478**	-	35,046,478	-	**35,046,478**
Items in course of collection	-	-	-	3,291,106	**3,291,106**	-	3,291,106	-	**3,291,106**
Deposits from customers	-	-	-	412,179,477	**412,179,477**	-	412,179,477	-	**412,179,477**
Other liabilities	-	-	-	13,062,216	**13,062,216**	-	13,062,216	-	**13,062,216**
Long term debt	-	-	-	3,759,188	**3,759,188**	-	4,026,628	-	**4,026,628**
Subordinated debt	-	-	-	10,310,689	10,310,689	-	10,610,171	-	10,610,171
	-	**-**	**-**	**477,649,154**	**477,649,154**	**-**	**478,216,076**	**-**	**478,216,076**

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

6. Fair Value Heirarchy For Assets Carried At Fair Value (continued)

Accounting classifications at carrying amounts and fair values (continued)

Group	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
Cash and balances with central banks	41,275,497	-	-		**41,275,497**	-	41,275,497	-	**41,275,497**
Items in the course of collection	399,994	-	-	-	**399,994**	-	399,994	-	**399,994**
Financial assets at fair value through profit or loss (FVTPL)	-	-	2,779,798	-	**2,779,798**	2,779,798	-	-	**2,779,798**
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	60,287,145	-	-	**60,287,145**	60,287,145	-	-	**60,287,145**
Financial assets at amortised cost	54,350,036	-	-	-	**54,350,036**	52,933,884	-	-	**52,933,884**
Loans and advances to banks	59,176,989	-	-	-	**59,176,989**	-	59,176,989	-	**59,176,989**
Loans and advances to customers	311,330,840	-	-	-	**311,330,840**	-	325,205,273	-	**325,205,273**
Other assets	7,349,298	-	-	-	**7,349,298**	-	7,349,298	-	**7,349,298**
	473,882,654	**60,287,145**	**2,779,798**	**-**	**536,949,597**	**116,000,827**	**433,407,051**	**-**	**549,407,878**
Deposits from banks	-	-	-	39,499,089	**39,499,089**	-	39,499,089	-	**39,499,089**
Items in course of collection	-	-	-	769,041	**769,041**	-	769,041	-	**769,041**
Deposits from customers	-	-	-	416,674,435	**416,674,435**	-	416,674,435	-	**416,674,435**
Other liabilities	-	-	-	8,109,564	**8,109,564**	-	8,109,564	-	**8,109,564**
Long term borrowings	-	-	-	5,739,099	**5,739,099**	-	5,739,099	-	**5,739,099**
Subordinated debt	-	-	-	12,532,190	**12,532,190**	-	12,532,190	-	**12,532,190**
	-	**-**	**-**	**483,323,418**	**483,323,418**	-	483,323,418	-	**483,323,418**

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

6. Fair Value Heirarchy 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	Other financial liabilities at amortised cost	Total	Level 1	Level 3	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Financial assets							
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	910,411	-	**910,411**	910,411	-	**910,411**
Due from group companies	755,366	-	-	**755,366**	-	755,366	**755,366**
Other assets	500	-	-	**500**	-	500	**500**
	755,866	**910,411**	**-**	**1,666,277**	**910,411**	**755,866**	**1,666,277**
Financial liabilities							
Due to group companies	-	-	14,520	**14,520**	-	14,520	**14,520**
Other liabilities	-	-	2,308,212	**2,308,212**	-	2,308,212	**2,308,212**
	-	**-**	**2,322,732**	**2,322,732**	**-**	**2,322,732**	**2,322,732**

6. Fair Value Heirarchy For Assets Carried At Fair Value (continued)

Accounting classifications at carrying amounts and fair values (continued)

Company 31 December 2023	Carrying amounts				Fair value		
	Financial assets at amortised cost	Financial assets at FVOCI	Other financial liabilities at amortised cost	Total	Level 1	Level 3	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Financial assets							
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	876,832	-	**876,832**	876,832	-	**876,832**
Due from group companies	3,264,319	-	-	**3,264,319**	-	3,264,319	**3,264,319**
Other assets	2,318	-	-	**2,318**	-	2,318	**2,318**
	3,266,637	**876,832**	-	**4,143,469**	**876,832**	**3,266,637**	**4,143,469**
Financial liabilities							
Other liabilities	-	-	148,744	**148,744**	-	148,744	**148,744**
	-	-	**148,744**	**148,744**	-	**148,744**	**148,744**

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

Financial assets measured at fair value - At 31 December 2024 and 31 December 2023

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment securities – FVOCI and FVTPL	Prices quoted in an active market	None	Not applicable

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

7. Operating Segments

The Group operations are within five geographical segments, Kenya, Tanzania, Rwanda, Uganda and Mauritius. The table below contains segmental information for the year ended 31 December 2024.

	Kenya	Tanzania	Rwanda	Mauritius	Uganda	Elimination	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
2024							
Interest income	50,561,396	5,699,107	8,094,597	-	3,750,424	-	68,105,524
Interest expense	(24,415,063)	(1,827,341)	(2,708,898)	-	(1,591,854)	-	(30,543,156)
Fees and commission and other income	8,767,437	1,398,274	2,484,541	-	1,241,856	(235,619)	13,656,489
Fees and commission expense	(512,734)	(1,991)	(470,623)	-	-	-	(985,348)
Operating income	**34,401,036**	**5,268,049**	**7,399,617**	**-**	**3,400,426**	**(235,619)**	**50,233,509**
Staff costs	(5,638,622)	(978,810)	(1,616,539)	(939)	(1,016,174)	52,049	(9,199,035)
Operating expenses	(5,963,166)	(1,619,019)	(1,518,629)	(17,230)	(1,346,907)	184,877	(10,280,074)
Depreciation and Amortisation	(1,974,540)	(259,085)	(490,271)	-	(332,769)	-	(3,056,665)
Net impairment losses on loans and advances	(5,755,793)	(1,267,558)	(847,796)	-	52,798	-	(7,818,349)
Operating expenses	**(19,332,121)**	**(4,124,472)**	**(4,473,235)**	**(18,169)**	**(2,643,052)**	**236,926**	**(30,354,123)**
Results from joint venture	-	-	-	896,971	-	-	896,971
Profit before tax	**15,068,915**	**1,143,577**	**2,926,382**	**878,802**	**757,374**	**1,307**	**20,776,357**
Profit after tax	**12,026,039**	**957,603**	**2,030,866**	**866,339**	**771,595**	**1,307**	**16,653,749**
Loans and advances to customers	**216,087,375**	**23,202,947**	**33,339,302**	**-**	**14,452,950**	**-**	**287,082,574**
Deposits from customers	**303,765,965**	**29,278,001**	**52,505,948**	**-**	**26,629,563**	**-**	**412,179,477**
Total assets	**462,035,835**	**44,563,890**	**76,530,775**	**6,040,124**	**38,768,903**	**(46,659,227)**	**581,280,300**
Total liabilities	**349,117,861**	**38,054,262**	**67,176,219**	**2,069**	**31,081,243**	**(5,798,409)**	**479,633,245**
Capital expenditure	**3,307,218**	**366,482**	**332,534**	**-**	**539,199**	**-**	**4,545,433**

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

7. Operating Segments (Continued)

	Kenya	Tanzania	Rwanda	Mauritius	Uganda	Elimination	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
2023							
Interest income	36,740,882	4,185,230	6,707,655	-	2,824,807	-	50,458,574
Interest expense	(17,005,893)	(1,464,482)	(2,483,570)	-	(874,163)	-	(21,828,108)
Fees and commission and other income	10,815,745	744,437	2,046,434	-	707,388	(262,739)	14,051,265
Fees and commission expense	(441,741)	(7)	(459,251)	-	(17,507)	-	(918,506)
Operating income	**30,108,993**	**3,465,178**	**5,811,268**	**-**	**2,640,525**	**(262,739)**	**41,763,225**
Staff costs	(4,599,058)	(843,357)	(1,436,151)	(14,626)	(804,381)	43,024	(7,654,549)
Operating expenses	(5,233,603)	(1,007,225)	(1,636,013)	(23,914)	(1,087,281)	97,825	(8,890,211)
Depreciation and amortisation	(1,909,606)	(192,092)	(541,740)	-	(228,803)	-	(2,872,241)
Net impairment losses on loans and advances	(5,332,723)	(1,114,521)	(335,184)	-	(87,114)	-	(6,869,542)
Operating expenses	**(17,074,990)**	**(3,157,195)**	**(3,949,088)**	**(38,540)**	**(2,207,579)**	**140,849**	**(26,286,543)**
Results from joint venture	-	-	-	1,203,644	-	-	1,203,644
Profit before tax	**13,034,003**	**307,983**	**1,862,180**	**1,165,104**	**432,946**	**(121,890)**	**16,680,326**
Profit after tax	**10,336,184**	**273,901**	**1,278,106**	**1,147,101**	**431,815**	**(121,888)**	**13,345,219**
Loans and advances to customers	**231,552,758**	**28,135,317**	**39,141,631**	**-**	**12,501,134**	**-**	**311,330,840**
Deposits from customers	**305,995,191**	**35,159,399**	**46,954,317**	**-**	**28,565,528**	**-**	**416,674,435**
Total assets	**449,616,007**	**46,325,681**	**84,641,545**	**7,430,490**	**37,904,279**	**(46,198,564)**	**579,719,438**
Total liabilities	**346,128,317**	**39,734,777**	**74,834,157**	**2,483**	**29,645,712**	**(6,326,263)**	**484,019,183**
Capital expenditure	**1,951,291**	**77,599**	**295,290**	**-**	**333,133**	**-**	**2,657,313**

8. Interest Income

	Group		Company	
	2024	2023	2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Loans and advances to customers	48,267,068	36,469,404	-	-
Loans and advances to banks	3,200,011	1,959,987	183,627	149,318
Investment securities:-				
- At amortised cost	9,045,560	6,029,835	-	-
- FVOCI	7,592,885	5,999,348	118,267	117,944
	68,105,524	**50,458,574**	**301,894**	**267,262**

Interest income in this note is calculated under the effective interest method.

9. Interest Expense

Deposits from customers	25,369,294	17,622,668	-	-
Deposits from banks	3,525,331	2,365,188	-	-
Long term debt	361,310	502,585	-	-
Subordinated debt	1,001,490	1,157,139	-	-
Lease liabilities (Note 30)	285,731	180,528	-	-
	30,543,156	**21,828,108**	**-**	**-**

Interest expense in this note is calculated under the effective interest method.

10. Net Fee and Commission Income

Fee and commission income				
Commissions	5,832,835	5,109,058	-	-
Service fees	2,108,597	1,759,773	-	-
	7,941,432	**6,868,831**	**-**	**-**
Fee and commission expense				
Interbank transaction fees	(156,348)	(212,944)	-	-
Other	(829,000)	(705,562)	-	-
	(985,348)	**(918,506)**	**-**	**-**
Net fee and commission income	**6,956,084**	**5,950,325**	**-**	**-**

Fees and commission from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a service to a customer.

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.

For The Year Ended 31 December 2024

10. Net Fee and Commission Income (Continued)

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.	Recognized 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 recognized 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 recognized 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 ATM fees, interchange fees, Issuance fees, annual 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 recognized when the rewards are earned by the cardholders. Payments to partners are recognized when incurred. ATM fees and interchange fees earned and recognized when a customer transacts. Issuance fees on card issue and annual fees on anniversary date.

11. Net Trading Income

	Group		Company	
	2024	2023	2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Foreign exchange income	3,588,475	5,484,746	(84,028)	132,594
Net income on financial assets at fair value through profit or loss (FVTPL)	168,788	885,164	-	-
	3,757,263	**6,369,910**	**(84,028)**	**132,594**

Our Governance

Our Business

Our Financials

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

12. Other Operating Income

	Group		Company	
	2024	2023	2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Rental income	391,330	352,680	-	-
Profit on sale of property and equipment	1,246	(138)	-	-
Other income	1,565,218	459,982	-	-
Dividend income	-	-	4,607,564	6,929,595
	1,957,794	**812,524**	**4,607,564**	**6,929,595**

13. Operating Expenses

	Group		Company	
	2024	2023	2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Staff costs				
Salaries and wages	7,492,464	6,309,176	-	-
Contribution to defined contribution plan	307,513	277,851	-	-
Statutory contribution	317,197	195,767	-	-
Other staff costs	1,081,861	871,755	-	-
	9,199,035	**7,654,549**	**-**	**-**
Premises and equipment costs				
Service charge	216,785	205,291	-	-
Electricity	275,101	494,818	-	-
Other premises and equipment costs	159,332	118,712	-	-
	651,218	**818,821**	**-**	**-**
Other expenses				
Deposit protection insurance contribution	655,160	552,788	-	-
Loss on disposal of property and equipment	54,760	(761)	-	-
Other general administrative expenses	8,918,936	7,519,363	44,591	59,791
	9,628,856	**8,071,390**	**44,591**	**59,791**
Depreciation and amortisation				
Depreciation on property and equipment (Note 24)	2,009,487	1,773,714	-	-
Amortisation of intangible assets (Note 25(b))	1,047,178	1,098,527	-	-
	3,056,665	**2,872,241**	**-**	**-**

The average number of employees employed by the Group are as follows:

	Group		Company	
	2024	2023	2024	2023
Management	2,360	2,057	-	-
Others	531	339	-	-
	2,891	**2,396**	**-**	**-**

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14. Profit Before Income Tax

	Group		Company	
	2024	2023	2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Profit before income tax is arrived at after charging/(crediting):				
Depreciation	2,009,487	1,773,714	-	-
Amortisation of intangible assets	1,047,178	1,098,527	-	-
Directors' emoluments:				
Directors' emoluments: Fees	20,217	28,832	17,096	11,360
Directors' emoluments: Other	107,073	148,587	-	-
Auditor's remuneration	38,202	34,729	2,983	2,462
Net (loss)/profit on disposal of property and equipment	(53,514)	623	-	-
Dividend income	-	-	4,607,564	6,929,595

15. Income Tax Expense and Tax (Recoverable)/Payable

(a) Income tax expense

	Group		Company	
	2024	2023	2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Current tax				
Current year's	6,207,176	4,770,300	82,737	83,286
(Over)/under provision in prior year	(257,856)	(5,200)	-	5,678
	5,949,320	**4,765,100**	**82,737**	**88,964**
Deferred tax (Note 26)				
Current year	(2,207,908)	(1,381,689)	(32,819)	(1,664)
Prior year adjustment	381,196	(48,304)	-	1,141
	(1,826,712)	**(1,429,993)**	**(32,819)**	**(523)**
Income tax expense	**4,122,608**	**3,335,107**	**49,918**	**88,441**

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15. Income Tax Expense and Tax (Recoverable)/Payable (Continued)

(a) Income tax expense (continued)

Reconciliation of effective tax rate

The tax on the Group's profit differs from the theoretical amount using the basic tax rate as follows:

	Group		Company	
	2024	2023	2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Accounting profit before income tax	**20,776,357**	**16,680,326**	**4,780,631**	**7,269,660**
Computed tax using the applicable corporation tax rate 30%	6,232,907	5,004,098	1,434,189	2,180,898
Under/(over) provision in the prior year	(257,856)	(5,200)	-	5,678
Impact of share of joint venture's loss/(profit)	(269,091)	(361,093)	-	-
Effect on non-deductible costs/non-taxable income	(1,964,548)	(1,254,394)	(1,384,271)	(2,099,276)
Over provision in prior year - deferred tax (Note 26)	381,196	(48,304)	-	1,141
	4,122,608	**3,335,107**	**49,918**	**88,441**

(b) Tax (recoverable)/payable

	Group		Company	
	2024	2023	2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
At 1 January	(471,291)	(236,823)	71,095	(7,695)
Income tax expense (Note 15(a))	5,949,320	4,765,100	82,737	88,964
Effect of tax in foreign jurisdiction	(95,336)	(211,924)	-	-
Tax paid	(4,246,137)	(4,787,644)	(163,853)	(10,174)
At 31 December	**1,136,556**	**(471,291)**	**(10,021)**	**71,095**
Tax recoverable	(189,106)	(690,697)	(10,021)	-
Tax payable	1,325,662	219,406	-	71,095
Net (recoverable)/payable	**1,136,556**	**(471,291)**	**(10,021)**	**71,095**

Details on outstanding tax cases are disclosed on Note 41.

16. Earnings Per Share

	Group		Company	
	2024	2023	2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Profit for the year attributable to equity holders (Kshs '000')	15,379,279	12,615,177	4,730,713	7,181,219
Weighted average number of ordinary shares in issue during the year	1,653,621	1,653,621	1,653,621	1,653,621
Earnings per share (Kshs)	**9.30**	**7.63**	**2.86**	**4.34**

There were no potentially dilutive shares outstanding at 31 December 2024 (2023 – Nil).

17. Cash and Balances With Central Banks

	Group		Company	
	2024	2023	2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Cash on hand	7,182,677	6,501,173	-	-
Balances with central banks				
-Restricted balances (CRR*)	20,505,106	22,234,535	-	-
-Unrestricted balances	5,775,179	12,539,789	-	-
	33,462,962	**41,275,497**	**-**	**-**

The Group's Cash Reserve Ratio (CRR) is non-interest earning and is based on the value of deposits as adjusted for the respective central banks requirements. At 31 December 2024, the cash ratio requirement was 4.25% (2023 – 4.25%) in Kenya, Tanzania was 6% (2023 – 6%) and 5% (2023 – 5%) in Rwanda 5% (2023 – 5%) and Uganda was 10% (2023 – 10%) of eligible deposits.

18. Items in The Course of Collection

	Group		Company	
	2024	2023	2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Assets	675,775	399,994	-	-
Liabilities	3,291,106	769,041	-	-

Items in the course of collection represent net settlement balances through the inter-banking clearing process.

19. Loans and Advances to Bank

	Group		Company	
	2024	2023	2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Due within 90 Days	46,557,035	59,176,342	847,184	312,326
Due after 90 days	2,262,320	647	-	-
	48,819,355	**59,176,989**	**847,184**	**312,326**

20. Loans and Advances To Customers

(a) Classification

	2024	2023
	Kshs'000	Kshs'000
Overdrafts	77,427,700	81,069,634
Loans	204,195,347	228,040,709
Bills discounted	8,244,998	4,942,452
Hire purchase- finance leases	11,674,337	11,152,478
Gross loans and advances	**301,542,382**	**325,205,273**
Less: Impairment losses on loans and advances	(14,459,808)	(13,874,433)
Net loans and advances	**287,082,574**	**311,330,840**

The movement in impairment loss reserves in compliance with IFRS 9 is disclosed on Note 4(a)(v).

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20. Loans And Advances To Customers (Continued)

(b) Impairment losses on loans and advances and other financial assets at amortised cost - Group

2024:	Loans and advances to Customers at amortised cost	Loan commitments and financial guarantee contracts	Government securities	Other financial assets at amortised cost - trade receivable	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Net remeasurement of loss allowance	3,703,025	119,458	135,835	(9,548)	3,948,770
New financial assets originated or purchased	1,130,107	45,580	-	-	1,175,687
	4,833,132	**165,038**	**135,835**	**(9,548)**	**5,124,457**
Recoveries and impairment no longer required	(317,818)	(20,766)	-	-	(338,584)
Recoveries of loans and advances previously written off	1,095,443	(2,826)	-	-	1,092,617
Amounts directly written off during the year	1,939,859	-	-	-	1,939,859
	7,550,616	**141,446**	**135,835**	**(9,548)**	**7,818,349**

2023:	Loans and advances to Customers at amortised cost	Loan commitments and financial guarantee contracts	Government securities	Other financial assets at amortised cost - trade receivable	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Net remeasurement of loss allowance	6,085,311	97,545	-	12,422	6,195,278
New financial assets originated or purchased	741,078	66,724	-	-	807,802
	6,826,389	**164,269**	**-**	**12,422**	**7,003,080**
Recoveries and impairment no longer required	(507,789)	(39,883)	-	-	(547,672)
Recoveries of loans and advances previously written off	(193,542)	-	-	-	(193,542)
Amounts directly written off during the year	607,676	-	-	-	607,676
	6,732,734	**124,386**	**-**	**12,422**	**6,869,542**

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 4(a):

	2024	2023
Group	Kshs'000	Kshs'000
Interest on impaired loans and advances which have not yet been received in cash	**1,851,770**	**1,886,609**

(d) Loans and advances to customers concentration by sector

Group	2024		2023	
	Kshs'000	%	Kshs'000	%
Manufacturing	73,655,685	24%	86,959,365	27%
Wholesale and retail trade	64,193,783	21%	62,046,470	19%
Building and construction	19,360,182	6%	18,477,119	6%
Agriculture	17,030,803	6%	22,332,466	5%
Real estate	21,173,068	7%	31,247,929	13%
Transport and communication	27,441,022	9%	31,596,003	6%
Business services	20,985,022	7%	20,298,906	7%
Electricity and water	1,636,505	1%	1,643,701	1%
Finance and insurance	12,094,071	4%	9,844,149	3%
Mining and quarrying	2,078,926	1%	2,065,443	1%
Others	41,893,315	14%	38,693,722	12%
	301,542,382	**100%**	**325,205,273**	**100%**

(e) Finance leases

Loans and advances to customers include finance leases receivable as follows:

Group	2024	2023
	Kshs'000	Kshs'000
Receivable no later than 1 year	731,102	718,204
Receivable later than 1 year and no later than 5 years	8,163,741	8,877,007
Receivable later than 5 years	2,779,494	1,557,267
	11,674,337	**11,152,478**

21. Financial Assets

(a) Financial assets at fair value through profit or loss (FVTPL)

	2024	2023
Group	Kshs'000	Kshs'000
Derivative assets	214,483	773,632
Government securities	356,731	1,694,787
Private equity	527,241	311,379
	1,098,455	**2,779,798**

21. Financial Assets (Continued)

(b) Financial assets measured at fair value through other comprehensive income (FVOCI)

Group	2024	2023
	Kshs'000	Kshs'000
Equity investments	1,082,379	1,166,685
Corporate bonds	551,393	637,843
Government securities	70,129,162	58,482,617
	71,762,934	**60,287,145**
Company		
Government securities	**910,411**	**876,832**

(c) Other financial assets at amortised cost

Group	2024	2023
	Kshs'000	Kshs'000
Government securities	88,851,482	54,276,095
Trade receivables	99,186	73,941
	88,950,668	**54,350,036**

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21. Financial Assets (Continued)

The change in the carrying amount of investment securities held by the Group is as shown below:

	Financial assets at fair value through profit or loss (FVTPL)	Other financial assets at amortised cost	Financial assets measured at fair value through other comprehensive income (FVOCI)			
	Government securities	Government securities	Government securities	Equity investments	Corporate bond	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
31 December 2024						
At 1 January	2,779,798	54,276,095	58,482,617	1,166,685	637,843	117,343,038
Additions	41,939	56,382,270	26,992,250	-	-	83,416,459
Disposals and maturities	(1,581,062)	(14,578,280)	(16,897,095)	(440,744)	-	(33,497,181)
Changes in fair value	(529,731)	-	3,575,568	372,597	-	3,418,434
Amortisation of discounts and premiums, unearned interest and interest receivable	(6,979)	(2,048,908)	91	(6,821)	(86,450)	(2,149,067)
Impairment allowance	(37)	(9,484)	(126,314)	-	-	(135,835)
Translation reserve	(347,197)	(5,170,211)	(1,897,955)	(9,338)	-	(7,424,701)
At 31 December	**356,731**	**88,851,482**	**70,129,162**	**1,082,379**	**551,393**	**160,971,147**
31 December 2023						
At 1 January	16,402,892	43,605,472	51,858,052	813,083	320,013	112,999,512
Additions	4,014,929	53,711,690	15,592,557	177,712	317,830	73,814,718
Disposals and maturities	(17,601,669)	(47,386,910)	(7,385,067)	-	-	(72,373,646)
Changes in fair value	(55,671)	-	(2,168,665)	83,521	-	(2,140,815)
Amortisation of discounts and premiums, unearned interest and interest receivable	(32,130)	927,596	22,394	82,536	-	1,000,396
Translation reserve	51,447	3,418,247	563,346	9,833	-	4,042,873
At 31 December	**2,779,798**	**54,276,095**	**58,482,617**	**1,166,685**	**637,843**	**117,343,038**

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21. Financial Assets (Continued)

The change in the carrying amount of investment securities held by the Company is as shown below:

Financial assets measured at fair value through other comprehensive income (FVOCI)	2024	2023
	Kshs'000	Kshs'000
At 1 January	876,832	925,055
Changes in fair value	33,343	(48,344)
Amortisation of discounts and premiums, unearned interest and interest receivable	444	121
Impairment allowance	(208)	-
At 31 December	**910,411**	**876,832**

22. Held For Sale Assets

Group	2024	2023
	Kshs'000	Kshs'000
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 and Joint Venture

The Company holds investments in subsidiaries in I&M Bank (T) Limited and I&M Bancassurance Intermediary Limited through I&M Bank LIMITED. All the two entities have been consolidated with the results of I&M Bank LIMITED. I&M Bank (Rwanda) PLC (subsidiary through BCR Investment Company Limited), I&M Bank (Uganda) Limited, I&M Capital Limited, I&M Realty Limited, I&M Burbidge Capital Limited, I&M Burbidge Capital (U) Limited, Giro Limited are the other subsidiaries of I&M Group PLC. I&M Group PLC owns 50% of a joint venture in Mauritius (Bank One Limited).

(a) Investment in joint venture

The Company has 50% (2023 – 50%) control over Bank One Limited with the other joint venture partner, CIEL Finance Limited. The joint venture was formerly owned through I&M Bank LIMITED until 22 August 2014 when it was transferred to I&M Group PLC.

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23. Investment in Subsidiaries and Joint Venture (Continued)

(a) Investment in joint venture (continued)

Group	2024	2023
	Kshs'000	Kshs'000
Balance at start of the year	7,878,467	5,570,240
Share of:		
Profit/(loss) from operations	896,971	1,203,644
Dividends received	(454,364)	(391,995)
Other comprehensive income	(1,806,506)	1,496,578
Balance at end of the year	**6,514,568**	**7,878,467**
Percentage ownership	50.00%	50.00%
Total assets (including cash and cash equivalents)	152,691,542	186,073,155
Total liabilities	(140,613,218)	(171,267,033)
Net assets (100%)	**12,078,324**	**14,806,122**
Group's share of net assets (50%)	6,039,162	7,403,061
Goodwill	475,406	475,406
Carrying amount of interest in joint venture	**6,514,568**	**7,878,467**
Interest income	8,370,807	7,493,666
Interest expense	(4,134,181)	(3,452,143)
Other income	1,767,997	1,650,704
Operating expenses	(4,111,245)	(3,110,016)
Income tax credit/(expense)	(99,436)	(174,923)
Profit and total comprehensive income (100%)	**1,793,942**	**2,407,288**
Profit and loss (50%)	**896,971**	**1,203,644**
Group's share of total comprehensive income	**(909,535)**	**2,700,222**
Company:		
At 1 January	2,515,591	2,515,591
Additional investment in Bank One Limited	-	-
At 31 December	**2,515,591**	**2,515,591**

23. Investment in Subsidiaries and Joint Venture (Continued)

(a) Investment in subsidiaries

Company	Activity	Jurisdiction	Shareholding	2024	2023
				Kshs'000	Kshs'000
I&M Bank LIMITED	Banking	Kenya	100.00%	19,860,176	19,860,176
I&M Capital Limited	Wealth management	Kenya	100.00%	38,611	38,611
I&M Bank (Rwanda) PLC through BCR Investment Company Limited	Banking	Rwanda	54.47%	2,118,865	2,118,865
I&M Realty Limited	Real estate	Kenya	100.00%	2,405,170	5,170
I&M Burbidge Capital Limited	Investment	Kenya	100.00%	93,037	93,037
Giro Limited	Investment	Kenya	100.00%	4,115,023	4,115,023
I&M Bank (Uganda) Limited	Banking	Uganda	79.29%	6,066,483	6,066,483
Investment & Mortgages Nominees Limited	Nominees	Kenya	100.00%	1,025	1,025
				34,698,390	**32,298,390**

The Group owns the following subsidiaries through I&M Bank LIMITED, its wholly owned subsidiary:

Company	Activity	Jurisdiction	Shareholding
I&M Bancassurance Intermediary Limited	Bancassurance	Kenya	100.00%
I&M Bank (T) Limited	Banking	Tanzania	78.51%

In addition, the Group owns the I&M Burbidge Capital (U) Limited through I&M Burbidge Capital Limited and I&M Realty (Tanzania) Limited through I&M Realty Limited, both being wholly owned subsidiaries.

(b) Movement in investment in subsidiaries

	2024	2023
	Kshs'000	Kshs'000
At 1 January	**32,298,390**	**31,336,158**
Acquisition of Investment & Mortgages Nominees Limited	-	1,025
Additional investment in I&M Bank (Uganda) Limited	-	961,207
Preference shares subscription - I&M Realty Limited	2,400,000	-
At 31 December	**34,698,390**	**32,298,390**

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23. Investment In Subsidiaries And Joint Venture (Continued)

Below is the summary of financials of the banking subsidiaries.

	I&M Bank LIMITED		I&M Bank (T) Limited		I&M Bank (Rwanda) PLC		I&M Bank (Uganda) Limited	
	2024	2023	2024	2023	2024	2023	2024	2023
	Kshs'M	Kshs'M	Kshs'M	Kshs'M	Kshs'M	Kshs'M	Kshs'M	Kshs'M
Summarized statement of financial position								
Total assets	414,873	405,613	42,881	46,278	76,531	84,642	38,770	37,888
Total liabilities	348,652	348,858	36,494	39,735	67,176	74,834	31,078	29,643
Net assets	**66,221**	**56,755**	**6,387**	**6,543**	**9,355**	**9,808**	**7,692**	**8,245**
Summarized statement of profit and loss and other comprehensive income								
Net interest income	**25,571**	**19,272**	**3,866**	**2,721**	**5,386**	**4,224**	**2,159**	**1,951**
Profit before income tax	14,115	12,084	1,061	309	2,926	1,862	766	430
Income tax expense	(2,718)	(2,368)	(182)	(34)	(896)	(584)	12	-
Profit for the year	**11,397**	**9,716**	**879**	**275**	**2,030**	**1,278**	**778**	**430**
Summarised statement of cash flows								
Net cash generated from operating activities	11,708	47,771	3,695	169	5,296	12,494	(2,109)	352
Net cash used in investing activities	(1,528)	(1,589)	(296)	(105)	(479)	(503)	(538)	(764)
Net cash (used in)/generated from financing activities	(4,819)	(8,162)	(145)	135	(1,017)	(1,614)	(139)	1,970
Net increase/(decrease) in cash and cash equivalents	**5,361**	**38,020**	**3,254**	**199**	**3,800**	**10,377**	**(2,786)**	**1,558**
Cash and cash equivalents at beginning of year	**54,073**	**16,053**	**3,386**	**3,187**	**18,993**	**8,616**	**10,992**	**11,427**
Cash and cash equivalents at end of year	**59,434**	**54,073**	**6,640**	**3,386**	**22,793**	**18,993**	**8,206**	**12,985**

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23. Investment in Subsidiaries and Joint Venture (Continued)

The following table summarises the information relating to Group's subsidiary that has Non-controlling interest (NCI).

	I&M Bank (T) Limited		I&M Bank (Rwanda) PLC		I&M Bank (Uganda) Limited		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
NCI percentage	**21.49%**	**21.49%**	**45.53%**	**45.53%**	**20.71%**	**20.71%**		
	Kshs'M	**Kshs'M**	**Kshs'M**	**Kshs'M**	**Kshs'M**	**Kshs'M**	**Kshs'M**	**Kshs'M**
Summarized statement of financial position								
Loans and advances to customers	23,203	28,135	33,339	39,142	14,453	12,501		
Other assets	19,678	18,143	43,192	45,500	24,317	25,387		
Liabilities	(36,494)	(39,735)	(67,176)	(74,834)	(31,078)	(29,643)		
Net assets	**6,387**	**6,543**	**9,355**	**9,808**	**7,692**	**8,245**		
Carrying amount of NCI	1,372	1,406	4,259	4,465	1,593	1,707		
Transactions effected solely by NCI	4	4	(55)	(55)	-	-		
Total carrying amount of NCI	**1,376**	**1,410**	**4,204**	**4,410**	**1,593**	**1,707**	**7,173**	**7,527**
Summarized statement of profit and loss and other comprehensive income								
Net interest income	3,866	2,721	5,386	4,226	2,159	1,951		
(Loss)/profit for the year	879	275	2,031	1,278	777	430		
Total comprehensive income	879	275	2,031	1,278	777	430		
(Loss)/profit allocated to NCI	**189**	**59**	**924**	**582**	**161**	**89**	**1,274**	**730**
Summarised statement of cash flows								
Net cash generated from operating activities	3,695	169	5,296	12,494	(2,109)	352		
Net cash used in investing activities	(296)	(105)	(479)	(503)	(538)	(764)		
Net cash (used in)/generated from financing activities	(145)	135	(1,017)	(1,614)	(139)	1,970		
Net increase/(decrease) in cash and cash equivalents	**3,254**	**199**	**3,800**	**10,377**	**(2,786)**	**1,558**		
Cash and cash equivalents at beginning of year	**3,386**	**3,187**	**18,993**	**8,616**	**10,992**	**11,427**		
Cash and cash equivalents at end of year	**6,640**	**3,386**	**22,793**	**18,993**	**8,206**	**12,985**		

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

24. Property And Equipment

2024:	Buildings	Leasehold improvements	Furniture, fittings, fixtures and office equipment	Computers	Motor vehicles	Right-of-use asset	Capital work in progress	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Cost								
At 1 January	8,119,371	2,607,476	3,507,070	3,264,768	250,885	5,202,932	830,197	23,782,699
Additions	1,782,191	241,802	227,064	304,450	33,844	890,950	1,054,784	4,535,085
On disposals	-	(59,356)	(94,923)	(58,791)	(9,444)	(747,233)	(18,046)	(987,793)
Reclassification/internal transfers	1,171,000	220,061	147,366	284,951	-	(760,607)	(1,062,771)	-
Surplus on revaluation	574,609	-	-	-	-	-	-	574,609
Translation difference	(1,204,814)	(96,552)	(313,099)	(262,489)	(27,508)	(352,639)	(66,080)	(2,323,181)
At 31 December	**10,442,357**	**2,913,431**	**3,473,478**	**3,532,889**	**247,777**	**4,233,403**	**738,084**	**25,581,419**
Depreciation								
At 1 January	383,466	1,922,796	2,130,290	2,450,413	211,552	2,196,358	-	9,294,875
Charge for the year	92,929	251,420	294,022	643,170	19,570	708,376	-	2,009,487
Write-offs	-	1,377	80	(96)	-	-	-	1,361
Reversal on revaluation	(204,242)	-	-	-	-	-	-	(204,242)
On disposals	-	(54,869)	(89,361)	(56,999)	(9,461)	(539,415)	-	(750,105)
Translation differences	(94,354)	(47,931)	(197,570)	(191,952)	(21,850)	(216,221)	-	(769,878)
At 31 December	**177,799**	**2,072,793**	**2,137,461**	**2,844,536**	**199,811**	**2,149,098**	**-**	**9,581,498**
Net book value at 31 December	**10,264,558**	**840,638**	**1,336,017**	**688,353**	**47,966**	**2,084,305**	**738,084**	**15,999,921**

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

24. Property and Equipment (Continued)

2023:	Buildings	Leasehold improvements	Furniture, fittings, fixtures and office equipment	Computers	Motor vehicles	Right-of-use asset	Capital work in progress	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Cost								
At 1 January	7,754,287	2,356,684	3,193,555	2,714,531	207,442	3,465,085	286,828	19,978,412
Additions	2,637	126,802	156,968	151,291	12,550	1,734,556	934,687	3,119,491
Revaluation reserve	20,945	-	-	-	-	-	-	20,945
On disposals	-	(23,523)	(102,082)	(34,699)	-	(168,896)	(26,237)	(355,437)
Reclassification/internal transfers	16,055	61,907	67,187	287,570	11,890	-	(414,801)	29,808
Translation difference	325,447	85,606	191,442	146,075	19,003	172,187	49,720	989,480
At 31 December	**8,119,371**	**2,607,476**	**3,507,070**	**3,264,768**	**250,885**	**5,202,932**	**830,197**	**23,782,699**
Depreciation								
At 1 January	255,484	1,658,559	1,786,038	1,888,988	177,927	1,696,822	-	7,463,818
Charge for the year	202,107	233,716	296,072	481,060	17,986	542,773	-	1,773,714
Reversal on revaluation	(102,141)	-	-	-	-	-	-	(102,141)
On disposals	-	(23,245)	(75,810)	(34,555)	-	(168,609)	-	(302,219)
Translation differences	28,016	53,766	123,990	114,920	15,639	125,372	-	461,703
At 31 December	**383,466**	**1,922,796**	**2,130,290**	**2,450,413**	**211,552**	**2,196,358**	**-**	**9,294,875**
Net book value at 31 December	**7,735,905**	**684,680**	**1,376,780**	**814,355**	**39,333**	**3,006,574**	**830,197**	**14,487,824**

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

25. Intangible Assets

(a) Goodwill

	2024	2023
	Kshs'000	Kshs'000
I&M Bank LIMITED	1,195	1,195
I&M Bank (T) Limited	572,320	671,161
I&M Bank (Rwanda) PLC	371,683	495,314
I&M Burbidge Capital Limited	36,540	38,561
Giro Limited	1,944,139	1,944,139
I&M Bancassurance Intermediary Limited	232,284	232,284
I&M Bank (Uganda) Limited	789,973	933,227
	3,948,134	**4,315,881**
Movement of Goodwill		
At 1 January	4,315,881	3,986,814
Exchange differences	(367,747)	329,067
At 31 December	**3,948,134**	**4,315,881**

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

25. Intangible Assets (Continued)

(a) Goodwill (continued)

With respect to goodwill assessment for impairment, no impairment losses have been recognised as the recoverable amounts of the Cash Generating Units (CGUs) were determined to be higher than their carrying amounts. The recoverable amounts have been calculated by discounting the future cash flows expected to be generated from the continuing use of the respective CGUs. The key assumptions used in the calculation of value in use were as follows:

2024	I&M Bank (T) Limited	I&M Bank (Rwanda) PLC	I&M Burbidge Capital Limited	Giro Limited	I&M Bancassurance Intermediary Limited	I&M Bank (Uganda) Limited
5 Year risk free rate	11.16%	12.38%	13.21%	13.21%	13.21%	15.94%
Risk premium	12.30%	9.80%	10.01%	10.01%	10.01%	9.68%
Terminal growth rate	4.25%	5.50%	4.00%	4.50%	4.00%	3.75%
Pretax discount rate	21%	21%	20%	21%	21%	21%
Exchange rate	Kshs 1 = Tzs 18.92	Kshs 1 = Rwf 10.68	Kshs 1 = Kshs 1	Kshs 1 = Kshs 1	Kshs 1 = Kshs 1	Kshs 1 = Ushs 28.44
Present value of the recoverable amounts Kshs in billions	5.000	5.65	0.17	4.94	0.49	8.26
Goodwill impaired	Nil	Nil	Nil	Nil	Nil	Nil

2023	I&M Bank (T) Limited	I&M Bank (Rwanda) PLC	I&M Burbidge Capital Limited	Giro Limited	I&M Bancassurance Intermediary Limited	I&M Bank (Uganda) Limited
5 Year risk free rate	11.16%	12.38%	11.95%	11.95%	11.95%	15.35%
Risk premium	12.30%	9.80%	9.49%	9.49%	9.49%	10.00%
Terminal growth rate	4.25%	3.00%	4.00%	4.50%	4.00%	6.25%
Pretax discount rate	21%	21%	20%	21%	21%	21%
Exchange rate	Kshs 1 = Tzs 15.99	Kshs 1 = Rwf 8.02	Kshs 1 = Kshs 1	Kshs 1 = Kshs 1	Kshs 1 = Kshs 1	Kshs 1 = Ushs 24.08
Present value of the recoverable amounts Kshs in billions	5.899	7.133	0.173	6.785	0.356	8.777
Goodwill impaired	Nil	Nil	Nil	Nil	Nil	Nil

25. Intangible Assets (Continued)

(a) Goodwill (continued)

The discount rate utilised was the risk-free rate on the rate of 5 year government bonds issued by the governments in the respective markets and in the same currency as the cash flows.

These cash flows have been projected for 7 years, based on the approved Business plans of the respective units.

In the opinion of the Directors, there was no impairment of goodwill during the year.

Sensitivity analysis

The CGUs are sensitive to possible adverse changes in the key assumptions that support the recoverable amount:

Cash flows: The medium-term plans used to determine the cash flows used in the Value In Use (VIU) calculation rely on macroeconomic forecasts. including interest rates. GDP and unemployment. and forecast levels of market and client activity. Interest rate assumptions impact planned cash flows from both customer income and structural hedge contributions and therefore cash flow expectations are highly sensitive to movements in the yield curve. The cash flows also contain assumptions with regards to the prudential and financial conduct regulatory environment which may be subject to change. Given the current level of economic uncertainty. 10% reduction in cash flows has been provided to show the sensitivity of the outcome to a change in these key assumptions.

Discount rate: The discount rate should reflect the market risk free rate adjusted for the inherent risks of the business it is applied to. Management have identified discount rates for comparable businesses and consider these to be a reasonable estimate of a suitable market rate for the profile of the business unit being tested. The risk that these discount rates may not be appropriate is quantified below and show the impact of a 100 bps change in the discount rate.

Terminal growth rate: The terminal growth rate is used to estimate the cash flows into perpetuity based on the expected longevity of the CGU's businesses. The terminal growth rate is sensitive to uncertainties in the macroeconomic environment. The risk that using inflation data may not be appropriate for its determination is quantified below and shows the impact of a 100 bps change in the terminal value.

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

25. Intangible Assets (Continued)

(a) Goodwill (continued)

Sensitivity analysis (continued)

The sensitivity of the value in use to key judgements in the calculations is set out below:

						Reduction in headroom			Change required to reduce the head room to zero		
Cash Generating Unit	Carrying value	Value in use	Value in use exceeding carrying value	Pretax discount rate	Terminal growth rate	100bps increase in discount rate	100bps decrease in terminal rate	10% reduction in forecasted cash flows	Pretax discount rate	Terminal growth rate	Reduction in forecasted cash flows
	Kshs'Million	Kshs'Million	Kshs'Million	%	%	Kshs'Million	Kshs'Million	Kshs'Million	BPS	BPS	%
I&M Bank (T) Limited	5,309	5,999	690	21%	4%	(348.97)	(161.94)	(648.14)	100	(100)	(11%)
I&M Bank (Rwanda) PLC	5,616	5,653	38	21%	6%	(317.74)	(183.78)	(843.03)	100	(50)	(1%)
I&M Burbidge Capital Limited	37	166	129	20%	4%	(12.15)	(7.42)	(16.60)	2849	N/A	(74%)
I&M Bancassurance Intermediary Limited	232	492	260	21%	4%	(28.45)	(15.76)	(24.83)	1800	(2400)	(80%)
Giro Limited	1,944	4,941	2,997	21%	5%	(262.33)	(146.08)	(1,016.21)	233	(472)	(10%)
I&M Bank (Uganda) Limited	6,899	8,261	1,363	21%	4%	(498.02)	(204.74)	(373.76)	341	(1020)	(36.5%)
Total	**20,037**	**25,512**	**5,477**								

25. Intangible Assets (Continued)

(b) Software

2024:	Software	Other intangible assets	Capital work in progress	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Cost				
At 1 January	8,545,018	45,516	440,262	9,030,796
Additions	266,891	-	634,407	901,298
Reclassification	488,436	-	(423,849)	64,587
Write offs	-	-	(775)	(775)
Translation differences	(638,650)	-	(60,188)	(698,838)
At 31 December	**8,661,695**	**45,516**	**589,857**	**9,297,068**
Amortisation				
At 1 January	5,843,167	11,379	-	5,854,546
Amortisation for the year	1,044,902	2,276	-	1,047,178
Translation differences	(553,596)	-	-	(553,596)
At 31 December	**6,334,473**	**13,655**	**-**	**6,348,128**
Carrying amount at 31 December	**2,327,222**	**31,861**	**589,857**	**2,948,940**

2023:	Software	Other intangible assets	Capital work in progress	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Cost				
At 1 January	6,894,636	-	399,029	7,293,665
Additions	438,100	-	834,278	1,272,378
Reclassification	785,424	-	(783,554)	1,870
Transfers to tangible assets	-	45,516	-	45,516
Write offs	-	-	(22,570)	(22,570)
Translation differences	426,858	-	13,079	439,937
At 31 December	**8,545,018**	**45,516**	**440,262**	**9,030,796**
Amortisation				
At 1 January	4,394,935	-	-	4,394,935
Transfers from investment in subsidiary	-	9,103	-	9,103
Amortisation for the year	1,096,251	2,276	-	1,098,527
Translation differences	351,981	-	-	351,981
At 31 December	**5,843,167**	**11,379**	**-**	**5,854,546**
Carrying amount at 31 December	**2,701,851**	**34,137**	**440,262**	**3,176,250**

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

26. Deferred Tax Assets/(Liabilities)

Group	Balance at 1 January	Prior year adjustment	Recognised in equity	Translation differences	Recognised in profit or loss	Balance at 31 December
2024:	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Property and equipment	(1,005,092)	33,395	(189,590)	178,853	14,893	(967,541)
Right of use of asset	24,741	(17)	-	(17,129)	62,957	70,552
General provisions	3,809,108	33,274	-	(493,628)	357,959	3,706,713
Other provisions	6,171,934	(799)	-	(76,697)	1,765,382	7,859,820
Fair value reserves	2,436,171	(447,049)	(1,112,081)	210	6,717	883,968
	11,436,862	**(381,196)**	**(1,301,671)**	**(408,391)**	**2,207,908**	**11,553,512**
2023:						
Property and equipment	(1,078,987)	81,211	(34,940)	(57,815)	85,439	(1,005,092)
Right of use of asset	(30,134)	2	-	3,516	51,357	24,741
General provisions	3,145,077	(33,097)	-	640,715	56,413	3,809,108
Other provisions	4,965,105	188	-	24,445	1,182,196	6,171,934
Fair value reserves	1,677,085	-	753,721	(919)	6,284	2,436,171
	8,678,146	**48,304**	**718,781**	**609,942**	**1,381,689**	**11,436,862**

Company	Balance at 1 January	Prior year adjustment	Recognised in profit or loss	Balance at 31 December
2024:	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Unrealised foreign exchange losses	523	-	32,819	33,342
	523	**-**	**32,819**	**33,342**
2023:				
Unrealised foreign exchange losses	-	(1,141)	1,664	523
	-	**(1,141)**	**1,664**	**523**

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

26. Deferred Tax Assets/(Liabilities) (Continued)

	Group		Company	
	2024	2023	2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Deferred tax asset	12,211,941	11,913,221	33,342	523
Deferred tax liabilities	(658,429)	(476,359)	-	-
	11,553,512	**11,436,862**	**33,342**	**523**

27. Other Assets

Prepayments	1,331,913	1,065,900	500	2,318
Other receivables	5,775,740	6,283,398	-	-
	7,107,653	**7,349,298**	**500**	**2,318**

28. Deposits From Banks

Due within 90 days	35,046,478	39,493,436	-	-
Due after 90 days	-	5,653	-	-
	35,046,478	**39,499,089**	**-**	**-**

29. Deposits From Customers

Group	2024	2023
	Kshs'000	Kshs'000
Retail Customers		
Savings deposits	23,483,360	12,914,106
Current deposits	82,320,966	86,764,105
Term deposits	160,361,910	160,073,612
	266,166,236	**259,751,823**
Corporate Customers		
Current deposits	87,311,316	84,224,813
Term deposits	53,166,249	57,406,332
Margin deposits	5,535,676	15,291,467
	146,013,241	**156,922,612**
Total	**412,179,477**	**416,674,435**

30. Other Liabilities

	Group		Company	
	2024	2023	2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Bankers cheques payable	121,014	187,592	-	-
Accruals	3,422,624	2,797,449	38,045	51,010
Lease liabilities	2,720,753	2,585,140	-	-
Provisions for loan commitments*	451,440	313,034	-	-
Other accounts payable	3,275,183	2,226,349	120,459	97,734
Dividend payable	2,149,708	-	2,149,708	-
Derivative liabilities	921,494	-	-	-
	13,062,216	**8,109,564**	**2,308,212**	**148,744**

*This represents impairment allowance for loan commitments and financial guarantee contracts.

Our Governance
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30. Other Liabilities (Continued)

Lease liability

Group	2024	2023
	Kshs'000	Kshs'000
Expected to be settled within 12 months after the year end	877,830	1,023,015
Expected to be settled more than 12 months after the year end	1,842,923	1,562,125
	2,720,753	**2,585,140**

The total cash outflow for leases in the year was:

Group	2024	2023
	Kshs'000	Kshs'000
Payments of principal portion of the lease liability	1,206,179	869,926
Interest paid on lease liabilities	285,731	180,528
	1,491,910	**1,050,454**

Lease liability movement

Group	2024	2023
	Kshs'000	Kshs'000
Balance at 1 January	2,585,140	1,392,034
Additions	894,525	1,889,059
Interest expense	285,731	180,528
Lease payments	(1,491,910)	(1,050,454)
Disposal	(32,812)	(175,705)
Translation difference	480,079	349,678
Balance at 31 December	**2,720,753**	**2,585,140**

Amounts recognized in profit or loss

Group	2024	2023
	Kshs'000	Kshs'000
Interest on lease liabilities (Note 9)	285,731	180,528
Depreciation of right to use asset (Note 24)	708,376	542,773
	994,107	**723,301**

Extension options

Some leases of office premises contain extension options exercisable by the Group up to one term after the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. 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.

31. Long Term Debt

	Group 2024	2023	Company 2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Less than one year	393,811	494,996	-	-
One to five years	3,365,377	5,244,103	-	-
	3,759,188	**5,739,099**	**-**	**-**

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 individual agreed covenant.

Loan movement schedule

	Group 2024	2023	Company 2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
At 1 January	5,739,099	5,763,128	-	-
Payments on interest	(14,433)	(445,782)	-	-
Interest payable	121,645	331,796	-	-
Payments on principal	(873,579)	(1,076,978)	-	-
Exchange differences	(1,213,544)	1,166,935	-	-
At 31 December	**3,759,188**	**5,739,099**	**-**	**-**

Long term borrowings constituted the following:

(i) Tzs 3,250 million facility granted by Tanzania Mortgage Refinance Company Limited (TMRC) in two tranches. Tzs 1,800 million granted on 12 August 2022 for a tenure of 5 years and Tzs 1,450 million granted on 30 August 2022 for a tenure of 3 years. The interest on the facility repayable quarterly basis and the principal at maturity. The outstanding balance as at 31 December 2023 was Tzs 3.25 billion (2022: Tzs 3.25 billion). (Tanzania)

(ii) Long term loan from European Investment Bank of Frw 14.1 billion received in 2014, 2015, 2016 and 2019 at average rate of 9.22% with tenor period of less than 7 years for which repayment amounts are fixed in Rwandan Francs. The outstanding exposure is Frw 1.3 billion (2023: Frw 3.1 billion). They are unsecured loans. (Rwanda)

(iii) A senior unsecured debt from FMO of USD 25 million at 6.46% per annum with maturity up to July 10, 2027. (Rwanda)

(iv) During the year, BRD issued a new loan of Frw 11.5billion at average rate of 3.5% for access to finance for Recovery and resilience project. The loan is not secured. (Rwanda)

(v) Economic recovery fund from National Bank of Rwanda (Economic Recovery Fund facility) at maximum of 2% to establish the framework where I&M Bank (Rwanda) PLC will extend loans to business hardly affected by post-COVID-19 impact and economic distress. The entity has accounted the portion related to Government Grant in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance amounting to Frw 634 Million (2023: Frw 634 Million). The entity lends to its customers at average rate of 7%

32. Subordinated Debt

	Group		Company	
	2024	2023	2024	2023
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
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**	**-**	**-**

Subordinated debt movement schedule

	Group 2024	Group 2023	Company 2024	Company 2023
At 1 January	12,532,190	11,031,585	-	-
Payments of principal	-	(1,741,298)	-	-
Payments of interest	(665,785)	(624,532)	-	-
Interest payable	305,202	538,816	-	-
Exchange differences	(1,860,918)	3,327,619	-	-
At 31 December	**10,310,689**	**12,532,190**	**-**	**-**

Subordinated debt comprises:

In Kenya, USD 27,350,000 medium term unsecured subordinated fixed and floating rate notes issued on 14 August 2019 for a tenure of 5 years with redemption on maturity date.

USD 50,000,000 subordinated facility issued on 28 June 2021 by IFC for a tenor of 6 years 9 months with redemption in four consecutive approximately equal instalments starting 15 Sept 2026 and on each interest payment date thereafter until and including 15 Mar 2028.

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 and Company has not had any defaults of principal or interest with respect to these debts.

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 agreed loan covenants.

33. Share Capital And Reserves

(a) Share capital and share premium – Group and Company

	2024	2023
	Kshs'000	Kshs'000
Authorised, Issued and fully paid:		
1,653,621,476 ordinary shares of Kshs 1 each at 31 December	**1,653,621**	**1,653,621**

Movement of share capital and premium

	Number of shares	Share capital	Share premium	Total
	'000	Kshs'000	Kshs'000	Kshs'000
1 January 2023, 31 December 2023 and 2024	**1,653,621**	**1,653,621**	**17,561,629**	**19,215,250**

The ordinary shares rank equally with regard to the company residual assets and are entitled to receive dividends as declared from time to time and to one vote per share at general meetings of the Company. The par value per share is Kshs 1.00.

33. Share Capital And Reserves (Continued)

(b) Share premium

Share premium is the amount which the Company raises in excess of the par value/nominal value of the shares. This is disclosed in the statement of changes in equity.

(c) Revaluation reserve

The revaluation reserve arises on revaluation of buildings. When revalued property is disposed, the portion of the revaluation reserve that relates to that asset is transferred to retained earnings. This is disclosed in the statement of changes in equity.

(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.

(e) Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations. Details of the Group investments outside Kenya are disclosed in Note 1 of the financial statements. This is disclosed in the statement of changes in equity.

(f) Statutory credit risk statutory reserve

Where impairment losses required by legislation or regulations exceed those computed under International Financial Reporting Standards (IFRSs), 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.

(g) 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. The Group uses interest rate swaps to manage exposure to interest risk. This is disclosed in the statement of changes in equity.

(h) Defined benefit reserve

Bank One Limited (a joint venture for I&M Group PLC) operates a defined benefit scheme. The net obligation is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. The Group share of actuarial gains or losses arising from the calculation are recognised in other comprehensive income.

	2024	2023
	Kshs'000	Kshs'000
At 1 January	(184,268)	(124,065)
Movement during the year	(42,900)	(60,203)
At 31 December	**(227,168)**	**(184,268)**

(i) Dividends

After reporting date, the Directors proposed a final dividend of Kshs 1.70 per share amounting to Kshs 2,870,656,509 for the year ended 31 December 2024 (2023 – Kshs 2.55 per share amounting to Kshs 4,216,734,764).

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

34. Notes To The Statement Of Cash Flows

Analysis of cash and cash equivalents

		Group		Company	
		2024	2023	2024	2023
	Note	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Profit before income tax		20,776,357	16,680,326	4,780,631	7,269,660
Adjustments for:					
Depreciation on property and equipment	24	1,301,111	1,230,941	-	-
Depreciation on right of use asset	24	708,376	542,773	-	-
Amortisation of intangible asset	25(b)	1,047,178	1,098,527	-	-
Interest on lease liabilities	30	285,731	180,528	-	-
Net loss/(gain) on sale of property and equipment		53,514	(623)	-	-
Net interest income		(37,562,368)	(28,630,466)	-	-
Profit on sale of FVOCI		(168,788)	(885,164)	-	-
Effects of exchange rate changes on cash and cash equivalents		13,742,877	(2,793,165)	-	-
Profit from joint venture	23(a)	(896,971)	(1,203,644)	-	-
Exchange reserves		(7,090,854)	6,976,672	-	-
		(7,803,837)	**(6,803,295)**	**4,780,631**	**7,269,660**
(Increase)/decrease in operating assets					
Movement in loans and advances to customers		24,248,266	(72,740,697)	-	-
Financial assets at fair value through profit or loss (FVTPL)		2,134,333	14,460,620	-	-
Financial assets measured at fair value through other comprehensive income (FVOCI)		(7,219,611)	(9,210,418)	32,256	25,127
Financial assets at amortised cost		(34,600,632)	(10,631,715)	-	-
Assets held for sale		(199,813)	444,227	-	-
Loans and advances to banks		(2,261,673)	979,051	-	-
Cash and balances with Central Banks					
– Cash Reserve Ratio	17	1,729,429	(6,178,373)	-	-
Other assets		1,068,347	(2,004,855)	(565,532)	(258,965)
		(15,101,354)	**(84,882,160)**	**(533,276)**	**(233,838)**
Increase/(decrease) in operating liabilities					
Customer deposits		(4,494,958)	104,338,503	-	-
Deposits from banks		(4,452,611)	21,345,760	-	-
Other liabilities		3,060,646	1,032,412	9,760	57,296
Amounts due to group company		-	-	14,520	-
		(5,886,923)	**126,716,675**	**24,280**	**57,296**
Tax paid		(4,246,137)	(4,787,644)	(163,853)	(10,174)
Interest on lease liabilities		(285,731)	(180,528)	-	-
Interest received		68,105,524	50,458,574	-	-
Interest paid on deposits		(30,543,156)	(21,828,108)	-	-
Interest paid on long term and subordinate debt		(680,218)	(1,070,314)	-	-
Net cash flows generated from operating activities		**32,350,282**	**22,591,980**	**(163,853)**	**(10,174)**
Net cash flows generated from/(utilised in) operating activities		**3,558,168**	**57,623,200**	**4,107,782**	**7,082,944**

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34. Notes To The Statement Of Cash Flows (Continued)

Analysis of cash and cash equivalents

Group

	Note	2024 Kshs'000	2023 Kshs'000	Change Kshs'000
		a	b	c =(a – b)
Cash and balances with Central Banks – excluding Cash Reserve Ratio	17	12,957,856	19,040,962	(6,083,106)
Items in the process of collection	18	(2,615,331)	(369,047)	(2,246,284)
Loans and advances to banks	19	46,557,035	59,176,342	(12,619,307)
		56,899,560	**77,848,257**	**(20,948,697)**

Company

Cash and bank balances	37(b)	**755,366**	**3,264,319**	**(2,508,953)**

35. Off Balance Sheet Contingencies and Commitments - Group

(a) Legal proceedings

There were a number of legal proceedings outstanding against the Group as at 31 December 2024. No provisions have been made (2023 – Nil). Management view and professional advice indicates that it is unlikely that any significant loss will crystalize.

(b) Commitments and financial guarantee

In the ordinary course of business, banking entities in the Group conduct business involving guarantees, acceptances, and letters of credit. At the period end, the contingent liabilities were as follows:

Group	2024 Kshs'000	2023 Kshs'000
Contingencies related to:		
Letters of credit	66,445,854	74,273,179
Guarantees	28,722,230	34,829,831
Other credit commitments	30,358,111	27,727,931
	125,526,195	**136,830,941**
Commitments related to:		
Outstanding spot/forward contracts	65,923,982	51,227,618
	191,450,177	**188,058,559**

Nature of contingent liabilities

Guarantees are generally written by a bank to support performance by a customer to third parties. The Group will only be required to meet these obligations in the event of the customer's default.

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Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

35. Off Balance Sheet Contingencies And Commitments – Group (Continued)

(b) Commitments and financial guarantees (continued)

Nature of contingent liabilities (continued)

Letters of credit commit a 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 Group 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.

36. Assets Pledged As Security - Group

The below are government securities held under lien in favour of the Central Banks:

	2024	2023
	Kshs'000	Kshs'000
Group	**2,584,106**	**3,703,421**

37. Related Parties 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 are at market interest rates. There were no provisions held towards impairment of any of the advances to related parties. Related parties within the Group are disclosed under Note 1.

			2024	2023
			Kshs'000	Kshs'000
(a)	**Transactions with directors/shareholders**			
	(i)	Loans to directors/shareholders	**21,987**	**21,597**
		Interest income from loans to directors/shareholders	1,158	930
	(ii)	Deposits from directors/shareholders	**495,138**	**2,961,964**
		Interest expense on deposits from directors/shareholders	39,411	165,072
	(iii)	The Directors remuneration is disclosed in Note 14		

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

37. Related Parties Transactions (Continued)

			2024	2023
			Kshs'000	Kshs'000
(b)	**Transactions with related companies**			
	(i)	Loans to related companies	**1,283,165**	**2,701,672**
		Interest income from loans to related companies	368,305	430,730
	(ii)	Deposits from related companies	**174,776**	**987,588**
		Interest expense on deposits from related companies	15,847	24,210
	(iii)	Amounts due from subsidiaries and joint venture	**755,366**	**3,264,319**
		Interest income on amounts due from subsidiaries and joint venture	-	-
	(iv)	Amounts due to subsidiaries and joint venture	**14,520**	**-**
		Interest expense on amounts due from subsidiaries and joint venture	-	-
(c)	**Transactions with employees**			
	Staff loans		**3,327,665**	**3,749,776**
	Interest earned		173,665	31,619
(d)	**Management compensation (Short term benefits)**		**682,349**	**590,534**

38. Capital Commitments

	2024	2023
	Kshs'000	Kshs'000
Group	**1,550,427**	**5,968,322**

These are capital commitments on leasehold improvements and digitization initiatives being adopted by the Group.

39. Employee Share Ownership Plan

In 2016, I&M Bank (Rwanda) PLC offered 1% of the existing shares capital of its shares as ESOP shares subscribed to by the eligible employees. Each Beneficiary was entitled to purchase from the Trustee, not earlier than the first anniversary of the IPO Closing Date (the "Vesting Date"), and not later than the fifth anniversary of the IPO Closing date newly issued Share of the Bank payable in full at the time of the purchase at the price equal to the Offer Price per share.

The eligibility was that employees were to continue to serve as Employees of the Bank for a period of thirty six (36) months from the date of allotment, had permanent contracts and with minimum total service time of one year as at 31 December 2016.

The objectives of the ESOP are as follows:

- To enhance employee loyalty and retention.
- To have employee participation in the shareholding of the Bank thereby promoting their economic interest in its success.
- To enhance employee motivation and productivity.

39. Employee Share Ownership Plan (Continued)

As at 31 December 2024 outstanding shares for staff who had exited the bank prior to the completion of vesting period was Frw'000 – 149,961 (Kshs'000 – 18,700) (2023 – Frw'000 – 149,961 (Kshs'000 – 18,700)). The amounts will be cleared through rights or bonus issue to existing staff. No amount will be written off hence no profit or loss impact.

40. 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	Company	Group	Company
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
ASSETS				
Cash and balances with central banks	33,462,962	-	-	-
Items in the course of collection	675,775	-	-	-
Financial assets at fair value through profit or loss (FVTPL)	1,230,765	-	(132,310)	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	22,673,600	-	49,089,334	910,411
Financial assets at amortised cost	53,416,576	-	35,534,092	-
Loans and advances to banks	49,336,747	847,184	(517,392)	-
Loans and advances to customers	120,721,239	-	166,361,335	-
Assets held for sale	507,314	-	-	-
Due from group companies	-	755,366	-	-
Tax recoverable	189,106	10,021	-	-
Other assets	7,746,870	500	(639,217)	-
Investment in Joint Venture	-	-	6,514,568	2,515,591
Investment in subsidiaries	-	-	-	34,698,390
Property and equipment	-	-	15,999,921	-
Intangible assets - Goodwill	-	-	3,948,134	-
Intangible assets - Software	-	-	2,948,940	-
Deferred tax assets	-	-	12,211,941	33,342
Total assets	**289,960,954**	**1,613,071**	**291,319,346**	**38,157,734**
LIABILITIES				
Deposit from banks	32,151,916	-	2,894,562	-
Deposits from customers	385,758,979	-	26,420,498	-
Items in course of collection	3,291,106	-	-	-
Tax payable	1,325,662	-	-	-
Due to group companies	-	14,520	-	-
Other liabilities	13,062,216	2,308,212	-	-
Deferred tax liabilities	-	-	658,429	-
Long term debt	255,007	-	3,504,181	-
Subordinated debt	3,917,170	-	6,393,519	-
Total liabilities	**439,762,056**	**2,322,732**	**39,871,189**	**-**
Net	**(149,801,102)**	**(709,661)**	**251,448,157**	**38,157,734**

Notes to the Consolidated and Separate Financial Statements (continued)

For The Year Ended 31 December 2024

40.Current/Non Current Distiction (Continued)

	2023			
	Within 12 months		After 12 months	
	Group	Company	Group	Company
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
ASSETS				
Cash and balances with central banks	41,275,497	-	-	-
Items in the course of collection	399,994	-	-	-
Financial assets at fair value through profit or loss (FVTPL)	2,779,798	-	-	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	13,072,267	-	47,214,878	876,832
Financial assets at amortised cost	16,519,615	-	37,830,421	-
Loans and advances to banks	59,176,989	312,326	-	-
Loans and advances to customers	130,393,488	-	180,937,352	-
Assets held for sale	307,501	-	-	-
Due from group companies	-	3,264,319	-	-
Tax recoverable	690,697	-	-	-
Other assets	7,349,298	2,318	-	-
Investment in Joint Venture	-	-	7,878,467	2,515,591
Investment in subsidiaries	-	-	-	32,298,390
Property and equipment	-	-	14,487,824	-
Intangible assets - Goodwill	-	-	4,315,881	-
Intangible assets - Software	-	-	3,176,250	-
Deferred tax assets	-	-	11,913,221	523
Total assets	**271,965,144**	**3,578,963**	**307,754,294**	**35,691,336**
Liabilities				
Deposit from banks	35,274,214	-	4,224,875	-
Deposits from customers	387,711,133	-	28,963,302	-
Items in course of collection	769,041	-	-	-
Tax payable	219,406	71,095	-	-
Due to group companies	-	-	-	-
Other liabilities	8,109,564	148,744	-	-
Deferred tax liabilities	-	-	476,359	-
Long term debt	291,211	-	5,447,888	-
Subordinated debt	406,924	-	12,125,266	-
Total liabilities	**432,781,493**	**219,839**	**51,237,690**	**-**
Net	**(160,816,349)**	**3,359,124**	**256,516,604**	**35,691,336**

41. 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.

41. Hedge Accounting (Continued)

Cash flow hedge of interest rate risk and foreign currency debt securities issued (continued)

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.

	Maturity 2024			
	Less than 1 year	1-5 year	More than 5 years	Total
	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%		

41. 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 were as follows:

	2024						
	Nominal Amount	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	Amount reclassified from hedge reserve to Statement of income
	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)	-	-

The amounts relating to items designated as hedged items at 31 December 2024 were as follows:

	2024			
	Carrying amount of hedged items	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 (Kshs '000)
Interest rate risk				
USD Floating Rate	6,467,500	Subordinated debt	-	(119,147)

42. Events After Reporting Date

During the Extraordinary General Meeting (EGM) held in December 2024, the shareholders approved a resolution to increase the nominal share capital of the Company by allotment of up to 86,500,000 new ordinary shares with a par value of Kshs 1.00 each to East Africa Growth Holdings (EAGH). On 20 January 2025, the nominal capital was increased by 35 million shares that were allotted in consideration for Kshs 1,694,700,000 received from EAGH. The new shares will rank pari passu in all respects with the existing ordinary shares of the Company including participating on the final dividend if approved by the shareholders.

This event is considered a non-adjusting subsequent event in accordance with IAS 10, as it occurred after the reporting period and the new shares were not outstanding as at end of 31 December 2024.

43. Contingent Liabilities

There were no contingent liabilities against the Group as at the date of issue of this report.

44. 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's of the various subsidiaries through their Board Risk Committee or equivalent, issues policies that guide management on appropriate practices of operational risk mitigation.

An independent Risk Manager assures the Board Risk Committee or equivalent 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 Group 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 or equivalent committees of the respective subsidiaries and recommendations made implemented in line with the agreed timeframe.

44. Other Disclosures (Continued)

(b) 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.

(c) 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 Group 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 i.e. International Finance Corporation (IFC) performance standards and International Labour Organisation (ILO) standards, as ratified by the Kenya government and Governments of the various jurisdictions in which the Group operates. 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 Group's critical accounting policies and estimates and the application of these policies and estimates.

(d) 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.

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.

44. Other Disclosures (Continued)

(e) 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.

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.

44. Other Disclosures (Continued)

(e) Environmental, Social and Governance (ESG) Principles (continued)

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.

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.

Date: 28th April 2025

Notice of the Annual General Meeting

Notice is hereby given that the Seventy Third Annual General Meeting of the Shareholders of I&M Group PLC (the 'Company') will be held via electronic communication on **Thursday 22nd May 2025 at 10.00 a.m.** for purposes of transacting the business set out below.

The Company will conduct this virtual Annual General Meeting in accordance with Article 56 of its Articles of Association. Shareholders will be able to register for, access information pertaining to the Integrated Report and Audited Financial Statements of I&M Group PLC for the year ended 31st December 2024, follow the meeting in the manner detailed below and vote electronically or by proxy. Shareholders may ask questions in advance of the meeting as detailed below.

A. Ordinary Business

1. To receive the Group's Audited Financial Statements for the year ended 31st December 2024 together with the Chairman's, Directors' and Auditors' reports thereon.
2. To receive the report of the Directors and the audited financial statements for the year ended 31st December 2024.
3. To approve the Directors' remuneration as provided in the accounts for the year ended 31st December 2024.
4. To approve payment of a final dividend of Kshs. 1.70 per share amounting to Kshs. 2,870,656,509 for the year ended 31st December 2024. The dividend will be payable to the shareholders appearing/listed in the Company's Register of Members at the close of business on Wednesday, 16th April 2025 and will be paid on or around Thursday, 22nd May 2025.
5. To re-elect directors:
   - i. In accordance with Section 2.5 of the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, and Article No. 27.2 of the Company's Articles of Association, Mr. S. B. R. Shah having attained the age of 70 years and being due to retire by rotation respectively retires and being eligible offers himself for re-election.
   - ii. In accordance with Section 2.5 of the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, and Article No. 27.2 of the Company's Articles of Association, Mr. Oliver Merrick Fowler having attained the age of 70 years retires and being eligible offers himself for re-election.
   - iii. In accordance with Article No. 28.1 of the Company's Articles of Association Ms Rose Wanjiru Kinuthia, retires by rotation and being eligible offers herself for re-election.
   - iv. In accordance with Article No. 27.3 of the Company's Articles of Association Ms. Brenda Wangari Mugo, retires by rotation and being eligible offers herself for re-election.

6. Pursuant to the provisions of Section 769 of the Companies Act, 2015, the following Directors being members of the Board Audit and Risk Management Committee, be elected to continue to serve as Members of this Committee:

    i) Ms. Rose Wanjiru Kinuthia

    ii) Ms. Risper Ohaga

    iii) Mr. Naval Sood

7. To note that the auditors Messrs. KPMG Kenya Certified Public Accountants (K), will retire in accordance with Section 6.1.4 of the Capital Markets Code of Corporate Governance for Issuers of Securities to the Public 2015 and to approve the appointment of Messrs. PricewaterhouseCoopers LLP Kenya as external auditors of the Company pursuant to Section 721(2) of the Companies Act 2015 and to authorize the Directors to fix their remuneration for the ensuing financial year.

B. Special Business

8. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution;

    In accordance with the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023, Thirteenth Schedule on Continuing Obligations Section 8.21 the following Company policies be and are hereby approved for implementation:

    (i) Board Directors' Remuneration Policy

    (ii) Stakeholder Engagement Policy

    (iii) Communication & Disclosure Policy

    (iv) Dispute Resolution Policy

    (v) Board Succession Policy

9. To transact any other business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Mwangi

Bilha Wanjiru Mwangi

Company Secretary,

P.O. Box 51922-00100,

Nairobi

28th April 2025.

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Notes

1. I&M Group PLC has convened and is conducting the 2025 virtual Annual General Meeting in accordance with Article 56 of its Articles of Association.
2. Shareholders wishing to participate in the meeting should register for the AGM by dialing ***483*902#** for all Kenyan telephone networks and following the various registration prompts. In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance, shareholders should dial the following helpline number: (+254) 709 170 000/60 from 9:00 am to 5:00pm East African time from Monday to Friday. Any shareholder outside Kenya should send their details to IMGroupAgm@image.co.ke
3. Registration for the AGM will open on 30th April 2025 at 8.00 a.m. and shall remain open to any Shareholder wishing to participate in the meeting.
4. In accordance with Section 283 (2) (c) and Section 679(1) of the Companies Act, the following documents may be viewed on the Company's website at https://www.imbank.com/about-us/i-and-m-holdings/investor-relations and can also be accessed on the livestream link.
    i. a copy of this Notice and the proxy form; and
    ii. the Company's Integrated Report and Audited Financial Statements for the year 2024
    iii. Board Directors' Remuneration Policy
    iv. Stakeholder Engagement Policy
    v. Communication & Disclosure Policy
    vi. Dispute Resolution Policy
    vii. Board Succession Policy
5. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
    a. sending their written questions by email to invest@imbank.co.ke; or IMGroupAgm@image.co.ke
    b. to the extent possible, physically delivering their written questions with a return physical address or email address to the registered office of the Company at 1 Park Avenue, First Parklands Avenue, P.O. Box 30238-00100, Nairobi or to Image Registrars Ltd, 5th, Floor, Absa Towers, Loita Street P. O. Box 9287-00100 Nairobi; or
    c. sending their written questions with a return physical address or email address by registered post to the Company's address at P.O. Box 30238 -00100 Nairobi.
    d. Shareholders must provide their full details (full names, ID/Passport Number/CDSC or Share Account Number) when submitting their questions and clarifications.
    e. All questions and clarification must reach the Company on or before 21st May 2024 at 5:00pm.
    f. Following receipt of the questions and clarifications, the directors of the Company shall provide written responses to the questions received to the return physical address or email address provided by the Shareholder no later than 24 hours before the start of the general meeting. A full list of all questions received and the answers thereto will be published on the Company's website not later than 24 hours before the start of the general meeting.

6. In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone.

   A proxy form is available on the Company's website via this link: https://www.imbank.com/about-us/i-and-m-holdings/investor-relations. Physical copies of the proxy form are also available at the following address: Image Registrars Ltd, 5th Floor, Absa Towers, Loita Street P. O. Box 9287-00100 Nairobi.

   A proxy must be signed by the appointor or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to or delivered to Image Registrars Ltd, 5th Floor, Absa Towers, Loita Street P. O. Box 9287-00100 Nairobi, so as to be received not later than 20th May 2025 at 5.00 p.m. Any shareholder appointing a proxy must provide the phone number, Identity Card Number and e-mail address of the proxy on the proxy form. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 20th May 2025 to allow time to address any issues.

7. All proxies should register using either the web portal or USSD. When registering, the proxy will be required to use their identity card/Passport Number. For further assistance, Proxies may call Image Registrars Ltd +254 709 170 000/60.

8. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies shall be able to join the meeting either by logging into the system using their registration credentials or following proceedings on the link to be shared.

9. Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform. Duly registered shareholders and proxies may vote (when prompted by the Chairman) for resolutions on a panel provided next to the live stream screen or via the USSD prompts.

10. Results of the AGM shall be published within 24 hours following conclusion of the AGM. The results will also be available on the web portal and summarized results on the USSD menu.

CDSC A/c No: ....

Shareholder No: ....

ID No: ....

The Company Secretary

P.o Box 51922 -00100

Nairobi

Proxy Form

I/We..

of ....

Being a shareholder of I&M Group PLC hereby appoint the Chairman of the Meeting or (see note 7) ....

.... (Name of proxy) of …………………………………………….

(Mobile number of proxy) and ……………………………………………… (email address of the proxy) in respect

of my .... (Number of shares). Please indicate here if you are appointing more than one

proxy .... as my/our proxy to attend, represent and vote for me/us on my/our behalf at the Annual

General Meeting of the Company to be held electronically on ……………………., 2025 at ……… am and at any adjournment thereof.

Signed this.. day of ...., 2025

Signature(s) (i) .... (ii) ....

I/We direct my/our proxy to vote on the following resolutions as I/We have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or withhold his or her vote at his or her discretion and I/We authorize my/our proxy to vote (or withhold his or her vote) as he or she thinks fit in relation to any other matter which is properly put before the Meeting.

Please clearly mark the box below to instruct your proxy how to vote.

Resolution	For	Against	Withheld
1. Approval of the Group's audited financial statements for the year ended 31st December 2024 together with the Chairman's, Directors' and Auditors' reports thereon.			
2. Approval of the Directors' remuneration as provided in the accounts for the year ended 31st December, 2024.			
3. Re-election of Mr. S. B. R. Shah.			
4. Re-election of Mr. Oliver Merrick Fowler.			
5. Re-election of Ms. Rose Wanjiru Kinuthia.			
6. Re-election of Ms. Brenda Wangari Mugo.			
7. Pursuant to the provisions of Section 769 of the Companies Act, 2015, the following Directors being members of the Board Audit and Risk Management Committee, be elected to continue to serve as Members of this Committee: i) Ms. Rose Wanjiru Kinuthia ii) Ms. Risper Ohaga iii) Mr. Naval Sood			
8. Appointment of Auditors: Approve the appointment of Messrs. PricewaterhouseCoopers LLP Kenya as external auditors of the Company pursuant to Section 721(2) of the Companies Act 2015 and to authorize the Directors to fix their remuneration for the ensuing financial year.			
9. Approval of Company policies: Approve the following company policies for implementation: a) Board Directors' Remuneration Policy b) Stakeholder Engagement Policy c) Communication & Disclosure Policy d) Dispute Resolution Policy e) Board Succession Policy			