Guaranty Trust Bank (Kenya) Ltd

GUARANTY TRUST BANK (KENYA) LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

Table of contents

DIRECTORS

The directors who held office during the year and to the date of this report were:

Mr. Dhanji Hansraj Chandaria*	(British)	Chairman and Non-Executive Director
Ms. Elizabeth Kyengo**		Independent Non-Executive Director
Ms. Ann Njogu***		Independent Non-Executive Director
Mr. Hanish Chandaria	(British)	Non-Executive Director
Mr. Neil Salustiano Ribeiro****		Non-Executive Director
Mr. Jubril Adeniji	(Nigerian)	Chief Executive Officer

KEY MANAGEMENT

Mr. Jubril Adeniji	(Nigerian)	Chief Executive Officer
Ms. Angela Koech		Chief Finance Officer
Ms. Jemimah Gichure		Head, Systems and Control
Ms. Caroline Tegek		Head, Treasury
Mr. Teddy Donat		Head, Credit Risk Management
Ms. Milkah Wamae		Head, Human Resources
Mr. Kevin Kimani		Head, Information Systems Security
Ms. Irene Irungu		Head, Risk & Compliance
Mr. Robert Rutahoile		Head, Information Technology

BOARD CREDIT COMMITTEE

Ms. Ann Njogu	Chairperson
Mr. Hanish Chandaria	Member
Ms. Elizabeth Kyengo	Member
Mr. Jubril Adeniji	Member

BOARD AUDIT COMMITTEE

Ms. Elizabeth Kyengo	Chairperson
Ms. Ann Njogu	Member
Mr. Hanish Chandaria	Member

BOARD RISK MANAGEMENT COMMITTEE

Ms. Elizabeth Kyengo	Chairperson
Ms. Ann Njogu	Member
Mr. Hanish Chandaria	Member

BOARD HUMAN RESOURCE COMMITTEE

Ms. Ann Njogu	Chairperson
Mr. Hanish Chandaria	Member
Ms. Elizabeth Kyengo	Member

* Mr. Dhanji Hansraj Chandaria resigned as the Chairman and Non-Executive Director on November 20, 2024.

** Ms. Elizabeth Kyengo was appointed as an Independent Non-Executive Director effective March 05, 2024.

*** Ms. Ann Njogu was appointed as an Independent Non-Executive Director effective March 13, 2024.

**** Mr. Neil Salustiano Ribeiro was appointed as a Non-Executive Director effective March 7, 2025.

REGISTERED OFFICE	Sky Park Towers Plot 1870/IX/167 Woodvale Close - Westlands P.O. Box 20613 Nairobi - 00200
AUDITOR	Ernst & Young LLP Kenya Re-Towers Upperhill, Off Ragati Road P.O. Box 44286 - GPO 00100 Nairobi, Kenya
PRINCIPAL LEGAL ADVISORS	Iseme Kamau & Maema Advocates IKM Place, 5th Floor 5th Ngong Avenue P.O. Box 11866 Nairobi - 00400
CORRESPONDENT BANKS	US Dollar (USD) Standard Chartered Bank, New York Guaranty Trust Bank (UK) Limited, London Euro (EUR) Standard Chartered Bank, Frankfurt Guaranty Trust Bank (UK) Limited, London Indian Rupee (INR) Standard Chartered Bank, India South African Rand (ZAR) Standard Bank of SA Limited, Johannesburg British Pound (GBP) Standard Chartered Bank, London Guaranty Trust Bank (UK) Limited, London Japanese Yen (JPY) Standard Chartered Bank, Tokyo Chinese Yuan (CNY) Standard Chartered Bank, China

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Guaranty Trust Bank is committed to adhering to the highest standards of good corporate governance at all levels of its operations. This commitment is rooted in our core values and beliefs.

We have put in place elaborate governance processes which comply with industry best practice.

Board charter and work plan

The Board's responsibilities are set out in the Board Charter. The Board Charter contains provisions which ensure that the Board observes best practice in corporate governance and contains among other things policies on: the size, role and functions of the Board, appointments and induction of directors, board performance evaluation, and remuneration of directors.

The work plan has a formal schedule of matters specifically reserved for the Board's attention to ensure it exercises full control over all significant matters. It sets out the schedule of meetings of the Board and its committees and the main business to be dealt with at those meetings. Additional meetings are scheduled as and when necessary.

Board composition and appointments

The Board currently consists of:

- Non-Executive Directors 4
- Executive Director 1

The Non-Executive Directors are drawn from a wide range of business and other backgrounds. This diversity is considered by the members as one of the strengths of the Board.

The Board evaluates the performance of the management in order to be satisfied as to the integrity and strength of financial information, controls and risk management. Through the Board Human Resource Nomination and Compensation Committee, they have a prime role in appointing, removal and succession planning of senior management and are responsible for determining appropriate levels of remuneration for the executive directors and senior management.

All directors receive regular and timely information about the Bank prior to Board meetings.

Board meetings

The full Board meets at least four times a year. The Board deals with all significant matters including strategic direction for the Bank and Group; ensuring competent management of the business; internal control; compliance with laws and regulations and reporting performance to shareholders.

Attendance at meetings

The attendance of members of the board at meetings of the Board of Directors, Audit, Risk, Human Resources, Credit and Adhoc committees as at 31 December 2024 is detailed below:

	Board	Audit	Risk	Credit	HR	Adhoc
Number of meetings during the year	4	4	4	4	4	6
Mr. Dhanji Hansraj Chandaria	50%	-	-	-	-	-
Ms. Elizabeth Kyengo	100%	100%	100%	100%	100%	100%
Mr. Hanish Chandaria	100%	100%	100%	100%	100%	100%
Mr. Ann Njogu	100%	100%	100%	100%	100%	100%
Mr. Jubril Adeniji	100%	100%	100%	100%	100%	100%
Average Attendance	90%	100%	100%	100%	100%	100%

The directors are given appropriate and timely information on key activities of the business in order to carry out their roles. Specifically, the directors are provided with supporting papers and relevant information for each meeting and are expected to attend, unless there are exceptional circumstances that prevent them from doing so. They may also seek independent professional advice, at the Bank's expense, concerning the affairs of the Bank and Group in consultation with the Chairman and the Chief Executive Officer.

Board meetings (Continued)

The Board annually conducts self and peer performance evaluation. The results are used to improve the Board's performance.

Separation of roles and responsibilities

The roles of the Chairman and Chief Executive Officer are separate. The Chairman's main responsibility is to lead and manage the work of the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Board has delegated the responsibility for the day-to-day management of the Bank to the Chief Executive Officer, who is responsible for recommending strategy to the Board, and for making and implementing operational decisions.

The Board has a collective responsibility for the success of the Bank and Group. However, the Executive Directors have direct responsibility for business operations, whereas Non-Executive Directors are responsible for bringing independent judgment and scrutiny to decisions taken by the Management, providing objective challenge to the management.

Committees of the Board

In order for the Board to carry out its functions and to ensure independent oversight of internal control and risk management, certain aspects of its role are delegated to Board Committees, whose members are Executive and Non-Executive Directors. The specific matters for which delegated authority have been given are set out in each Board Committee's terms of reference, which are reviewed annually.

The Board had delegated authority to five principal Board Committees:

Board Audit Committee
Board Credit Committee
Board Risk Committee
Board Human Resources Committee
Board Adhoc committee

These committees with the exception of the Adhoc committee, meet at least on a quarterly basis or whenever there are urgent matters to attend to.

In addition, the Executive Committee, comprising the Chief Executive Officer and the Senior Management meet on a monthly basis. The Executive committee's main function is to implement and monitor the Bank's strategy, operational plans and financial performance. It is also responsible for the assessment and control of risk.

Internal control and risk management

Internal control

The directors are responsible for reviewing the effectiveness of the Bank's system of internal control, including internal financial control. This is designed to provide reasonable, but not absolute, assurance regarding (a) the safeguarding of assets against unauthorized use or disposition and (b) the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Internal control framework

Effective Corporate Governance remains key to the business. The Bank continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. The effectiveness of the framework has been under regular review by the senior management.

Risk management

The Bank has a structure and process to help identify, assess and manage risks. This process has been in place throughout the year.

The directors submit their report together with the audited financial statements of Guaranty Trust Bank (Kenya) Limited (the "Bank") and its subsidiaries (together, the "Group") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Bank and the Group is provision of retail and business banking services.

BUSINESS REVIEW

In the year 2024, the Group Net Interest Income decreased by 8.5% to close at Shs 4.45 billion despite Group Interest Income increased growth of 9.7%. This was attributed to higher interest expense costs in the year due to the general rally in interest rates on deposits following the macroeconomic climate. The group profitability declined on account of lower net interest income, lower non funded income, increased impairment costs and lower write off recoveries. The group however recorded lower operating expenses on account of exchange rate stability in the year in comparison to 2023 financial year.

The total assets of the Group stood at Shs 53.90 billion, a 11.8% decrease from Shs 61.12 billion in December 2023. The loan book reduced by 48.9% to close as at Shs 7.34 billion, primarily driven by loan takeovers and scheduled repayments in GTBank Kenya. Customer deposits reduced by 22.1% to close at Shs 35.40 billion against Shs 45.40 billion in 2023. This balance sheet position was impacted by the significant appreciation of the Kenya shilling in 2024 as against depreciation of the subsidiary currencies leading to revaluation losses on consolidation coupled with a reduction in overall deposit position in Uganda following the license change to Tier 2.

During the year, the group recorded profit before tax of Shs 1.659 billion, which is a 32.9% decrease from the profit before tax of Shs 2.474 billion that was recorded in 2023. This reduction is primarily attributable to Credit impairment costs which increased by 100.6% year on year to close at Shs 1.072 billion in 2024 against Shs 0.535 billion in 2023.

The Group continues to build on its digital capabilities to include a rich variety of channels and services, while ensuring that our customers enjoy the same superior experience across our channels and platforms. This will improve the customer experience across all our touch points and will result in a positive growth trajectory. The key financial ratios are as below;

	Group	**Group**	**Bank**	**Bank**
Performance ratios	**2024**	**2023**	**2024**	**2023**
Return on Asset	1.79%	4.40%	1.17%	4.40%
Return on Equity	7.76%	19.60%	3.44%	13.40%
Cost to income ratio (including impairment)	77%	66%	85%	61%

The net profit for the year of Shs 1.029 billion (2023: Shs 1.75 billion) has been added to retained earnings.

DIRECTORS

The directors who held office during the year and to the date of this report are presented on page 1.

DIVIDENDS

The directors did not recommend the approval of dividend in respect of the year ended 31 December 2024. (2023: Nil).

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

(a) there is, so far as the directors are aware, no relevant audit information of which the Company's auditor is unaware; and

(b) the directors have taken all the steps that the directors ought to have taken as directors so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR

Ernst & Young LLP were appointed in 2024 in accordance with the Company's Articles of Association and Section 719 of the Kenya Companies Act, 2015 and based on approval by the Central Bank of Kenya. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

By order of the board

Director

18 March **2025**

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

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act 2015. They also accept responsibility for:

i. Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
ii. Selecting suitable accounting policies and then applying them consistently; and
iii. Making judgements and accounting estimates that are reasonable in the circumstances

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

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

Approved by the board of directors on 18 March 2025 and signed on its behalf by:

Mr. Jubril Adeniji
Managing Director

Ms. Elizabeth Kyengo
Independent Non-Executive Director

Shape the future
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LLP/2015/52

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GUARANTY TRUST BANK (KENYA) LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Guaranty Trust Bank (Kenya) Limited (the "Bank") and its subsidiaries (together with the Bank, the "Group") set out on pages 14 to 116 which comprise the consolidated and separate statements of financial position at 31 December 2024, the consolidated and separate statements of profit or loss and consolidated and separate statements of other comprehensive income, the consolidated and separate statements of changes in equity, and the consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Bank 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 IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) and other independence requirements applicable to performing audits of the financial statements of the Group and Bank and in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the financial statements of the Group and Bank and in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated and separate financial statements of Guaranty Trust Bank (Kenya) Limited for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 29 March 2024.

Other Information

The directors are responsible for the other information. The other information comprises of the Directors' Report, as required by the Kenyan Companies Act, 2015, Company Information, Statement of Corporate Governance, and the Statement of Directors' Responsibilities. Other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information 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.

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REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Bank 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Bank 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 consolidated and separate financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

REPORT ON OTHER MATTERS PRESCRIBED BY THE KENYAN COMPANIES ACT, 2015

In our opinion the information given in the report of the directors on pages 8 and 9 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Denis Mugisha, Practicing Certificate Number 2773.

For and on behalf of Ernst & Young LLP
Certified Public Accountants
Nairobi, Kenya

28 March 2025

Consolidated Statement of profit or loss and other comprehensive income

	Note	2024 Shs'000	Restated 2023 Shs'000
Interest revenue calculated using the effective interest method	5	5,963,730	5,436,369
Interest expense calculated using the effective interest method	6	(1,510,442)	(1,330,919)
		4,453,288	**4,105,450**
Impairment losses	10	(1,072,486)	(534,682)
Fees and commission income	7(a)	491,993	601,999
Fees and commission expense	7(b)	(239,618)	(244,897)
Net fees and commission income		**252,375**	**357,102**
Other operating income	8(a)	137,193	467,333
Foreign exchange income	8(b)	608,540	829,736
Operating expenses	9	(2,719,040)	(2,750,732)
Profit before income tax		**1,659,870**	**2,474,207**
Income tax expense	11	(630,475)	(727,702)
Profit for the year		**1,029,395**	**1,746,505**
Other Comprehensive Income:			
Items that may be subsequently reclassified to profit or loss, net of tax			
Fair value changes on financial assets held at fair value through other comprehensive income	28	(5,172)	1,422
Currency translation differences	28	(2,333,162)	1,250,477
Other comprehensive loss, net of tax		(2,338,334)	1,251,899
Total comprehensive income for the year		**(1,308,939)**	**2,998,404**
Profit attributable to:			
Equity holders of the Bank		1,001,732	1,692,408
Non-controlling interest		27,663	54,097
		1,029,395	**1,746,505**
Total comprehensive income attributable to:			
Equity holders of the Bank		(1,336,602)	2,944,307
Non-controlling interest		27,663	54,097
Total comprehensive income for the year		**(1,308,939)**	**2,998,404**

Separate Statement of profit or loss and other comprehensive income

	Note	2024 Shs'000	2023 Shs'000
Interest revenue calculated using the effective interest method	5	3,558,384	2,849,574
Interest expense calculated using the effective interest method	6	(1,184,110)	(948,578)
Net interest income		**2,374,274**	**1,900,996**
Impairment losses	10	(973,237)	(211,825)
Fees and commission income	7(a)	115,569	135,974
Fees and commission expense	7(b)	(96,290)	(75,951)
Net fees and commission income		**19,279**	**60,023**
Other operating income	8(a)	56,877	295,425
Foreign exchange income	8(b)	225,650	333,827
Operating expenses	9	(1,121,953)	(981,067)
Profit before income tax		**580,890**	**1,397,379**
Income tax expense	11	(204,335)	(334,547)
Profit for the year		**376,555**	**1,062,832**
Other Comprehensive Income:			
Items that may be subsequently reclassified to profit or loss, net of tax			
Fair value changes on financial assets held at fair value through other comprehensive income	28	(5,172)	1,422
Other comprehensive loss, net of tax		(5,172)	1,422
Total comprehensive income for the year		**371,383**	**1,064,254**

Consolidated Statement of financial position

	Notes	2024 Shs'000	Restated 2023 Shs'000	Restated 2022 Shs'000
Assets				
Cash and balances with the Central Bank of Kenya	12	4,581,045	7,858,080	5,726,020
Due from banks	14	5,952,287	6,321,116	5,767,366
Financial assets held at amortized cost	13	10,509,206	14,917,599	10,411,043
Financial assets held at FVTOCI	13	15,333,433	11,344,845	8,459,006
Due from group companies	31	7,175,075	3,485,281	1,255,405
Loans and advances to customers	15	7,341,349	14,371,036	20,322,903
Corporate tax recoverable	11	81,282	280,501	-
Other assets	21	692,450	750,817	700,358
Property and equipment	17	1,050,785	603,149	519,112
Right-of-use asset	19	455,156	711,964	483,984
Intangible assets	18	256,194	97,974	151,800
Deferred income tax	20	471,702	377,286	246,932
Total assets		**53,899,964**	**61,119,648**	**54,043,929**
Liabilities				
Deposits and balances due to other banks	23	1,478	17,345	-
Deposits from customers	22	35,395,188	45,433,700	41,388,195
Due to group companies	31	4,776,884	74	106
Corporate tax payable	11	-	106,982	131,633
Other liabilities	25	547,379	751,668	533,628
Borrowing	32	18,995	71,734	80,741
Lease liabilities	24	545,170	814,336	532,250
Total liabilities		**41,285,094**	**47,195,839**	**42,666,553**
Capital and reserves				
Share capital	26	1,280,934	1,280,934	1,280,934
Share premium	26	4,225,323	4,225,323	4,225,323
Statutory reserve	27	161,352	1,098,655	609,230
Other reserves	28	(996,935)	1,341,399	124,242
Retained earnings		7,750,711	5,173,977	4,573,951
Proposed dividend	34	-	637,699	451,971
		12,421,385	**13,757,987**	**11,265,651**
Non-controlling interest		193,485	165,822	111,725
Total equity		**12,614,870**	**13,923,809**	**11,377,376**
Total equity and liabilities		**53,899,964**	**61,119,648**	**54,043,929**

The financial statements on pages 14 to 116 were approved for issue by the Board of Directors on ...18 March...2025 and signed on its behalf by:

Jubril Adeniji
Director

Elizabeth Kyengo
Director

Ann Njogu
Director

Separate Statement of financial position

	Notes	2024 Shs'000	2023 Shs'000
Assets			
Cash and balances with the central bank of Kenya	12	1,070,695	1,264,575
Deposits and balances due from other banks	14	2,074,397	664,418
Financial assets held at amortized cost	13	1,670,432	2,791,000
Financial assets held at FVTOCI	13	15,333,432	11,344,845
Due from group companies	31	6,110,502	2,923,329
Loans and advances to customers	15	2,797,000	6,538,537
Investment in subsidiary	16	3,375,990	3,375,990
Corporate tax recoverable	11	81,282	280,501
Other assets	21	359,484	306,214
Right-of-use asset	19	227,250	313,788
Property and equipment	17	565,660	123,703
Intangible assets	18	6,538	20,654
Deferred income tax	20	395,621	179,724
Total assets		**34,068,283**	**30,127,278**
Liabilities			
Deposits due to other banks	23	1,478	17,345
Deposits from customers	22	17,711,399	18,723,872
Due to group companies	31	4,777,980	1,300
Other liabilities	25	154,555	257,158
Lease liabilities	24	285,063	361,178
Total liabilities		**22,930,475**	**19,360,853**
Capital and reserves			
Share capital	26	1,280,934	1,280,934
Share premium	26	4,225,323	4,225,323
Statutory reserve	27	56,245	728,535
Other reserves	28	-	5,172
Retained earnings		5,575,306	3,888,762
Proposed dividend	34	-	637,699
Total equity		**11,137,808**	**10,766,425**
Total equity and liabilities		**34,068,283**	**30,127,278**

The financial statements on pages 14 to 116 were approved for issue by the Board of Directors on 18 March 2025 and signed on its behalf by:

Jubril Adeniji
Director

Elizabeth Kyengo
Director

Ann Njogu
Director

Consolidated Statement of changes in equity

	Notes	Share capital Shs'000	Share premium Shs'000	Retained earnings Shs'000	Statutory reserve Shs'000	Proposed dividends Shs'000	Other reserves Shs'000	Total Shs'000	Non-Controlling interest Shs'000	Total Equity Shs'000
Year ended 31 December 2022										
At start of year		1,280,934	4,225,323	4,223,287	477,111	338,692	(157,121)	10,388,226	100,720	10,488,946
Prior year adjustment		-	-	(313,780)	-	-	-	(313,780)	-	(313,780)
As at 01 January - Restated		1,280,934	4,225,323	3,909,507	477,111	338,692	(157,121)	10,074,446	100,720	10,175,166
Other Comprehensive income										
Dividends paid		-	-	-	-	(338,692)	-	(338,692)	-	(338,692)
Profit for the year		-	-	1,248,534				1,248,534	11,005	1,259,539
Transfer to/(from) retained earnings				(132,119)	132,119					
Other Comprehensive losses		-	-	-	-	-	281,363	281,363	-	281,363
Total Comprehensive income		-	-	1,116,415	132,119	(338,692)	281,363	1,191,205	11,005	1,202,210
Proposed Dividends		-	-	(451,971)	-	451,971	-	-	-	-
At the end of the year		**1,280,934**	**4,225,323**	**4,573,951**	**609,230**	**451,971**	**124,242**	**11,265,651**	**111,725**	**11,377,376**

Consolidated Statement of changes in equity

	Notes	Share capital Shs'000	Share premium Shs'000	Retained earnings Shs'000	Statutory reserve Shs'000	Proposed dividends Shs'000	Other reserves Shs'000	Total Shs'000	Non-Controlling interest Shs'000	Total Equity Shs'000
Year ended 31 December 2023										
At start of year		**1,280,934**	**4,225,323**	**4,573,952**	**609,229**	**451,971**	**124,242**	**11,265,651**	**111,725**	**11,377,376**
Profit for the year		-	-	1,724,064	-	-	-	1,724,064	22,441	1,746,505
Other Comprehensive income										
Fair value loss on financial assets FVOCI	28	-	-	-	-	-	1,422	1,422	-	1,422
Translation gains	28	-	-	-	-	-	-	-	-	-
Total Comprehensive income		-	-	1,724,064	-	-	1,422	1,725,486	22,441	1,747,927
Transfer to statutory reserve		-	-	(486,340)	489,426	-	(3,086)	-	-	-
Currency translation differences							1,218,821	1,218,821	31,656	1,250,477
Transactions with owners:										
Dividends paid in the year		-	-	-	-	(451,971)	-	(451,971)	-	(451,971)
Proposed dividends	34	-	-	(637,699)	-	637,699	-	-	-	-
At the end of the year		**1,280,934**	**4,225,323**	**5,173,977**	**1,098,655**	**637,699**	**1,341,399**	**13,757,987**	**165,822**	**13,923,809**
Year ended 31 December 2024										
At start of year		**1,280,934**	**4,225,323**	**5,173,977**	**1,098,655**	**637,699**	**1,341,399**	**13,757,987**	**165,822**	**13,923,809**
Profit for the year		-	-	1,001,732	-	-	-	1,001,732	27,663	1,029,395
Other Comprehensive income										
Fair value gains on financial assets FVOCI	28	-	-	-	-	-	(5,172)	(5,172)	-	(5,172)
Transfer to/(from) retained earnings				1,575,002	(937,303)	(637,699)	-	-	-	-
Currency translation differences	28	-	-	-	-	-	(2,333,162)	(2,333,162)	-	(2,333,162)
Total Comprehensive income		-	-	2,576,734	(937,303)	(637,699)	(2,338,334)	(1,336,602)	27,663	(1,308,939)
At the end of the year		**1,280,934**	**4,225,323**	**7,750,711**	**161,352**	**-**	**(996,935)**	**12,421,385**	**193,485**	**12,614,870**

Separate Statement of changes in equity

	Notes	Share capital Shs'000	Share premium Shs'000	Retained earnings Shs'000	Regulatory reserve Shs'000	Proposed dividends Shs'000	Other reserves Shs'000	Total Equity Shs'000
Year ended 31 December 2023								
At start of year		1,280,934	4,225,323	3,728,434	463,730	451,971	3,750	10,154,142
Profit for the year		-	-	1,062,832	-	-	-	1,062,832
Other Comprehensive income								
Fair value loss on financial assets FVOCI	28	-	-	-	-	-	1,422	1,422
Total comprehensive income		-	-	1,062,832	-	-	1,422	1,064,254
Transfer to regulatory reserves		-	-	(264,805)	264,805	-	-	-
Transactions with owners								
Dividends paid in the year		-	-	-	-	(451,971)	-	(451,971)
Proposed dividends	34	-	-	(637,699)	-	637,699	-	-
At the end of the year		**1,280,934**	**4,225,323**	**3,888,762**	**728,535**	**637,699**	**5,172**	**10,766,425**
Year ended 31 December 2024								
At start of year		1,280,934	4,225,323	3,888,762	728,535	637,699	5,172	10,766,425
Profit for the year		-	-	376,555	-	-	-	376,555
Other Comprehensive income								
Transfer to/(from) retained earnings		-	-	1,309,989	(672,290)	(637,699)	-	-
Fair value gain on financial assets FVOCI	28	-	-	-	-	-	(5,172)	(5,172)
Total comprehensive income		-	-	1,686,544	(672,290)	(637,699)	(5,172)	371,383
At the end of the year		**1,280,934**	**4,225,323**	**5,575,306**	**56,245**	**-**	**-**	**11,137,808**

Consolidated statement of cash flows

	Notes	2024 Shs'000	Restated 2023 Shs'000
Cash flows from operating activities			
Interest receipts		5,899,943	5,160,525
Interest payments		(1,510,442)	(1,330,919)
Net fee and commission receipts		252,375	357,102
Other income received		730,455	856,840
Recoveries from loans previously written off		86,839	421,334
Payments to employees and suppliers		(2,358,205)	(2,260,581)
Income tax paid	11	(684,790)	(1,158,344)
Cash flows generated from operating activities before changes in operating assets -and liabilities		**2,416,175**	**2,045,957**
Changes in operating assets and liabilities:			
Loans and advances		5,957,201	6,042,655
Cash reserve requirement		478,931	(165,017)
Government securities		(2,053,629)	(621,364)
Other assets		58,367	(142,798)
Customer deposits		(10,038,512)	4,041,503
Other liabilities		(204,289)	218,043
Due to other banks		(15,867)	17,345
Net movement from group companies		1,087,016	(2,229,911)
Net cash (used in)/generated from operating activities		**(2,314,607)**	**9,206,413**
Cash flows from investing activities			
Purchase of property and equipment	17	(736,429)	(150,195)
Purchase of intangible assets	18	(224,697)	(13,810)
Proceeds from sale of property and equipment		(494)	53,758
Net cash used in investing activities		**(961,620)**	**(110,247)**
Cash flows from financing activities			
Proceeds from borrowings	32	-	-
Repayment of principal portion of borrowing	32	(24,005)	(30,341)
Payments of principal portion of the lease liability	24	(153,439)	(193,178)
Dividend payment			(451,971)
Net cash used in financing activities		**(177,444)**	**(675,490)**
Net (decrease)/increase in cash and cash equivalents		(3,453,671)	8,420,676
Cash and cash equivalents at start of year		22,058,667	12,414,691
Effects of foreign currency translation		(2,495,593)	1,223,300
Cash and cash equivalents at end of year	30	**16,109,403**	**22,058,667**

Separate Statement of cash flows

	Notes	2024 Shs'000	2023 Shs'000
Cash flows from operating activities			
Interest receipts		3,469,215	2,598,671
Interest payments		(1,188,453)	(948,579)
Net fee and commission receipts		19,279	60,023
Other income received		225,650	333,827
Recoveries from loans previously written off		27,072	294,222
Payments to employees and suppliers		(982,172)	(817,873)
Income tax paid	11	(221,144)	(764,473)
Cash flows from operating activities before changes in operating assets and liabilities		**1,349,447**	**755,818**
Changes in operating assets and liabilities:			
Loans and advances		2,958,072	6,674,323
Cash reserve requirement		43,549	118,522
Government securities		(4,136,253)	2,364,491
Other assets		(53,270)	146,599
Customer deposits		(1,012,473)	(3,637,376)
Other liabilities		(102,599)	27,774
Due to other banks		(15,867)	17,345
Net movement in group companies		1,589,507	(1,912,396)
Net cash generated from/(used in) operating activities		**620,113**	**4,555,100**
Cash flows from investing activities			
Purchase of property and equipment	17	(495,373)	(54,455)
Purchase of intangible assets	18	(2,493)	-
Proceeds from sale of property and equipment		70	1,330
Net cash used in investing activities		**(497,796)**	**(53,125)**
Cash flows from financing activities			
Payments of principal portion of the lease liability	24	(115,034)	(82,462)
Dividend payment		-	(451,971)
Net cash used in financing activities		**(115,034)**	**(534,433)**
Net increase in cash and cash equivalents		7,283	3,967,542
Cash and cash equivalents at start of year		6,775,461	2,807,919
Cash and cash equivalents at end of year	30	**6,782,744**	**6,775,461**

Notes (continued)

1 General information

Guaranty Trust Bank (Kenya) Limited (the Bank) is incorporated in Kenya under the Companies Act, 2015 as a limited liability company, and is domiciled in Kenya. The immediate parent company of the Bank is Guaranty Trust Bank Ltd, a private limited liability company incorporated in Nigeria whereas the ultimate holding company of the Bank is Guaranty Trust Holding Company Plc which is a public limited liability company incorporated and domiciled in Nigeria and listed in the Nigerian Stock exchange and the London Stock exchange. The consolidated financial statements of the Bank as at and for the year ended 31 December 2024 comprise the Bank and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in business and retail banking.

2 Summary of material accounting policies

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS accounting standards (IFRSs) as issued by the International Accounting Standards Board (IASB) applicable to companies reporting under IFRS. The financial statements comply with IFRSs and the Kenyan Companies Act, 2015.

(a) *Basis of measurement*

The financial statements have been prepared on a historical cost basis except for financial assets held at fair value through other comprehensive income, financial assets and liabilities (including derivative instruments) and certain classes of property and equipment measured at fair value.

(b) *Use of estimates*

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.1.1 Statement of compliance

The consolidated financial statements of the Bank have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board (IASB).

2.1.2 Changes in accounting policies and disclosures

New and amended standards adopted by the Group

The following standards and amendments to standards arising from the annual improvements to IFRSs that became effective for the first time in the financial year commencing on or after 1 January 2024 and have been adopted by the Group. Their adoption has not had any material impact on the Group financial statements.

New Standards or amendments	Effective for annual periods beginning on 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
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024

Notes (continued)

2 Summary of material accounting policies (continued)

2.1.2 Changes in accounting policies and disclosures (continued)

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

Below are the standards issued but not yet effective, the Group is still assessing the impact of IFRS 18 on the financial statements. The rest of the standards are not expected to have a material impact on the Group. The Group will adopt the standards when they are effective.

New Standards or amendments	Effective for annual periods beginning on or after
Lack of Exchangeability (Amendment to IAS 21, The Effects of Changes in Foreign Exchange Rates)	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures)	1 January 2026
Annual Improvements to IFRS Accounting Standards—Volume 11	1 January 2026
Power Purchase Agreements – 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

Apart from IFRS 18 for which the Group is assessing the impact on the financial statements, the rest of the above standards are not expected to have a material impact on the Group.

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Notes (continued)

2 Summary of material accounting policies (continued)

2.2 Basis of consolidation (continued)

(a) Subsidiaries (continuied)

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Notes (continued)

2 Summary of material accounting policies (continued)

2.3 Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the Functional Currency'). The consolidated financial statements are presented in Kenya shillings, which is the Group's presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(iii) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each income statement 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
- all resulting exchange differences are recognised in other comprehensive income and accumulated in 'other reserve' in equity. On disposal of foreign operations, such exchange differences are recognised (reclassified) in profit or loss when the gain or loss on disposal is recognised.

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. Exchange differences arising are recognised in other comprehensive income.

2.4 Recognition of interest income

Income is measured at the fair value of the consideration received or receivable. Amounts disclosed as Income are net interest income, fees and commission income and net foreign exchange income. The Group recognises income when the amount of income can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities.
The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Notes (continued)

2 Summary of material accounting policies (continued)

2.4 Recognition of interest income (continued)

2.4.1 Interest income and expense

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

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

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

2.4.2 Fees and commission income and expense

Fee and commission income and expense that are integral to the effective interest rate on a financial assets or financial liability are included in the effective interest rate. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognized on a straight-line basis over the commitment period.

Other fee and commission revenue, including transactional fees, account servicing fees, investment management fees and sales commissions are recognised as the performance obligations under the related services' contracts are completed. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Group has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Other fees and commissions revenue are in the scope of IFRS 15.

2.4.3 Foreign exchange income

Foreign exchange income includes gains and losses from spot and forward contracts and other currency derivatives. Income arises from both the sale and purchase of trading positions, which are achieved through market-making and customer business and from changes in fair value caused by movements in interest and exchange rates and other market variables.

2.5 Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

Notes (continued)

2 Summary of material accounting policies (continued)

2.6 Financial instruments

The Group's accounting treatment for Financial Instruments - financial assets and financial liabilities - is in accordance with IFRS 9. Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to customers when funds are transferred to the Bank.

The Group classifies and presents its financial instruments in the financial statements as defined in IFRS 9 on the basis of:

- The business model adopted
- Contractual cash flow characteristics

2.6.1 Financial assets

Management determines the appropriate classification of its financial assets at initial recognition. The Group recognises a financial asset in its statement of financial position when it becomes party to the contractual provisions of the instrument, which is the trade date or the settlement date.

The Group classifies its financial assets into the following categories:

- Financial assets at fair value through profit and loss ("FVPL"),
- financial assets measured at amortised cost; and
- financial assets at fair value through other comprehensive income ("FVTOCI").

a) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented within "Net trading income" in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in "Other interest income". Interest income from these financial assets is included in "interest income" using the effective interest rate method.

b) Financial assets measured at amortised cost

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

The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument.

Notes (continued)

2 Summary of material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.1 Financial assets (continued)

c) Financial assets at fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Net investment income" using the effective interest rate method.

Group's business model: The business model reflects how the Group manages the assets in order to generate cash flows and returns. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how cash flows for these assets were collected, how the asset's performance is evaluated and reported by key management personnel, how risks are assessed and managed and how managers are compensated. For example, the liquidity portfolio of assets is held by the Group as part of liquidity management and is generally classified with the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the "other" business model and measured at FVTPL.

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

2.6.2 Financial liabilities

The Group's holding in financial liabilities represents mainly deposits from banks and customers, borrowings, amount due to group companies and other liabilities. Such financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Notes (continued)

2 Summary of material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.3 Fair value measurement

For financial instruments traded in active markets, the determination of fair values of financial instruments is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the reporting dates.

The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps but adjusted in respect of any transaction costs that are incremental and directly attributable to the acquisition or issue of the financial instrument. Trade receivables are measured at the transaction price.. For these financial instruments, inputs into models are generally market-observable.

2.6.4 Modification of financial assets and liabilities

2.6.4.1 Modification of financial assets

When the contractual cash flows of a financial asset are renegotiated or otherwise modified as a result of commercial restructuring activity rather than due to credit risk and impairment considerations, the Bank performs an assessment to determine whether the modifications result in the derecognition of that financial asset. For financial assets, this assessment is based on qualitative factors. When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- Whether the modification is such that the instrument would no longer meet the SPPI criterion

When the Group modifies the contractual conditions due to financial difficulties of the borrower, the asset is not derecognised unless the terms of the contract are substantively changed (such as the inclusion of an equity participation or a substantial change in counterparty). If the asset is not substantially modified, then the gross carrying amount of the financial asset is recalculated to be the present value of the modified cash flows discounted at the original Effective Interest Rate and any gain or loss is recognised in profit or loss as part of the total impairment loss.

Notes (continued)

2 Summary of material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.4 Modification of financial assets and liabilities (continued)

2.6.4.2 Modification of financial liabilities

When the modification of the terms of an existing financial liability is not judged to be substantial and, consequently, does not result in derecognition, the amortised cost of the financial liability is recalculated by computing the present value of estimated future contractual cash flows that are discounted at the financial liability's original EIR. Any resulting difference is recognised immediately in profit or loss. For financial liabilities, the Bank considers a modification to be substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent.

2.6.5 Derecognition

Modifications leading to Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Modification of financial liabilities

Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified (taking into account both quantitative and qualitative factors), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.
Where the terms of an existing liability are not substantially modified, the liability is not derecognised. Costs incurred on such transactions are treated as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.6.6 Disclosures

The disclosure requirements of IFRS 7- Financial Instruments: Disclosures, after consequential amendments arising from IFRS 9, are applicable.

For purposes of reporting, the Group will disclose impairment movements based on

- On - Balance Sheet assets and
- Off - Balance Sheet assets

Notes (continued)

2 Summary of material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.7 Classes of financial instruments

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

<table>
<tr><td colspan="2">Category</td><td colspan="2">Class</td><td>Subclasses</td></tr>
<tr><td colspan="2">(as defined by IFRS 9)</td><td colspan="2">(as determined by the Group)</td><td></td></tr>
<tr><td rowspan="22">Financial assets</td><td rowspan="6">Financial assets at fair value through other comprehensive income</td><td rowspan="6">Financial Assets at fair value through other comprehensive income</td><td rowspan="2">Debt securities</td><td>Treasury bills</td></tr>
<tr><td>Treasury bonds</td></tr>
<tr><td rowspan="2">Derivatives – non-hedging</td><td></td></tr>
<tr><td></td></tr>
<tr><td rowspan="2">Equity securities</td><td></td></tr>
<tr><td></td></tr>
<tr><td rowspan="9">Measured at Amortised Cost</td><td colspan="2">Loans and advances to banks</td><td></td></tr>
<tr><td rowspan="5">Loans and advances to customers</td><td rowspan="3">Loans to individuals (retail)</td><td>Overdrafts</td></tr>
<tr><td>Term loans</td></tr>
<tr><td></td></tr>
<tr><td rowspan="2">Loans to corporate entities</td><td>Overdrafts</td></tr>
<tr><td>Term loans</td></tr>
<tr><td rowspan="2">Investment securities - debt instruments</td><td rowspan="2">Debt securities HTM</td><td>Treasury bonds-HTM</td></tr>
<tr><td></td></tr>
<tr><td>Investments in Subsidiaries</td><td>Investments in Subsidiaries</td><td></td></tr>
<tr><td rowspan="7">Financial liabilities at amortised cost</td><td colspan="2">Deposits from banks</td><td></td></tr>
<tr><td colspan="2">Borrowings</td><td></td></tr>
<tr><td colspan="2">Due to group companies</td><td></td></tr>
<tr><td colspan="2">Other liabilities</td><td></td></tr>
<tr><td rowspan="3">Deposits from customers</td><td>Retail customers</td><td></td></tr>
<tr><td>Mid - corporate</td><td></td></tr>
<tr><td>SMEs</td><td></td></tr>
<tr><td rowspan="2">Off-balance sheet financial Instruments</td><td colspan="3">Loan commitments</td><td></td></tr>
<tr><td colspan="2">Guarantees, acceptances and other financial facilities</td><td colspan="2"></td></tr>
</table>

2.6.8 Impairment of financial assets

The Group's impairment approach, is based on expected credit losses and the Group uses the general approach in determining the impairment of financial assets. Therefore, it is not necessary for a loss event to have occurred before credit losses are recognised; instead, a loss allowance is always recognized for expected credit losses and is re-measured at each reporting date for changes in those expected credit losses.

Determining whether an expected credit loss should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk ("SICR") of the financial asset since initial recognition.

Notes (continued)

2 Summary of material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.8 Impairment of financial assets (continued)

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
- Loan and advances to customers
- Financial guarantee contracts issued
- Loan and advances to Banks
- Loan commitments issued

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVTOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with i) changes in market conditions, ii) expected cash flows and iii) the passage of time.

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

2.6.9 Offsetting financial instruments

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

2.6.10 Write Off

The Group writes off a loan or a portion of a loan from its balance sheet when it loses control of the contractual rights over the loan or when all or part of a loan is deemed uncollectible or there is no realistic prospect of recovery. This normally evident at a stage where-

a) The Group loses control of the contractual rights that comprise the loan or part of the loan as determined by a court of law.
b) All forms of securities or collateral have been called, realized, but proceeds failed to cover the entire facility outstanding.
c) The Group is not able to collect or there is no longer reasonable assurance that the group will collect all amounts due according to the contractual terms of the loan/advances agreement.
d) The borrower becomes bankrupt
e) Where efforts to collect debt are abandoned for any other reason.

Notes (continued)

2 Summary of material accounting policies (continued)

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Funds restricted for a period of more than three months on origination and cash reserve deposits with the Central Bank of Kenya are excluded from cash and cash equivalents. Cash and cash equivalents are carried at amortised cost.

2.8 Property and equipment

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed every four years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to profit or loss.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold buildings	Over Remaining Period of Land Lease
Freehold Buildings	50 years
Fixtures, fittings and equipment	5 years
Leasehold Improvements	8 years
Computer equipment	5 years
Motor vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each at each financial year end adjusted prospectively, if appropriate. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

2.9 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Notes (continued)

2 Summary of material accounting policies (continued)

2.9 Intangible assets (continued)

a) Goodwill (continued)

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

b) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives of 5-10 years.

A computer software is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of a computer software, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.10 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes (continued)

2 Summary of material accounting policies (continued)

2.11 Employee benefits

(i) Retirement benefits obligations

The Group operates defined contribution plan for its employees. The Group and all its employees also contribute to the appropriate National Social Security Fund, which are defined contribution schemes. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of the scheme are held in separate trustee administered fund, which is funded by contributions from both the Group and employees.

The Group's contributions to the defined contribution schemes are recognised as employee benefit expense in the income statement in the year in which they fall due.

(ii) Other employee obligations

Employee entitlements to long service awards are categorized when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the balance sheet date.

The estimated monetary liability for employees accrued annual leave entitlement at the balance sheet date is categorized as an expense accrual.

2.12 Provisions and contingent liabilities

Provisions
Provisions for restructuring costs and legal claims are recognised when: The Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

Contingent liabilities
Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the statement of financial position but are disclosed unless the outflow of economic resources is remote.

2.13 Income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Notes (continued)

2 Summary of material accounting policies (continued)

2.13 Income tax (continued)

(a) Current income tax

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are categorized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be categorised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 Dividend payable

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are reported as a component of equity at year end.

2.15 Share capital

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

2.16 Accounting for leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All other leases are classified as finance leases.

Leases under which the Group is the lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Group recognises a right-of-use asset and a lease liability.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset if of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

Notes (continued)

2 Summary of material accounting policies (continued)

2.16 Leases (continued)

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Group is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease.

If that rate cannot be readily determined, the Group's incremental borrowing rate is used. For leases that contain non-lease components, the Group allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components. The lease liability is presented as a separate line in the consolidated statement of financial position.

Subsequently the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is: change in lease term or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, change in lease payments due to changes in an index or rate or a modification in a lease contract.
The Group did not make any such adjustments during the periods presented.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

All right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liabilities. Depreciation is calculated using the straight-line method to write-down the cost of each asset to its residual value over its estimated useful life. If the ownership of the underlying asset is expected to pass to the bank at the end of the lease term, the estimated useful life would not exceed the lease term.
The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies the following weighted average incremental borrowing rates to lease liabilities recognised under IFRS 16 were as shown below;

	Rate Applied "LCY"	Rate Applied "USD"
GTBank Kenya	10.32%	N/A
GTBank Uganda	10.87%	2.75%
GTBank Rwanda	10%	N/A

2.17 Swaps and forward foreign exchange contracts

Swaps and forward foreign exchange contracts are carried at their fair value. Fair values are obtained from appropriate pricing models.

Gains and losses on swaps and forward foreign exchange contracts are included in foreign exchange income as they arise.

Notes (continued)

2 Summary of material accounting policies (continued)

2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.19 Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of the debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities. Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument, other than for staff facilities. For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan.

3 Critical accounting estimates and judgements

The Group's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgment, which necessarily have to be made in the course of preparation of the financial statements.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgments are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Notes (continued)

3 Critical accounting estimates and judgments (continued)

Accounting policies and management's judgments for certain items are especially critical for the Group's results and financial situation due to their materiality.

(a) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment at least on a monthly basis. The Group estimates the expected credit loss as per requirements of IFRS 9. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgments as to whether there is any observable data indicating an impairment trigger or a significant increase in credit risk followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Management also uses judgement in determination of the inputs used in the calculation of the expected credit losses for loans and advances as per the IFRS 9 framework adopted by the group. These include; macroeconomic overlays, forward looking information assumptions, haircut assumptions and staging criteria assumptions.

(b) Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models.

Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

(c) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The carrying amount of the goodwill and the key assumptions made are set out in Note 18.

(d) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the Group's provision for income taxes.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes (continued)

3 Critical accounting estimates and judgments (continued)

(e) Incremental borrowing rate

The Group had to determine a discount rate to be used on implementation of IFRS 16. The standard requires determination of the interest rate implicit in the lease; this is the rate of interest that causes the present value of (a) lease payments and (b) the unguaranteed residual value to equal the sum of (i) the fair value of the underlying asset and (ii) any initial direct costs of the lessor. The Group could not be able to determine the implicit rate in the leases and instead estimated the incremental borrowing rate as permitted by the standard. The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment. In determination of this rate management used judgement and estimates observable in the economic environment the Group operates.

4 Financial risk management

The Group's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance. The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Financial risk management is carried out by the Treasury and Credit department under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks in close cooperation with the operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments. In addition, Internal audit and Risk and Compliance are responsible for the independent review of risk management and the control environment.

The risks arising from financial instruments to which the Group is exposed are financial risks, which includes credit risk, liquidity risk and market risk.

a) Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to pay amounts in full when due. Credit risk is the most important risk for the Group's business: management therefore carefully manages the exposure to credit risk. Credit exposures arise principally in lending and investment activities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. Credit risk management and control is categorized in the credit risk management department, which reports regularly to the Board Credit Committee.

(i) Risk limit control and mitigation policies

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to annual or more frequent review. Limits on the level of credit risk by product, and industry sector are approved annually by the Board of Directors. The Board of Directors also approves individual borrower limits above specified amounts.

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

(i) Risk limit control and mitigation policies (continued)

The exposure to any one borrower including groups is further restricted by sub-limits covering on and off-balance sheet exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate.

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over properties;
- All asset debenture charges over business assets such as premises, plant and equipment
- Charges over financial instruments such as debt securities and equities; and
- Cash collateral

Longer-term finance and lending to corporate entities are generally secured.

(ii) Credit risk measurement

Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. In measuring credit risk of loans and advances at a counterparty level, the Group considers three components: (i) the 'Probability of Default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group derive the 'Exposure at Default' (EAD); and (iii) the likely recovery ratio on the defaulted obligations (the 'Loss Given Default') (LGD).

Credit risk grading

The Group uses internal credit risk gradings that reflect its assessment of the probability of defaults of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, the level of collateral, the turnover and industry type) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgment from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for the considerations which may not be captured as part of the other data input into the model. The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.

The following are additional considerations for other types of portfolios held by the Group:

Debt Securities and Placements with Banks

For debt securities and placements with banks, external rating agency credit grades will be used where available. These published grades will be continuously monitored and updated. The PDs associated with each grade will be determined based on realised default rates over the prior 12 months, as published by the rating agency.

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

(ii) Credit risk measurement (continued)

Credit risk grading (continued)

The Group has established internal models for measurement of expected credit loss (ECL) on non-loan financial instruments such as investment securities, interbank balances and other financial assets. However as at 31 December 2023, the Group estimated the ECL for these financial assets using using these models and concluded that no material exposures existed.

The Group's rating method comprises 10 rating levels for instruments not in default (1 to 7) and 3 default classes (8 to 10). The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in the light of actually observed defaults. If a facility has a rating of 1 or 2 (these are investment grade facilities) it is automatically in stage 1. If there has been an increase of 2 or more in the customer's rating, the facility is categorized as stage 2. After 6 months of satisfactory performance, the loan may be moved to stage 1.

(iii) Expected credit loss measurement

IFRS 9 outlines a 'three-Stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the bank.

If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.

If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.

Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit impaired financial assets):

Change in Credit Quality since Initial Recognition

Stage 1	Stage 2	Stage 3
(Initial Recognition)	(Significant Increase in credit risk since initial recognition)	(Credit Impaired assets)
12- Month ECL	Lifetime ECL	Lifetime ECL

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

The key judgements and assumptions adopted by the Group in addressing the requirements of the Standard are as follows:

1. Significant Increase in Credit Risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

<u>Quantitative Criteria</u>

The quantitative criteria is based on relative and not absolute changes in credit quality driven by ratings and days past due.

The Group considers that financial instruments for which default patterns are not concentrated at a specific point during the expected life of the financial instrument, changes in the risk of a default occurring over the next 12 months may be a reasonable approximation of the changes in the lifetime risk of a default occurring and could be used to determine whether credit risk has increased significantly since initial recognition.

The Group considers if there has been an increase of 2 or more in the customer's rating, the facility is deemed to have a significant increase in credit risk. The standard also sets out a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. This 30 days past due simplification permits the use of delinquency or past due status to identify a significant increase in credit risk. In adherence to the standard, the Bank shall at every reporting period assess the loan portfolio individually for possible breach of the 30 days past due SICR criterion. Where there is a breach and the loan has not been transferred to stage 2, the Bank shall rebut the 30 days rebuttable presumption based on availability of supportable and reasonable information to justify that credit quality has not deteriorated significantly since initial recognition.

<u>Qualitative Criteria</u>

In addition to the above, the Group considers other qualitative factors in determining the classification above, and may accelerate the classification of credit facilities where deemed appropriate. They include but not limited to the following:

a) Significant changes in the terms of the same instrument if it were issued at the reporting date that indicate a change in credit risk since initial recognition, e.g., increase in credit spread; more stringent covenants; increased amounts of collateral or guarantees; or higher income coverage.

b) Significant changes in external market indicators of credit risk for the same financial instrument (or similar instrument of the borrower), e.g., other market information related to the borrower, such as changes in the price of a borrower's debt and equity instruments; or external credit rating (actual or expected).

c) Actual or expected adverse changes in business, financial or economic conditions significantly affecting borrower's ability to meet its debt obligations

d) Significant changes in the value of collateral which are expected to reduce the borrower's economic incentive to pay or otherwise affect the probability of default.

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

1. Significant Increase in Credit Risk (SICR) (continued)

Qualitative Criteria

e) Expected changes in the loan documentation (e.g. breach of contract leading to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees).

f) Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group (e.g., increase in delayed contractual payments or number of credit card borrowers expected to approach or exceed their credit limit or who are expected to be paying the minimum monthly amount).

2. Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Qualitative Criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent or becoming probable that the borrower will enter bankruptcy
- The borrower is in breach of financial covenants
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- Financialassets are purchased or originated at a deep discount that reflects the incurred credit losses

Quantitative Criteria

The Group considers a facility that is more than 90 days past due and its rating is greater than or equal to 8 as credit impaired as per internal risk rating.

The above criteria have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

3. Measuring expected credit loss - Explanation of inputs, assumptions and estimation techniques

The expected credit loss (ECL) is measured on either a 12-month or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit impaired.

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

3. Measuring expected credit loss - Explanation of inputs, assumptions and estimation techniques (continued)

Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LGD represents the Group's expectations of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is calculated on a 12- month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs over the next 12 months and lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

ECL is formula driven, i.e. ECL= PD x LGD x EAD

4. Forward-looking information incorporated in the ECL models

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

Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2023 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

All Customers			
Macroeconomic Data	**Base**	**Upside**	**Downside**
Inflation	7.1%	4.70%	9.64%
Interest Rate	16.0%	18.0%	12.00%
GDP	5.30%	8.40%	-0.30%

The weightings and overall macroeconomic overlay assigned to each economic scenario at 31 December 2024 were as follows:

All Customers			
	Base	**Upside**	**Downside**
Weightings	50%	20%	30%
Overall Macro overlay	0%	-6.55%	10.15%

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have been considered, but are not deemed to have a material impact therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

Overview of modified and forborne loans

'Forbearance' is not an IFRS term, although its concept is based on IFRS 9.5.5.12. As a result of technical guidance published by the European banking Authority (EBA), Banks with significant European operations started to use the terminology in their financial statements. Detailed disclosures below: -

From a risk management point of view, once an asset is forborne or modified due to financial difficulties of the borrower, the Bank's special department for distressed assets continues to monitor the exposure until it exits forbearance, i.e., it is either cured or completely and ultimately derecognised. There were no modified assets during the year.

Sensitivity analysis

Set out below are the changes to the ECL at 31 December 2024 that would result from reasonably possible changes in the Group's overall macro-economic overlay and the probability weightings from actual assumptions used in the Group's economic variable assumptions:

Impact of 10% increase/decrease in base case probability weighting.

	Base	Upside	Downside	ECL change '000
Weightings +10%	60%	15%	25%	(31)
Weightings -10%	40%	25%	35%	31

Impact of 5% increase/decrease in upside expected macroeconomic overlay and 10% increase in downside expected macroeconomic overlay

	Base	Upside	Downside	ECL change '000
Upside overlay +5%	0%	-1.55%	10.15%	(168)
Upside overlay -5%	0%	-11.55%	10.15%	168
Downside overlay -10%	0%	4.02%	-6.55%	520

Maximum exposure to credit risk before collateral

	Group		Bank	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
Balances with Central Banks	4,581,045	7,858,080	1,070,695	1,264,575
Government and other securities at amortised cost	10,509,206	14,917,599	1,670,432	2,791,000
Government and other securities at FVOCI	15,333,433	11,344,845	15,333,432	11,344,845
Deposits and balances due from other banks	5,952,287	6,321,116	2,074,397	664,418
Due from group companies	7,175,075	3,485,287	6,110,502	2,923,329
Loans and advances to customers	7,341,349	14,371,036	2,797,000	6,538,537
Other assets	439,243	622,091	164,438	242,664
Credit exposure relating to off-balance sheet items:				
- Acceptances and letters of credit	250,550	618,894	250,550	522,600
- Guarantees and performance bonds	3,904,542	5,563,647	1,018,224	1,825,810
- Commitments to lend	693,889	976,791	367,018	554,466
	56,180,619	**66,079,386**	**30,856,688**	**28,672,244**

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

Maximum exposure to credit risk before collateral (continued)

The above table represents a worst-case scenario of credit risk exposure to the Group and Bank at 31 December 2024 and 31 December 2023, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on carrying amounts as reported in the statement of financial position.

As shown above, 13% of the total maximum exposure of the Group is derived from loans and advances to banks and customers

Management is confident on its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from both its loan and advances portfolio and debt securities based on the following:

- 72% of the loans and advances portfolio are neither past due nor impaired
- 100% of the investments in debt securities are government securities.

Loans and advances are categorized as follows:

	Group		Bank	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Stage 1 Loans	5,855,271	9,217,176	1,872,325	3,255,857
Stage 2 Loans	391,003	403,787	186,056	39,088
Stage 3 Loans	3,156,955	5,948,182	2,708,550	4,309,078
Gross	9,403,229	15,569,145	4,766,931	7,604,023
Less: allowance for impairment (Note 15)	2,061,880	1,198,109	1,969,931	1,065,486
Net	7,341,349	14,371,036	2,797,000	6,538,537

No other financial assets are in stage 2 or stage 3. All financial assets that are in stage 1 are within their approved exposure limits and none have had their terms renegotiated.

Loans and advances in stage 1

The credit quality of the portfolio of loans and advances that were in stage 1 can be assessed by reference to the internal rating system adopted by the Group:

	Group		Bank	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Standard	5,855,271	9,217,176	1,872,325	3,255,857

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

Maximum exposure to credit risk before collateral (continued)

Loans and advances in stage 2

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. The gross amounts of loans and advances that were past due but not impaired were as follows:

	Group		Bank	
	2024	**2023**	**2024**	**2023**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Past due 31 – 60 days	236,101	400,801	31,154	36,102
Past due 61 – 90 days	154,902	2,986	154,902	2,986
Past due but not impaired	391,003	403,787	186,056	39,088

Loans and advances in stage 3

Of the total gross amount of impaired loans, the following amounts have been individually assessed:

	Group		Bank	
	2024	**2023**	**2024**	**2023**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Individually assessed impaired loans and advances	3,156,955	5,948,180	2,708,550	4,309,078
Fair value of collateral held	7,263,271	17,787,635	1,532,620	6,752,763

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

The table below shows the maximum exposure to credit risk after incorporating the various types of collaterals to get the associated expected credit loss. All the listed collaterals are marketable and enforceable.

2024-Bank
Type of collateral or credit enhancement

Shs "000"	Maximum Exposure Credit Risk	Fair value of collateral and credit enhancements held: Cash	Securities	3rd party /gov Guarantees	Property	Other	Total Collateral	Surplus Collateral	Net exposure	% Of exposure subject to collateral requirements	Associated ECL
Financial Assets											
Cash and balances with Central Banks	1,070,695	-	-	-	-	-	-	-	1,070,695	0%	-
Deposits and balances due from banking institutions	2,074,397	-	-	-	-	-	-	-	2,074,397	0%	-
Other assets	-	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers		-	-	-	-	-	-	-	-	-	-
Corporate Banking	2,128,841	124,809	387,725	-	5,487,609	68,941	6,069,084	2,240,765	-	285%	1,699,477
SME Banking	290,043	14,958	-	-	8,379,100	18,715	8,412,773	8,042,471	-	2901%	80,259
Retail Banking	378,116	7,151	-		142,275	31,583	181,008	-	197,108	48%	190,194
	2,797,000	146,918	387,725	-	14,008,984	119,239	14,662,866	10,283,236	197,108		1,969,931
Debt Instruments at amortized cost	**1,670,432**	-	-	-					**1,670,432**	**0%**	-
Total financial assets at amortized cost	**7,612,524**	**146,918**	**387,725**		**14,008,984**	**119,239**	**14,662,866**	**10,283,236**	**5,012,632**	**2462%**	**1,969,931**
Debt instruments at fair value through OCI	15,333,432			-			-	-	15,333,432	0%	-
Total debt instruments at fair value through OCI	15,333,432	-	-	-	-	-		-	15,333,432	0%	-
	22,945,956	**146,918**	**387,725**		**14,008,984**	**119,239**	**14,662,866-**	**10,283,236**	**20,346,064**		**1,969,931**
Financial guarantees	1,018,224			-			-	-	1,018,224	-	-
Letter of credit for customers	250,550			-			-	-	250,550	-	-
Commitments to lend	-			-			-	-	-	-	-
	1,268,774	-	-	-	-	-		-	**1,268,774**		-
Total	**24,214,730**	**146,918**	**387,725**	-	**14,008,984**	**119,239**	**14,662,864**	**10,283,236**	**21,614,838**	**0%**	**1,969,931**

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

The table below shows the maximum exposure to credit risk after incorporating the various types of collaterals to get the associated expected credit loss. All the listed collaterals are marketable and enforceable.

2023-Bank

Type of collateral or credit enhancement

		Fair value of collateral and credit enhancements held									
Shs "000"	**Maximum Exposure Credit Risk**	**Cash**	**Securities**	**3rd party /gov Guarantees**	**Property**	**Other**	**Total Collateral**	**Surplus Collateral**	**Net exposure**	**% Of exposure subject to collateral requirements**	**Associated ECL**
Financial Assets											
Cash and balances with Central Banks	1,264,575	-	-	-	-	-	-	-	1,264,575	0%	-
Deposits and balances due from banking institutions	664,418	-	-	-	-	-	-	-	664,418	0%	-
Loans and advances to customers											
Corporate Banking	5,771,692	32,014	326,000	-	21,430,827	68,941	21,857,782	-	-	329%	880,633
SME Banking	171,562	87,199	-	-	436,602	18,715	542,516	15,205,456	-	248%	47,006
Retail Banking	595,283	5,500			168,258	31,584	205,342	323,948	527,788	28%	137,847
	6,538,537	**124,714**	**326,000**	-	**22,035,688**	**119,239**	**22,605,640**	**15,529,404**	**527,788**	**6**	**1,065,485**
Debt Instruments at amortized cost	2,791,000	-	-	-	-	-	-	-	2,791,000	0%	-
Total financial assets at amortized cost	**12,512,713**	**124,714**	**326,000**		**22,035,688**	**119,239**		**15,529,404**	**5,436,477**	**605%**	**1,065,485**
Debt instruments at fair value through OCI	11,344,845	-	-	-	-	-	-	-	11,344,845	0%	-
Total debt instruments at fair value through OCI	**11,344,845**	-	-	-	-	-	-	-	**11,344,845**	**0%**	-
	23,857,558	124,714	326,000		22,035,688	119,239		15,529,404	16,781,322	6	1,065,485
Financial guarantees	1,825,810	-	-	-	-	-	-	-	1,825,810	0%	-
Letter of credit for customers	522,600	-	-	-	-	-	-	-	522,600	0%	-
Commitments to lend	554,466	-	-	-	-	-	-	-	554,466	0%	
	2,902,876	-	-	-	-	-	-	-	2,902,876	-	-
Total	**26,760,434**	**124,714**	**326,000**	-	**22,035,688**	**119,239**	-	**15,529,404**	**19,684,198**	-	**1,065,485**

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

2024-Group
Type of collateral or credit enhancement

		Fair value of collateral and credit enhancements held									
Shs "000"	**Maximum Exposure Credit Risk**	**Cash**	**Securities**	**3rd party /gov guarantees**	**Property**	**Other**	**Total Collateral**	**Surplus Collateral**	**Net exposure**	**% Of exposure subject to collateral requirements**	**Associated ECL**
Financial Assets											
Cash and balances with Central Banks	4,581,045	-	-	-	-	-	-	-	4,581,045	0%	-
Deposits and balances due from banking institutions	5,952,287	-	-	-	-	-	-	-	5,952,287	0%	-
Loans and advances to customers											
Corporate Banking	4,123,521	513,155	387,725	82,045	10,692,573	529,233	12,204,731	8,081,210	-	212%	1,753,147
SME Banking	872,206	887	-	-	9,927,952	62,938	9,991,778	9,119,572	-	906%	93,935
Retail Banking	2,345,623	81,138	-	-	2,264,511	85,186	2,430,835	85,212	-	97%	214,798
	7,341,350	595,180	387,725	82,045	22,885,036	677,358	**24,627,344**	17,285,994	-		2,061,880
Debt Instruments at amortised cost	10,509,206						0	0	10,509,206	0%	0
Total financial assets at amortised cost	**32,399,057**	**595,180**	**387,725**	**82,045**	**22,885,036**	**677,358**	**24,627,344**	**17,285,994**	**21,042,538**	-	**2,061,880**
Debt instruments at fair value through OCI	15,333,433	-	-	-	-	-	-	0	15,333,433		0
Total debt instruments at fair value through OCI	15,333,433	-	-	-	-	-		-	15,333,433	-	-
Total financial assets at amortised cost	**47,732,490**	**595,180**	**387,725**	**82,045**	**22,885,036**	**677,358**	**24,627,344**	**17,285,994**	**36,375,971**	-	**2,061,880**
Financial guarantees	3,904,542	1,011,691	-	-	78,401	-	1,090,091	-	2,814,451	33%	-
Letter of credit for customers	250,550	-	-	-	-	-	-	-	250,550	0%	-
	4,155,092	1,011,691	-	-	78,401	-	1,090,091	-	3,065,001	-	-
Total	**47,872,413**	**1,606,871**	**387,725**	**82,045**	**22,963,437**	**677,358**	**25,717,435**	**17,285,994**	**39,440,971**	-	**2,061,880**

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

2023-Group
Type of collateral or credit enhancement

Shs "000"	Maximum Exposure Credit Risk	Fair value of collateral and credit enhancements held: Cash	Securities	3rd party /gov guarantees	Property	Other	Total Collateral	Surplus Collateral	Net exposure	% Of exposure subject to collateral requirements	Associated ECL
Financial Assets											
Cash and balances with Central Banks	7,858,080	-	-	-	-	-	-	-	7,858,080	0%	-
Deposits and balances due from banking institutions	6,321,116	-	-	-	-	-	-	-	6,321,116	0%	-
Loans and advances to customers											
Corporate Banking	10,685,561	758,011	326,000	125,220	30,865,397	288,913	32,363,541	21,677,980	-	278%	965,418
SME Banking	1,043,438	102,051	-	-	2,843,944	34,480	2,980,475	1,937,037	-	269%	65,694
Retail Banking	2,642,037	108,903	-	-	3,159,045	81,773	3,349,721	707,684	-	119%	166,995
	14,371,036	**968,965**	**326,000**	**125,220**	**36,868,386**	**405,165**	**38,693,737**	**24,322,701**	-	-	**1,198,107**
Debt Instruments at amortised cost	14,917,599	-	-	-	-	-	-	-	14,917,599	-	-
Total financial assets at amortised cost	**43,554,531**	**968,965**	**326,000**	**125,220**	**36,868,386**	**405,165**	**38,693,737**	**24,236,001**	**29,096,795**	-	**1,198,107**
Debt instruments at fair value through OCI	11,344,845	-	-	-	-	-	-	-	11,344,845	0%	-
Total debt instruments at fair value through OCI	**11,344,845**	-	-	-	-	-	-	-	**11,344,845**	-	-
Total financial assets at amortised cost	**54,899,376**	**968,965**	**326,000**	**125,220**	**36,868,386**	**405,165**	-	**24,236,001**	**40,441,640**	-	**1,198,107**
Financial guarantees	5,563,647	1,681,146	-	-	103,901	-	1,785,048	-	3,778,599	32%	-
Letter of credit for customers	618,894	-	-	-	109,370	-	109,370	-	509,524	18%	-
	6,182,541	**1,681,146**	-	-	**213,272**	-	**1,894,418**	**24,236,001**	**4,288,123**	-	**1,198,107**
Total	**61,081,917**	**2,650,112**	**326,000**	**125,220**	**37,081,657**	**405,165**	**40,588,154**	**24,236,001**	**44,729,763**	-	**1,198,107**

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

Group

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECL when the expected value of the collateral, measured using multiple economic scenarios, is greater than the LGD. However, the stage 3 ECL can be higher than net exposure shown below when the future value of collateral, measured using multiple economic scenarios, is lower than fair value at the reporting date

2024
Type of collateral or credit enhancement for stage 3 assets

	Fair Value of collateral and credit enhancements held under the base case scenario										
Shs "000"	Maximum Exposure Credit Risk	Cash	Securities	3rd party /gov Guarantees	Property	Other	Total collateral	Surplus Collateral	Net exposure	% Of exposure subject to collateral requirements	Associated ECL
Loans and advances to customers											
Corporate Banking	2,474,318	-	-	4,307	2,484,101	18,570	2,506,978	32,659	-	101%	1,690,793
SME Banking	166,662		-	-	379,189	-	379,189	212,527	-	228%	95,897
Retail Banking	341,668		-	-	175,760	8,798	184,558	-	157,110	54%	190,440
	2,982,649		**-**	**4,307**	**3,039,050**	**27,368**	**3,070,725**	**245,186**	**157,110**	**-**	**1,977,131**
Debt Instruments at amortized cost											
Total financial assets at amortized cost	**2,982,649**		**-**	**4,307**	**3,039,050**	**27,368**	**3,070,725**	**245,186**	**157,110**	**-**	**1,977,131**
Debt instruments at fair value through OCI											
	2,982,649		**-**	**4,307**	**3,039,050**	**27,368**	**3,070,725**	**245,186**	**157,110**	**-**	**1,977,131**
Other Commitments											
Total	**2,982,649**		**-**	**4,307**	**3,039,050**	**27,368**	**3,070,725**	**245,186**	**157,110**	**-**	**1,977,131**

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

2024
Type of collateral or credit enhancement for stage 3 assets

Shs "000"	Maximum Exposure Credit Risk	Fair Value of collateral and credit enhancements held under the base case scenario: Cash	Securities	3rd party /gov Guarantees	Property	Other	Total collateral	Surplus Collateral	Net exposure	% Of exposure subject to collateral requirements	Associated ECL
Loans and advances to customers											
Corporate Banking	4,010,284	-	-	6,521	6,774,263	527,580	7,308,364	3,298,080	-	182%	1,736,017
SME Banking	397,848	5,536	-		8,640,357	60,694	8,701,051	8,303,203	-	2187%	96,348
Retail Banking	632,899	-	-		298,029	42,006	340,034	-	292,864	54%	201,345
	5,041,031	**5,536**	**-**	**6,521**	**15,712,649**	**630,280**	**16,349,450**	**11,601,284**	**292,864**	**-**	**2,033,710**
Debt Instruments at amortised cost	-			-	-	-	-	-	-		-
Total financial assets at amortised cost	**5,041,031**	**5,536**	**-**	**6,521**	**15,712,649**	**630,280**	**16,349,450**	**11,601,284**	**292,864**	**-**	**2,033,710**
Debt instruments at fair value through OCI	-			-	-	-	-	-	-		-
	5,041,031	**5,536**	**-**	**6,521**	**15,712,649**	**630,280**	**16,349,450**	**11,601,284**	**292,864**	**-**	**2,033,710**
Total	**5,041,031**	**5,536**	**-**	**6,521**	**15,712,649**	**630,280**	**16,349,450**	**11,601,284**	**292,864**	**-**	**2,033,710**

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

Bank

2023
Type of collateral or credit enhancement for stage 3 assets

	Fair Value of collateral and credit enhancements held under the base case scenario										
Shs "000"	**Maximum Exposure Credit Risk**	**Cash**	**Securities**	**3rd party /gov Guarantees**	**Property**	**Other**	**Offsetting agreements**	**Surplus Collateral**	**Net exposure**	**% Of exposure subject to collateral requirements**	**Associated ECL**
Loans and advances to customers											
Corporate Banking	2,292,352	-	-	-	1,412,250	18,570	1,430,820	-	861,532	62%	1,654,254
SME Banking	139,117	-	-	-	150,250	-	150,250	11,133	-	108%	79,809
Retail Banking	277,081	400	-	-	22,550	7,310	30,260	-	246,821	11%	179,289
	2,708,549				**1,585,050**	**25,880**	**1,611,330**	**11,133**	**1,108,352**		**1,913,352**
Debt Instruments at amortized cost		-									
Total financial assets at amortized cost	**2,708,549**	**400**			**1,585,050**	**25,880**	**1,611,330**	**11,133**	**1,108,352**		**1,913,352**
Debt instruments at fair value through OCI											
	2,708,549	**400**			**1,585,050**	**25,880**	**1,611,330**	**11,133**	**1,108,352**		**1,913,352**
Other Commitments											
	2,708,549	**400**			**1,585,050**	**25,880**	**1,611,330**	**11,133**	**1,108,352**		**1,913,352**

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

2024
Type of collateral or credit enhancement for stage 3 assets

Fair Value of collateral and credit enhancements held under the base case scenario

Shs "000"	Maximum Exposure Credit Risk	Cash	Securities	3rd party /gov Guarantees	Property	Other	Offsetting agreements	Surplus Collateral	Net exposure	% Of exposure subject to collateral requirements	Associated ECL
Loans and advances to customers											
Corporate Banking	3,828,318	121,949	387,725	-	5,487,609	527,580	6,524,862	2,696,545	-	170%	1,699,477
SME Banking	370,302	454	-	-	8,359,902	60,694	8,421,051	8,050,748	-	2274%	80,259
Retail Banking	568,311	13,583	-	-	135,225	40,518	189,326	-	378,986	33%	190,194
	4,766,931	135,986	387,725		13,982,736	628,792	15,135,239	10,747,293	378,986		1,969,931
Debt Instruments at amortized cost	-	-	-		0	0	0	0	0		0
Total financial assets at amortized cost	**4,766,931**	**135,986**	**387,725**		**13,982,736**	**628,792**	**15,135,239**	**10,747,293**	**378,986**		**1,969,931**
Debt instruments at fair value through OCI	-	-	-		-	-	-	-	-		-
	4,766,931	**135,986**	**387,725**		**13,982,736**	**628,792**	**15,135,239**	**10,747,293**	**378,986**		**1,969,931**
	-	-	-		-	-	-	-	-		-
Other Commitments				-						-	
	4,766,931	**135,986**	**387,725**		**13,982,736**	**628,792**	**15,135,239**	**10,747,293**	**378,986**		**1,969,931**

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

Concentration risk

Economic sector risk concentrations within the customer loan and deposit portfolios were as follows:

(i) Loans and advances

	Group		Bank	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Manufacturing	1,247,044	2,964,278	852,636	1,236,806
Wholesale and retail trade	2,024,757	3,021,033	1,191,260	1,334,370
Transport and communications	546,280	1,405,867	222,674	684,979
Agricultural	338,799	488,378	330,684	471,143
Hotel, Restaurant and tourism	236,530	940,591	236,530	940,591
Social community and other services	3,016,204	4,087,594	711,233	1,200,681
Building, Construction and Real Estate	1,653,882	2,047,064	929,846	1,274,822
Mining	7,980	7,125	7,980	7,125
Finance and Insurance	214,278	394,177	214,278	394,177
Energy	117,475	213,038	69,810	59,329
Others*	-	-		
Gross	**9,403,229**	**15,569,145**	**4,766,931**	**7,604,023**

(ii) Off-balance sheet items

	Group 2024 Shs'000	Group 2023 Shs'000	Bank 2024 Shs'000	Bank 2023 Shs'000
Manufacturing	272,294	12,753	272,294	12,753
Wholesale and retail trade	161,875	338,959	117,989	229,266
Transport and communications	6,463	55	6,463	55
Business services	46,947	311,004	5,364	104,286
Agricultural	17,051	-	17,051	-
Individuals	1,830	501	-	-
Real estate and construction	2,206,626	4,708,457	674,343	1,318,167
Information and Technology	64,384	99,020	64,384	14,148
Mining	1,266,164	-	-	-
Energy	100,000	108,639	100,000	100,449
Other*	11,646	89,294	11,644	55,428
Gross	**4,155,280**	**5,668,682**	**1,269,532**	**1,834,552**

*Other off - balance sheet items include arts and entertainment, accommodation, administration and waste management services.

The group identified and reviewed the impairment of off-balance sheet items within the scope of IFRS 9 and expected credit loss amount of Shs 3.99 million passed through the income statement.

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

An analysis of risk concentration in gross carrying amounts and corresponding ECL in the loans portfolio by type of lending and industry is presented below:

Group

2024

Loans and advances per industry segment	Gross carrying amount				Allowance for ECL				ECL coverage %			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Shs"000"	Shs"000"	Shs"000"	Shs"000"	Shs"000"	Shs"000"	Shs"000"	Shs"000"				
Manufacturing	783,065	15,501	530,413	1,328,979	49,175	-	162,365	211,540	6.3%	0.0%	30.6%	15.9%
Wholesale and retail trade	3,110,423	40,071	628,034	3,778,528	34,297	519	778,998	813,814	1.1%	1.3%	122.8%	21.3%
Transport and communications	406,665	7,138	258,080	671,883	45	936	92,629	93,610	0.0%	13.1%	35.9%	13.9%
Agricultural	323,509	21,803	106,588	451,900	43	-	41,342	41,385	0.0%	0.0%	38.8%	9.2%
Hotel, Restaurant and tourism	295,001	31,990	125,715	452,706	55	-	28,474	28,529	0.0%	0.0%	22.6%	6.3%
Social community and Other services	607,625	76,024	475,532	1,159,181	146,766	1,708	185,423	333,897	24.2%	7.0%	39.0%	29.1%
Building, Construction and Real Estate	415,019	14,397	191,802	621,218	38,658	3	458,205	496,866	9.3%	0.0%	238.9%	80.0%
Mining	89,390	29,390	97,371	216,151	-	-	1,155	1,155	0.0%	0.0%	1.2%	0.5%
Finance and Insurance	303,668	23,978	89,391	417,037	4	-	0	4	0.0%	0.0%	0.0%	0.0%
Energy	137,056	9,390	159,200	305,646	2,625	-	38,454	41,079	1.9%	0.0%	24.2%	13.4%
Total	**6,471,421**	**269,682**	**2,662,126**	**9,403,229**	**271,668**	**3,166**	**1,779,212**	**2,061,880**	**4.2%**	**2.5%**	**66.8%**	**21.9%**

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

Group

2023
Loans and advances per industry segment

	Gross carrying amount				Allowance for ECL				ECL coverage %			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Shs"000"	Shs"000"	Shs"000"	Shs"000"	Shs"000"	Shs"000"	Shs"000"	Shs"000"				
Manufacturing	2,100,375	5,614	460,357	2,566,346	62,905	-	110,219	173,124	0.3%	0.0%	28.3%	5.3%
Wholesale and retail trade	1,194,256	21,382	1,095,560	2,311,198	11,513	-	195,177	206,690	0.3%	0.0%	17.7%	8.5%
Transport and communications	606,759	8,617	175,641	791,017	2,120	-	76,751	78,871	0.2%	14.9%	43.7%	10.0%
Agricultural	198,142	-	290,236	488,378	5,149	-	36,148	41,297	0.1%	0.0%	13.1%	7.9%
Hotel, Restaurant and tourism	347,710	-	946,967	1,294,677	15,361	-	5,690	21,050	0.2%	0.0%	0.6%	0.5%
Social community and Other services	1,988,806	12,092	417,758	2,418,656	48,948	-	142,979	191,927	0.9%	0.0%	36.6%	7.1%
Building, Construction and Real Estate	869,167	3,539	1,174,358	2,047,064	57,060	-	340,022	397,082	0.1%	0.0%	39.2%	22.5%
Mining	-	-	7,125	7,125	-	-	0	0	0.0%	0.0%	0.0%	0.0%
Finance and Insurance	990,764	8,494	223,869	1,223,127	-	-	0	0	0.0%	0.0%	0.0%	0.0%
Energy	153,709	-	59,328	213,037	8,619	-	27,133	35,752	0.1%	0.0%	45.7%	12.8%
Others	1,878,452	80,252	249,816	2,208,520	36,237		16,080	52,317	0.8%	0.6%	4.9%	1.2%
Total	**10,328,140**	**139,990**	**5,101,015**	**15,569,145**	**247,912**	**1,763**	**950,198**	**1,198,109**	**0.4%**	**1.3%**	**21.5%**	**7.3%**

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

<u>Bank</u>

2024 Loans and advances per industry segment	Gross carrying amount				Allowance for ECL				ECL coverage %			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Shs"000"	Shs"000"	Shs"000"	Shs"000"	Shs"000"	Shs"000"	Shs"000"	Shs"000"				
Manufacturing	407,503	4,111	441,022	852,636	6,307	-	162,365	168,672	1.5%	0.0%	36.8%	19.8%
Wholesale and retail trade	120,236	3	1,071,021	1,191,260	115	-	912,700	912,815	0.1%	37.4%	85.2%	76.6%
Transport and communications	867	17,748	161,491	180,106	-	937	86,081	87,018	0.1%	0.0%	53.3%	48.3%
Agricultural	230,933	82,553	17,198	330,684	12	-	41,342	41,354	0.0%	0.0%	240.4%	12.5%
Hotel, Restaurant and tourism	200,205	-	36,325	236,530	-	-	28,476	28,476	0.0%	0.0%	78.39%	12.0%
Social community and Other services	431,680	81,634	330,436	843,750	45,634	3,331	184,866	233,831	10.6%	4.1%	55.9%	27.7%
Building, Construction and Real Estate	266,624	6	573,266	839,896	235	3	457,914	458,152	0.1%	51.0%	79.9%	54.5%
Mining	-	-	7,981	7,981	-	-	1,155	1,155	0.0%	0.0%	14.5%	14.5%
Finance and Insurance	214,278	-	-	214,278	4	-	-	4	0.0%	0.0%	65.4%	0.0%
Energy	-	-	69,810	69,810	-	-	38,454	38,454	0.0%	0.0%	55.1%	55.1%
Others	-	-	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%
Total	**1,872,326**	**186,055**	**2,708,550**	**4,766,931**	**52,307**	**4,271**	**1,913,351**	**1,969,931**	**2.8%**	**2.3%**	**70.6%**	**41.3%**

Notes (continued)

4 Financial risk management (continued)

a) Credit risk (continued)

Bank

2023
Loans and advances per industry segment

	Gross carrying amount				Allowance for ECL				ECL coverage %			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Shs"000"	Shs"000"	Shs"000"	Shs"000"	Shs"000"	Shs"000"	Shs"000"	Shs"000"				
Manufacturing	770,836	5,614	460,357	1,236,807	5,653	-	110,030	115,683	0.7%	0.0%	23.9%	9.4%
Wholesale and retail trade	270,702	21,382	1,042,287	1,334,371	731	-	181,345	182,076	0.3%	0.0%	17.4%	13.6%
Transport and communications	509,338	-	175,641	684,979	1,146	-	76,751	77,897	0.2%	0.0%	43.7%	11.4%
Agricultural	183,281	-	287,862	471,143	0	-	36,082	36,082	0.0%	0.0%	12.5%	7.7%
Hotel, Restaurant and tourism	20,322	-	920,269	940,591	20	-	5,690	5,710	0.1%	0.0%	0.62%	0.6%
Social community and Other services	770,832	12,092	417,758	1,200,682	11,456	-	150,264	161,720	1.2%	0.0%	36.6%	13.5%
Building, Construction and Real Estate	336,465	0	938,358	1,274,823	10	-	459,175	459,185	0.0%	0.0%	48.9%	36.0%
Mining	-	-	7,125	7,125	-	-	0	0	0.0%	0.0%	0.0%	0.0%
Finance and Insurance	394,081	-	0	394,081	-	-	0	0	0.0%	0.0%	16.2%	0.0%
Energy	-	-	59,421	59,421	-	-	27,133	27,133	0.0%	0.0%	45.7%	45.7%
Others	-	-	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%
Total	**3,255,857**	**39,088**	**4,309,078**	**7,604,023**	**19,016**	**-**	**1,046,470**	**1,065,486**	**0.5%**	**0.0%**	**24.3%**	**14.0%**

Notes (continued)

4 Financial risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash settled contingencies. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The regulatory bodies of the respective countries require that the Group maintain a cash reserve ratio. In addition, the Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand. The Treasury department monitors liquidity ratios on a daily basis.

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

	Kenya	Uganda	Rwanda
Liquidity ratio as at 31 December 2024	119.9%	50.7%	94.4%
December 2023	100.4%	92.2%	76.5%
Liquidity ratio as per regulatory requirement	20%	20%	20%

The table below presents the undiscounted cash flows payable by the Group under financial liabilities by remaining contractual maturities at the balance sheet date. All figures are in thousands of Kenya Shillings.

Notes (continued)

4 Financial risk management (continued)

b) Liquidity risk (continued)

(i) Group

At December 2024	Upto 1 month Shs'000	1 - 3 months Shs'000	3 - 12 months Shs'000	1 - 5 years Shs'000	Over 5 years Shs'000	Total Shs'000
Liabilities						
Customer deposits	17,436,916	5,121,718	11,393,950	2,384,985	-	36,337,569
Deposits and balances due to -banking institutions	1,478	-	-	-	-	1,478
Due to group companies	4,776,859	-	-	-	-	4,776,859
Lease liabilities	-	19,897	104,043	361,522	77,344	562,806
Borrowing	1,945	-	10,426	-	7,973	20,344
Other liabilities	375,969	5,099	5,305	568	160,437	547,378
Total financial liabilities	22,593,167	5,146,714	11,513,724	2,747,075	245,754	42,246,434
Assets						
Cash and balances with Central Banks	4,581,045	-	-	-	-	4,581,045
Government and other securities held	3,315,487	3,897,116	19,359,033	715,035	933,391	28,220,062
Deposits and balances due from banking institutions	5,112,723	525,673	39,426	-	-	5,677,822
Deposits and balances due from group companies	7,172,800	-	-	-	-	7,172,800
Loans and advances to customers	681,885	755,956	1,431,457	3,982,288	1,292,364	8,143,950
Other assets*	143,969	-	295,274		-	439,243
Total financial assets	21,007,909	5,178,745	21,125,190	4,697,323	2,225,755	54,234,922
Net liquidity position	(1,585,258)	32,030	9,611,467	1,950,248	1,980,001	11,988,488

*Other assets include Mpesa C2B accounts, Mpesa float account and other items under collection.

Notes (continued)

4 Financial risk management (continued)

b) Liquidity risk (continued)
(i) Group

At December 2023	Upto 1 month Shs'000	1 - 3 months Shs'000	3 - 12 months Shs'000	1 - 5 years Shs'000	Over 5 years Shs'000	Total Shs'000
Liabilities						
Customer deposits	22,076,250	7,448,228	13,633,564	4,501,794	-	46,754,237
Deposits and balances due to -banking institutions	17,345	-	-	-	-	17,345
Due to group companies	76	-	-	-	-	76
Lease liabilities	-	21,671	131,035	701,496	45,612	899,815
Borrowing	-	-	15,548	53,533	13,255	82,335
Other liabilities	384,476	3,390	3,652	336	264,682	656,537
Total financial liabilities	**22,478,147**	**7,473,289**	**13,633,564**	**4,501,794**	**323,549**	**48,410,345**
Assets						
Cash and balances with Central Banks	7,858,079	-	-	-	-	7,858,079
Government and other securities held	1,338,583	7,912,780	16,916,167	2,139,869	1,305,235	29,612,634
Deposits and balances due from banking institutions	5,522,428	798,688	-	-	-	6,321,116
Deposits and balances due from group companies	3,485,287	-	-	-	-	3,485,287
Loans and advances to customers	3,530,268	1,818,278	2,172,997	9,529,469	739,430	17,790,443
Other assets*	90,555	-	401,391			491,946
Total financial assets	**21,825,200**	**10,529,746**	**19,490,555**	**11,669,338**	**2,044,665**	**21,825,200**
Net liquidity position	**(652,948)**	**3,056,457**	**5,856,991**	**7,167,544**	**1,721,116**	**17,149,159**

Notes (continued)

4 Financial risk management (continued)

b) Liquidity risk (continued)

(ii) Bank

At December 2024	Upto 1 month Shs'000	1 - 3 months Shs'000	3 - 12 months Shs'000	1 - 5 years Shs'000	Over 5 years Shs'000	Total Shs'000
Liabilities						
Customer deposits	10,291,906	3,156,946	4,620,545	1,484	-	18,070,881
Deposits and balances due to banking institutions	1,478	-	-	-	-	1,478
Amounts due to group companies	4,777,980	-	-	-	-	4,777,980
Lease liabilities	-	20,236	65,280	302,657		388,173
Other liabilities	-	-	154,555	-	-	154,555
Total financial liabilities	**15,071,364**	**3,177,182**	**4,840,380**	**304,141**	**-**	**23,393,067**
Assets						
Cash and balances with Central Bank of Kenya	1,070,695	-	-	-	-	1,070,695
Government and other securities held	2,081,533	2,299,292	14,516,495	-	-	18,897,320
Deposits and balances due from banking institutions	2,074,397	-	-	-	-	2,074,397
Due from group companies	6,110,502	-	-	-	-	6,110,502
Loans and advances to customers	219,221	101,523	816,973	1,345,203	733,632	3,216,552
Other financial assets	109,989	45,485	8,964	-	-	359,484
Total financial assets	11,666,337	2,446,300	15,342,432	1,345,203	733,632	31,533,904
Net liquidity position	(3,405,026)	(730,882)	10,656,606	1,041,062	733,632	8,295,392

Notes (continued)

4 Financial risk management (continued)

b) Liquidity risk (continued)

(ii) Bank

At December 2023	Upto 1 month Shs'000	1 - 3 months Shs'000	3 - 12 months Shs'000	1 - 5 years Shs'000	Over 5 years Shs'000	Total Shs'000
Liabilities						
Customer deposits	13,901,587	3,955,259	1,553,151	38.16	-	19,410,036
Deposits and balances due to banking institutions	17,345	-	-	-	-	17,345
Amounts due to group companies	1,300	-	-	-	-	1,300
Lease liabilities	-	21,671	69,910	362,158		453,739
Other liabilities	-	-	257,158	-	-	257,158
Total financial liabilities	13,920,232	3,976,930	1,880,219	362,196	-	20,139,578
Assets						
Cash and balances with Central Bank of Kenya	1,264,575	-	-	-	-	1,264,575
Government and other securities held	211,315	5,129,820	9,065,350	911,797	-	15,318,282
Deposits and balances due from banking institutions	664,418	-	-	-	-	664,418
Due from group companies	2,923,329	-	-	-	-	2,923,329
Loans and advances to customers	4,349,460	225,450	601,522	3,446,798	549,746	9,172,976
Other financial assets	-	-	-	306,214	-	306,214
Total financial assets	9,655,761	5,355,270	9,666,872	4,358,595	549,746	29,586,244
Net liquidity position	(4,264,471)	1,378,340	8,043,811	3,996,400	549,746	9,703,826

Notes (continued)

4 Financial Risk Management (continued)

c) Market risk

Market risk is the risk that changes in market prices, which include currency exchange rates and interest rates, will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while the return on risk. Overall responsibility for managing market risk rests with the Board Risk Management Committee (BRMC). The Treasury department is responsible for the development of detailed risk management policies (subject to review and approval by BRMC) and for the day-to-day implementation of those policies.

(i) Currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.
The table below summarizes the Group's and the Bank's exposure to foreign currency exchange rate risk as at 31 December 2023. Included in the table are the Group's and the Bank's financial instruments categorized by currency. All figures are in thousands of Kenya Shillings.

Group **At 31 December 2024**	**KES** **Shs'000**	**USD** **Shs'000**	**GBP** **Shs'000**	**EURO** **Shs'000**	**OTHER** **Shs'000**	**Total** **Shs'000**
Assets						
Cash and balances with Central Banks	940,835	1,766,464	37,818	241,147	1,594,781	4,581,045
Deposits and balances due from banking institutions	388,507	9,161,554	73,953	658,725	2,054,515	12,337,254
Loans and advances to customers	2,439,118	736,695	6,979	53,952	4,104,605	7,341,349
Other assets	139,576	9,702	1,365	126	288,474	439,243
Total Assets	**3,908,036**	**11,674,415**	**120,116**	**953,950**	**8,042,375**	**24,698,891**

Notes (continued)

4 Financial Risk Management (continued)

c) Market risk (continued)

(i) Currency risk (continued)

Liabilities	**KES Shs'000**	**USD Shs'000**	**GBP Shs'000**	**EURO Shs'000**	**OTHER Shs'000**	**Total Shs'000**
Customer deposits	13,182,086	9,220,056	367,403	1,059,308	11,566,336	35,395,188
Deposits and balances due to banking institutions	-	-	-	-	1,478	1,478
Borrowings	-	-			18,995	18,995
Lease liabilities	285,063	-			260,107	545,170
Total liabilities	13,467,149	9,220,056	367,403	1,059,308	11,846,916	35,960,831
Net on Balance sheet position	**(9,559,113)**	**2,454,359**	**(247,288)**	**(105,358)**	**(3,804,541)**	**(11,261,940)**
Net off Balance sheet position	**-**	**9,089,905**	**-**	**(3,774)**	**4,184**	**9,090,315**
Overall position	**(9,559,113)**	**11,544,264**	**(247,288)**	**(109,132)**	**(3,800,357)**	**(2,171,625)**
At 31 December 2023						
Total assets	**39,506,790**	**14,761,292**	**169,121**	**1,380,411**	**3,666,404**	**59,484,018**
Total liabilities	18,383,159	15,051,635	346,387	1,344,666	12,030,140	47,155,987
Net on Balance sheet position	21,123,631	(290,343)	(177,266)	35,745	(8,363,736)	12,328,031
Net off Balance sheet position	**2,399,988**	**471,611**	-	(69,060)	**34,838**	2,837,377
Overall position	21,123,631	**181,268**	**(177,266)**	**(33,315)**	**(8,328,898)**	**(8,358,211)**

At 31 December 2024, if the Shilling had weakened/strengthened by 10% against the Rwanda Franc and Uganda Shillings with all other variables held constant, Bank's post tax profit for the year would have been Shs 42.8 million (2023: Shs 43.9 million) lower/higher, mainly as a result of Rwanda Franc and Uganda Shillings loans and advances and bank balances.

Notes (continued)

4 Financial risk management (continued)

c) Market risk (continued)

(i) Currency risk (continued)

Bank

At 31 December 2024	KES Shs'000	USD Shs'000	GBP Shs'000	EURO Shs'000	Other Shs'000	Total Shs'000
Assets						
Cash and balances with Central Bank of Kenya	938,958	75,930	29,378	26,301	129	1,070,695
Deposits and balances due from banking institutions	388,485	7,637,494	68,434	89,756	730	8,184,899
Loans and advances to customers	2,439,118	296,951	6,979	53,952	-	2,797,000
Other Assets	139,576	9,702	58	1	-	149,337
	3,906,137	**8,020,077**	**104,849**	**104,849**	**859**	**12,201,932**
Liabilities						
Customer deposits	13,182,007	3,606,098	349,088	275,423	298,783	17,711,399
Deposits and balances due to banking institutions	-	-	-	-	1,478	1,478
Lease liabilities	285,063	-				285,063
Total liabilities	**13,467,070**	**3,606,098**	**349,088**	**275,423**	**300,261**	**17,997,940**
Net on Balance sheet position	(9,560,933)	4,413,979	(244,297)	(170,574)	(299,402)	(5,796,008)
Net off Balance sheet position	-	12,522	-	(69,060)	34,838	30,782
Overall Position	**(9,560,933)**	**4,426,501**	**(244,297)**	**(239,634)**	**(264,564)**	**(5,765,226)**

Notes (continued)

4 Financial risk management (continued)

c) Market risk (continued)

(i) Currency risk (continued)

At 31 December 2023	**KES Shs'000**	**USD Shs'000**	**GBP Shs'000**	**EURO Shs'000**	**Other Shs'000**	**Total Shs'000**
Total Assets	22,265,884	6,102,564	153,551	325,678	3,250	28,850,927
Total Liabilities	12,648,552	6,092,996	331,447	287,858	-	19,360,853
Net on Balance sheet position	**9,617,332**	**9,568**	**(177,896)**	**37,820**	**3,250**	**9,490,074**
Net off Balance sheet position	**986,644**	**65,003**	-	**(69,060)**	**34,838**	**1,017,425**
Overall position	**11,880,327.00**	**74,571**	**(177,896)**	**(31,240)**	**38,088**	**11,783,850**

At 31 December 2024, if the Shilling had weakened/strengthened by 10% against the US dollar with all other variables held constant, Bank's post tax profit for the year would have been Shs 52 million (2023: Shs 29 million) lower/higher, mainly as a result of US dollar loans and advances and bank balances.

(ii) Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily.

The table below summarises the Group's exposure to interest rate risks. Included in the table are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Group does not bear any interest rate risk on off balance sheet items. All figures are in thousands of Kenya Shillings.

Notes (continued)

4 Financial risk management (continued)

c) Market risk (continued)

(ii) Interest rate risk (continued)

Group

At December 2024	Upto 1 month	1 - 3 months	3 - 12 months	Over 1 year	Non interest bearing	Total
Assets						
Cash and balances with Central Banks	-	-	-	-	4,581,045	4,581,045
Government and other securities at amortised cost	1,230,108	1,583,862	4,808,957	2,810,610	75,671	10,509,208
Government and other securities at FVOCI	-	4,380,825	10,952,607	-	-	15,333,432
Deposits and balances due from banking institutions	5,952,287	-	-	-	-	5,952,287
Amounts due from group companies	7,175,075	-	-	-	235,039	7,410,114
Loans and advances to customers	7,341,349	-	-	-	-	7,341,349
Other assets					497,404	497,404
Total financial assets	**21,698,819**	**5,964,687**	**15,761,564**	**2,810,610**	**5,389,160**	**51,624,841**
Liabilities						
Customer deposits	16,172,990	3,655,569	5,664,401	397,948	9,505,093	35,396,001
Deposits and balances due to banking institutions	1,478	-	-	-	-	1,478
Amounts due to group companies	4,776,859	-	-	-	-	4,776,859
Lease liabilities	-	-	-	545,170	-	545,170
Borrowings	-	-	7,655	-	11,340	18,995
Other liabilities	-	-	-	-	484,019	484,019
Total financial liabilities	**20,951,327**	**3,655,569**	**5,672,056**	**943,118**	**10,000,452**	**41,222,522**
Total interest repricing gap	**747,469**	**2,309,118**	**10,089,508**	**1,867,492**	**(4,611,292)**	**10,402,319**

Notes (continued)

4 Financial risk management (continued)

c) Market risk (continued)

(ii) Interest rate risk (continued)

At 31 December 2023	Upto 1 month	1 - 3 months	3 - 12 months	Over 1 year	Non interest bearing	Total
Total financial Assets	25,301,114	8,028,144	14,947,358	2,513,408	8,765,343	59,555,368
Total financial Liabilities	20,057,559	5,184,098	4,802,637	1,420,281	15,617,968	47,082,543
Total interest repricing gap	**5,243,555**	**2,844,046**	**10,144,721**	**1,093,127**	**(6,852,625)**	**12,472,825**

Bank

At December 2024						
Assets						
Cash and balances with Central Banks	-	-	-	-	1,070,695	1,070,695
Government and other securities at amortised cost	-	-	-	1,670,432	-	1,670,432
Government and other securities at FVOCI	-	4,380,825	10,952,607	-	-	15,333,431
Deposits and balances due from banking institutions	2,074,397	-	-	-	-	2,074,397
Due from group companies	6,110,502	-	-	-	-	6,110,502
Loans and advances to customers	2,797,000	-	-	-	-	2,797,000
Other financial assets	-	-	-	-	164,438	164,438
Total financial assets	**10,981,899**	**4,380,825**	**10,952,607**	**1,670,432**	**1,235,133**	**29,220,896**

Notes (continued)

4 Financial risk management (continued)

c) Market risk (continued)

(ii) Interest rate risk (continued)

Liabilities	**Upto 1 month**	**1 - 3 months**	**3 - 12 months**	**Over 1 year**	**Non-interest bearing**	**Total**
Customer deposits	10,241,330	3,110,292	4,360,405	-	-	17,712,026
Deposits and balances due to banking institutions	1,478	-	-	-	-	1,478
Due to group companies	4,777,980	-	-	-	-	4,777,980
Borrowings	-	-	-	-	-	-
Lease liabilities	-	-	-	285,063	-	285,063
Total financial liabilities	**15,020,788**	**3,110,292**	**4,360,405**	**285,063**	**-**	**22,776,547**
Total interest repricing gap	**(4,038,889)**	**1,270,533**	**6,592,202**	**1,385,369**	**1,235,133**	**6,444,349**
At 31 December 2023						
Total Assets	10,126,285	5,271,554	8,460,627	403,663	1,570,788	25,832,917
Total Liabilities	13,380,437	3,896,807	1,465,273	361,178	257,158	19,360,852
Total interest repricing gap	**(3,254,152)**	**1,374,747**	**6,995,354**	**42,485**	**1,313,630**	**6,472,065**

Notes (continued)

4 Financial risk management (continued)

c) Market risk (continued)

(ii) Interest rate risk (continued)

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

The Group has various financial assets and liabilities at variable rates, which expose the Group to cash flow interest rate risk. The Group regularly monitors financing options available to ensure optimum interest rates are obtained. At 31 December 2024, an increase/decrease of 75 basis points would have resulted in an increase/decrease in consolidated post tax profit of Group; Shs 70 million (2023: Shs 94 million) and Bank Shs 39 million (2023: Shs 48 million), mainly as a result of higher/lower interest charges on variable rate borrowings.

5 Interest income

	Group		Bank	
	31-Dec-24 Shs'000	31-Dec-23 Shs'000	31-Dec-24 Shs'000	31-Dec-23 Shs'000
Loans and advances	1,843,075	2,526,288	894,413	1,381,691
Credit related fees and commissions	167,380	175,053	19,799	42,922
Government securities - Amortised cost	1,346,392	1,351,712	264,130	244,645
Government securities - FVOCI	2,045,392	1,040,036	2,045,392	1,040,036
Cash and short-term funds	561,399	342,769	334,558	139,769
Other securities*	92	511	92	511
	5,963,730	5,436,369	3,558,384	2,849,574

*Interest income on other securities comprises of the discount on swap contracts and FX forward deals.

6 Interest expense

	Group		Bank	
	31-Dec-24 Shs'000	31-Dec-23 Shs'000	31-Dec-24 Shs'000	31-Dec-23 Shs'000
Customer deposits	1,428,977	1,227,976	1,130,989	874,219
Interest expense on lease liabilities	60,381	96,030	38,920	72,170
Deposits by banks	20,446	5,744	14,000	1,987
Borrowed funds	437	966	-	-
Other interest expenses*	201	203	201	202
	1,510,442	**1,330,919**	**1,184,110**	**948,578**

*Other interest expense comprises of the premium on swap contracts.

Notes (continued)

7 Fees and commission

a) Fees and commission income

	Group		Bank	
	31-Dec-24 Shs'000	**31-Dec-23 Shs'000**	**31-Dec-24 Shs'000**	**31-Dec-23 Shs'000**
Clearing and funds transfer commission	169,840	261,082	26,662	34,589
Mobile and E-Banking commissions	80,873	78,639	27,474	16,246
Other fee income*	68,021	62,607	13,291	30,758
Current account ledger fees	60,896	72,362	17,307	20,121
Master card commission	43,676	44,242	10,869	13,886
Commissions on guarantees	43,119	42,909	14,803	13,067
Cash withdrawal commissions	9,782	13,726	390	426
ATM commissions	5,721	8,767	1,814	2,647
Letters of credit commissions	5,215	11,105	1,140	1,635
Cheque book charges	4,850	6,560	1,819	2,599
	491,993	601,999	115,569	135,974

*Other fee income includes overdraft penalty charge, commission on invoice discounting, commission on customer treasury investment, profit and loss on trading of government securities and postage revenue.

b) Fees and commission expense

	Group		Bank	
	31-Dec-24 Shs'000	**31-Dec-23 Shs'000**	**31-Dec-24 Shs'000**	**31-Dec-23 Shs'000**
Master card expense	214,222	173,853	88,975	69,085
Foreign currency import/export charges	1,718	40,505	-	-
Banking services	23,678	29,427	6,853	6,687
Other fee expenses*	-	1,112	462	179
	239,618	244,897	96,290	75,951

* Other fee expenses includes MTN push and pull support fees from Rwanda.

8 (a) Other operating income

	Group		Bank	
	31-Dec-24 Shs'000	**31-Dec-23 Shs'000**	**31-Dec-24 Shs'000**	**31-Dec-23 Shs'000**
Other income	49,915	27,104	29,735	-
Bad debts recovered	86,839	421,334	27,072	294,222
Gain on disposal of assets	439	18,895	70	1,203
	137,193	467,333	56,877	295,425

*Other income includes insurance claim paid in Kenya and consent fees received by Rwanda from the Ghana Eurobond restructure.

Notes (continued)

8(b) Foreign exchange income

	Group		Bank	
	31-Dec-24 Shs'000	31-Dec-23 Shs'000	31-Dec-24 Shs'000	31-Dec-23 Shs'000
Unrealised foreign exchange Gain/(losses)	12,054	888	1,757	(2,364)
Realised foreign exchange gains	596,486	828,848	223,893	336,191
	608,540	829,736	225,650	333,827

9 Operating expenses

	Group 31-Dec-24 Shs'000	Group 31-Dec-23 Shs'000	Bank 31-Dec-24 Shs'000	Bank 31-Dec-23 Shs'000
Employee benefits expense (Note 9(a))	1,140,315	1,101,580	501,904	385,101
Repairs and maintenance	242,154	249,791	120,475	99,284
Depreciation of right-of-use assets (Note 19)	167,842	187,268	69,756	82,962
Depreciation (Note 17)	138,009	141,003	53,416	50,259
Mobile and E - Banking charges	100,699	107,457	39,174	48,330
Consultancy costs	97,686	101,417	8,268	4,461
Insurance	62,628	55,867	26,639	18,613
Communication	68,521	66,034	16,961	17,142
Deposit protection insurance	59,620	69,199	29,892	35,090
Director fees (Note 31(f))	57,065	53,332	23,294	20,690
Amortisation of intangible assets (Note 18)	54,983	82,456	16,609	29,974
Reuters and bloomberg charges	54,617	49,029	35,831	31,753
Operating lease rentals	45,719	37,458	27,268	15,845
Security costs	45,229	43,726	21,526	18,166
Water and electricity costs	38,241	41,088	11,338	9,777
Advertising and publicity	33,206	41,809	20,861	23,364
Travel and accommodation	28,592	22,307	7,835	13,808
Correspondent bank charges	27,240	21,596	9,302	8,147
Auditors' remuneration	25,670	30,381	11,761	13,200
ATM expenses	29,784	22,103	25,444	22,103
Printing and stationery	21,739	23,962	2,903	4,095
Office cash handling charges	18,878	19,568	1,231	1,301
Motor vehicle expenses	18,324	20,406	2,693	3,126
Periodicals and other book subscriptions	16,863	16,259	220	331
Subscriptions expenses	13,108	10,906	9,823	8,495
Legal fees	12,010	15,697	4,033	(8,907)
Office housekeeping	13,812	9,873	10,630	9,873
Operating licence fees	10,562	6,521	6,256	4,575
Sundry losses	6,175	13,896	2,996	13,700
Courier charges	4,685	4,808	4,268	4,808
Fines and penalties	3,426	1,011	3,328	-
Tax audit expense	3,068	591	3,068	591
Donation and grants	3,182	1,345	2,586	1,022
Outsourced service fees	1,273	3,047	1,273	3,047
Write-off of interbranch balances	9,690	-	-	-
Other administrative expenses*	44,425	77,941	(10,909)	(13,059)
	2,719,040	**2,750,732**	**1,121,953**	**981,067**

*Other administrative expenses comprise of document archiving expenses, tax audit expenses and other miscellaneous expenses. Included in the Bank other admin expenses in credit relates to reversal of over provisions.

Notes (continued)

9 Operating expenses (continued)

(a) Employee benefits expense

	Group		Bank	
	31-Dec-24 Shs'000	**31-Dec-23 Shs'000**	**31-Dec-24 Shs'000**	**31-Dec-23 Shs'000**
Salaries and wages	899,471	884,355	389,915	305,793
Other staff costs and benefits	187,781	165,388	97,329	69,392
Pension fund contribution	53,063	51,837	14,660	9,916
	1,140,315	**1,101,580**	**501,904**	**385,101**

*Other staff costs and benefits include training expense, staff medical, work permit related expenses, subscription to clubs, staff group life insurance, staff per diem and other employee benefits.

10 Impairment losses

	Group		Bank	
	31-Dec-24 Shs'000	**31-Dec-23 Shs'000**	**31-Dec-24 Shs'000**	**31-Dec-23 Shs'000**
Loans and advances (Note 15)	1,236,420	216,872	969,246	211,825
Investment securities (Note 13)	(167,924)	317,810	-	-
Off balance sheet	3,990		3,991	
	1,072,486	534,682	973,237	211,825

11 Taxation

	Group 31-Dec-24	Group 31-Dec-23	Bank 31-Dec-24	Bank 31-Dec-23
Current income tax	798,501	827,341	420,363	336,315
Deferred income tax (Note 20)	(168,026)	(99,639)	(216,028)	(1,768)
	630,475	727,702	204,335	334,547
Profit before income tax	1,659,870	2,474,207	580,890	1,397,379
Tax calculated at domestic rates applicable to profits in the respective countries - 30% (2023- 30%)	475,864	766,105	174,267	419,214
Tax effect of:				
- Income not subject to tax	(19,997)	(160,855)	(34,510)	(83,498)
- Expenses not deductible for tax purposes	214,823	128,452	43,110	4,831
- Prior year deferred tax under provisions	-	(6,000)		(6,000)
- Final tax on interest earned from treasury bills (20%)	99,298			
- Movement in deferred income tax not recognised	(168,026)		-	
- Effect of Regulatory tax rate change	7,045		-	
-Prior year tax expenses	21,468		21,468	
	630,475	**727,702**	**204,335**	**334,547**

Notes (continued)

11 Taxation (continued)

Corporate tax payable	Group		Bank	
	31-Dec-24 Shs'000	31-Dec-23 Shs'000	31-Dec-24 Shs'000	31-Dec-23 Shs'000
At the beginning of the year	173,520	(147,657)	280,501	(147,657)
Charge for the year	(777,685)	(827,289)	(398,895)	(336,315)
Taxation paid	684,790	1,158,344	221,144	764,473
Under provision of prior year income tax	(21,468)		(21,468)	
Translation difference	22,125	(9,878)	-	-
At the end of the year	81,282	173,520	81,282	280,501
Comprising of:				
Corporate tax recoverable	81,282	280,501	81,282	280,501
Corporate tax payable		(106,981)		
	81,282	**173,520**	**81,282**	**280,501**

12 Cash and balances with the central bank of Kenya

Cash in hand	1,551,417	1,882,480	126,445	110,146
Balances with the central banks	1,824,363	4,104,015	202,554	181,795
Cash reserve ratio	1,205,265	1,871,585	741,696	972,634
	4,581,045	7,858,080	1,070,695	1,264,575

* The allowance for ECL relating to cash and bank balances with Central Bank was immaterial as at the end of December 2024.

13 Financial assets

(a) Held at amortised cost

Government securities – at amortised cost				
- Maturing within 90 days	2,675,065	5,750,418	-	1,870,152
- Maturing after 90 days	8,002,065	9,940,886	1,670,432	920,848
Eurobonds impairment provision*	(167,924)	(773,705)	-	-
	10,509,206	14,917,599	1,670,432	2,791,000

* Following the completion of the Republic of Ghana Eurobonds restructure in January 2024, the Bank realized modification gain of over Frw1.34 billion arising from the impairment provisions taken in the prior years.

Notes (continued)

13 Financial assets (continued)

(b) Held at FVOCI

	Group		Bank	
	31-Dec-24 Shs'000	31-Dec-23 Shs'000	31-Dec-24 Shs'000	31-Dec-23 Shs'000
Government securities				
- Maturing within 90 days	4,380,825	3,778,906	4,380,824	3,778,906
- Maturing after 90 days	10,952,608	7,565,939	10,952,608	7,565,939
	15,333,43	11,344,845	15,333,432	11,344,845

14 Deposits and balances due from other banks

Due from local banking institutions	39,348	378,918	39,348	378,918
Due from foreign banking institutions	5,912,939	5,942,198	2,035,049	285,500
	5,952,287	6,321,116	2,074,397	664,418

15 Loans and advances to customers

Overdrafts	1,078,226	2,593,327	745,463	791,782
Commercial loans	5,238,390	10,007,530	3,405,226	6,007,942
Personal loans	2,713,821	2,638,744	604,924	792,707
Mortgages	372,792	329,544	11,318	11,592
Gross loans and advances	9,403,229	15,569,145	4,766,931	7,604,023
Less: Provision for impairment losses				
- Stage 1 loans	271,669	247,911	52,309	19,014
- Stage 2 loans	3,166	-	4,271	-
- Stage 3 loans	1,787,045	950,198	1,913,351	1,046,472
	2,061,880	1,198,109	1,969,931	1,065,486
Net loans and advances	7,341,349	14,371,036	2,797,000	6,538,537

Included in loans and advances to customers are loans to directors and associates of Shs 1.4 million (2023: Shs1.7 million). The provision for impairment provided for these loans is nil (2023:nil) for Group and Bank.

Notes (continued)

15 Loans and advances to customers (continued)

(i) Reconciliation of Loans and advances to customers at amortised cost

Group	**Stage 1 12-month ECL Shs'000**	**Stage 2 Lifetime ECL Shs'000**	**Stage 3 Lifetime ECL Shs'000**	**Total Shs'000**
Gross carrying amount as at 01 January 2023	16,374,806	852,301	4,095,238	21,322,345
Changes in the gross carrying amount				
– Transfer from stage 1 to stage 2	(331,181)	331,181	-	-
– Transfer from stage 1 to stage 3	(1,353,311)	-	1,353,311	-
– Transfer from stage 2 to stage 3	-	(75,190)	75,190	-
– Transfer from stage 3 to stage 1	268,101	-	(268,101)	-
– Transfer from stage 2 to stage 1	327,076	(327,076)	-	-
– Write-offs	-	-	(161,336)	(161,336)
New financial assets originated and other changes	4,177,953	10,216	1,003,180	5,191,349
Payments and assets derecognised	(11,861,300)	(421,813)	(355,800)	(12,638,913)
Translation differences	1,615,032	34,168	206,500	1,855,700
Gross carrying amount as at 31 December 2023	**9,217,176**	**403,787**	**5,948,182**	**15,569,145**

Group	**Stage 1 12-month ECL Shs'000**	**Stage 2 Lifetime ECL Shs'000**	**Stage 3 Lifetime ECL Shs'000**	**Total Shs'000**
Gross carrying amount as at 01 January 2024	9,517,176	103,787	5,948,181	15,569,144
Changes in the gross carrying amount			-	
– Transfer from stage 1 to stage 2	(134,815)	134,815	-	-
– Transfer from stage 1 to stage 3	(232,985)	-	232,985	-
– Transfer from stage 2 to stage 3	-	(43,528)	43,528	-
– Transfer from stage 3 to stage 2&1	234,698	19,917	(254,616)	-
– Transfer from stage 2 to stage 1	27,793	(27,793)	-	-
– Write-offs	-	-	(6,870)	(6,870)
New financial assets originated and other changes	3,570,364	33,290	91,120	3,694,774
Payments and assets derecognized	(5,318,532)	(277,610)	(1,662,260)	(7,258,402)
Translation differences	(2,405,699)	(35,864)	(153,853)	(2,595,416)
Gross carrying amount as at 31 December 2024	**5,258,000**	**(92,986)**	**4,238,215**	**9,403,229**

Notes (continued)

15 Loans and advances to customers (continued)

(i) Reconciliation of Loans and advances to customers at amortised cost (continued)

Bank	Stage 1 12-month ECL Shs'000	Stage 2 Lifetime ECL Shs'000	Stage 3 Lifetime ECL Shs'000	Total Shs'000
Gross carrying amount as at 1 January 2023	10,824,208	750,913	2,421,266	13,996,387
Changes in the gross carrying amount				
– Transfer from stage 1 to stage 2	(9,615)	9,615	-	-
– Transfer from stage 1 to stage 3	(1,348,265)	-	1,348,265	-
– Transfer from stage 2 to stage 3	-	(74,441)	74,441	-
– Transfer from stage 2 to stage 1	313,080	(313,080)	-	-
– Transfer from stage 3 to stage 1	98,416	-	(98,416)	-
– Write-offs*	-	-	(56,013)	(56,013)
New financial assets originated and other changes	886,095	9,433	836,939	1,732,467
Payments and assets derecognized	(7,508,063)	(343,351)	(217,404)	(8,068,818)
Gross carrying amount as at 31 December 2023	**3,255,856**	**39,089**	**4,309,078**	**7,604,023**

* Write off amount is after realisation of the collateral held and there are no amounts that are still subject to enforcement activities.

Bank	Stage 1 12-month ECL Shs'000	Stage 2 Lifetime ECL Shs'000	Stage 3 Lifetime ECL Shs'000	Total Shs'000
Gross carrying amount as at 01 January 2024	**3,255,857**	**39,088**	**4,309,078**	**7,604,023**
Changes in the gross carrying amount				
– Transfer from stage 1 to stage 2	(94,023)	94,023	-	-
– Transfer from stage 1 to stage 3	(70,818)	-	70,818	-
– Transfer from stage 2 to stage 3	-	(5,866)	5,866	-
– Transfer from stage 3 to stage 1	136,282	-	(136,282)	-
– Transfer from stage 3 to stage 1	98,416	-	(98,416)	-
– Transfer from stage 2 to stage 1	2,021	(2,021)	-	-
– Transfer from stage 3 to stage 2	-	326,463	(326,463)	-
– Write-offs	-	-	(805)	(805)
New financial assets originated or other changes in value	427,873	650	26,625	455,148
Payments and assets derecognized	(1,883,282)	(266,282)	(1,141,871)	(3,291,435)
Gross carrying amount as at 31 December 2024	**1,872,326**	**186,055**	**2,708,550**	**4,766,931**

Notes (continued)

15 Loans and advances to customers (continued)

(ii) Loss allowance – Loans and advances to customers at amortised cost

Group	Stage 1 12-month ECL Shs'000	Stage 2 Lifetime ECL Shs'000	Stage 3 Lifetime ECL Shs'000	Total Shs'000
Loss allowance as at 01 January 2023	366,759	512,926	102,885	982,570
Charge to profit or loss	(62,351)	(261,025)	540,248	216,872
	-	-	-	-
– Transfer from stage 1 to stage 3	(17,755)	-	17,755	-
– Transfer from stage 2 to stage 3	-	(231,558)	231,558	-
– Transfer from stage 2 to stage 1	26,275	(26,275)	-	-
– Transfer from stage 3 to stage 1	-	-	-	-
New financial assets originated or purchased	(78,404)	(818)	(44,436)	(123,658)
Financial assets that have been derecognized	6,811	2,624	131,095	140,530
Write-offs	-	-	(110,084)	(110,084)
Reclassification			45,838	45,838
Translation differences	6,577	4,126	35,338	46,041
Loss allowance as at 31 December 2023	**247,912**	**-**	**950,197**	**1,198,109**

Group	Stage 1 12-month ECL Shs'000	Stage 2 Lifetime ECL Shs'000	Stage 3 Lifetime ECL Shs'000	Total Shs'000
Loss allowance as at 01 January 2024	247,912	-	950,197	1,198,109
Charge to profit or loss	34,336	4,386	1,197,698	1,236,420
– Transfer from stage 1 to stage 2	(450)	450	-	-
– Transfer from stage 1 to stage 3	(6,936)	-	6,936	-
– Transfer from stage 2 to stage 3	-	(9,086)	9,086	-
– Transfer from stage 3 to stage 2	-	4,369	(4,369)	-
– Transfer from stage 2 to stage 1	678	(678)	-	-
– Transfer from stage 3 to stage 1	988	-	(988)	-
Financial assets that have been derecognized	(11,290)	-	(35,415)	(46,705)
New financial assets originated or purchased	17,010	4,944	24752	46,705
Write-offs	-	-	(266,838)	(266,838)
Reclassification	-	-	(62,909)	(62,909)
Translation Differences	(10,579)	2,380	(31,105)	(42,903)
Loss allowance as at 31 December 2024	**271,668**	**3,166**	**1,787,045**	**2,061,880**

Notes (continued)

15 Loans and advances to customers (continued)

(ii) Loss allowance – Loans and advances to customers at amortised cost (continued)

Bank	Stage 1 12-month ECL Shs'000	Stage 2 Lifetime ECL Shs'000	Stage 3 Lifetime ECL Shs'000	Total Shs'000
Loss allowance as at 01 January 2023	77,214	256,789	488,603	822,606
Charge to profit or loss	(58,198)	(256,789)	526,812	211,825
– Transfer from stage 1 to stage 2				
– Transfer from stage 1 to stage 3	(14,372)	-	14,372	-
– Transfer from stage 2 to stage 3	-	(229,925)	229,925	-
– Transfer from stage 3 to stage 2	-	-	-	-
– Transfer from stage 2 to stage 1	26,275	(26,275)	-	-
Financial assets that have been derecognized	(71,393)	(589)	(21,153)	(93,135)
New financial assets originated or purchased	1,292	-	303,668	304,960
Write-offs	-	-	(4,760)	(4,760)
Reclassification	-	-	35,815	35,815
Loss allowance as at 31 December 2024	**19,015**	**-**	**1,046,472**	**1,065,486**

Bank	Stage 1 12-month ECL Shs'000	Stage 2 Lifetime ECL Shs'000	Stage 3 Lifetime ECL Shs'000	Total Shs'000
Loss allowance as at 01 January 2024	19,016	-	1,046,470	1,065,486
Charge to profit or loss	33,292	4,271	931,683	969,246
– Transfer from stage 1 to stage 2	(416)	416		
– Transfer from stage 1 to stage 3	(6,315)	-	6,315	-
– Transfer from stage 2 to stage 3	-	(523)	523	-
– Transfer from stage 3 to stage 2	-	1,023	(1,023)	-
– Transfer from stage 2 to stage 1	180	(180)	-	-
– Transfer from stage 3 to stage 1	988	-	(988)	-
Financial assets that have been derecognized	(8,460)	-	(11,600)	(20,060)
New financial assets originated or purchased	47,314	3,536	938,456	989,306
Write-offs	-	-	(805)	(805)
Reclassification	-	-	(65,607)	(65,607)
Loss allowance as at 31 December 2024	**52,308**	**4,271**	**1,913,351**	**1,969,931**

Notes (continued)

16 Investment in subsidiaries

Bank	Country of incorporation	2024 % interest held	2024 Shs'000	2023 % interest held	2023 Shs'000
Guaranty Trust Bank (Rwanda) Limited	Rwanda	96.38%	1,649,218	96.38%	1,649,218
Guaranty Trust Bank (Uganda) Limited	Uganda	100.00%	1,726,772	100.00%	1,726,772
At 31 December			3,375,990		3,375,990

	31-Dec-24 Shs'000	31-Dec-23 Shs'000
At start and end of year	3,375,990	3,375,990

Notes (continued)

17 Property and equipment

(a) Group

	Buildings and freehold land Shs'000	Leasehold Improvements Shs'000	Computer Equipment Shs'000	Motor Vehicles Shs'000	Fixtures, fittings and equipment Shs'000	Work-in-progress Shs'000	Total Shs'000
Year ended 31 December 2023							
Opening net book amount	93,916	115,597	36,210	43,706	219,049	10,635	519,113
Revaluation of buildings	19,872	-	-	-	-	-	19,872
Additions	-	1,541	9,422	82,339	42,739	14,154	150,195
Reclassification	-	-	2,442	-	(2,442)	-	-
Disposals	(38,270)	-	-	(25,520)	-	-	(63,790)
Depreciation charge	(672)	(17,323)	(19,813)	(29,655)	(73,540)	-	(141,003)
Accumulated depreciation eliminated on disposal	-	-	-	25,389	-	-	25,389
Currency translation difference	26,284	26,709	2,143	4,518	32,448	1,271	93,373
Closing net book amount	101,130	126,524	30,404	100,777	218,254	26,060	603,149
At 31 December 2023							
Cost or valuation	117,972	326,238	238,477	251,642	1,803,326	26,060	2,763,715
Accumulated depreciation	(16,842)	(199,714)	(208,073)	(150,865)	(1,585,072)	-	(2,160,566)
Net book Amount	101,130	126,524	30,404	100,777	218,254	26,060	603,149

Notes (continued)

17 Property and equipment (continued)

(a) Group (continued)

	Buildings and freehold land Shs'000	Leasehold Improvements Shs'000	Computer Equipment Shs'000	Motor Vehicles Shs'000	Fixtures, fittings and equipment Shs'000	Work-in-progress Shs'000	Total Shs'000
Year ended 31 December 2024							
Opening net book amount	101,130	126,524	30,404	100,777	218,254	26,060	603,149
Revaluation of buildings	-	-	-	-	-	-	-
Additions	-	346	8,494	54,176	39,413	634,000	736,429
Reclassification	-	-	-	-	-	-	-
Disposals	-	-	-	(13,676)	(6,237)	-	(19,913)
Depreciation charge	(532)	(15,159)	(19,577)	(37,060)	(65,681)	-	(138,009)
Accumulated depreciation eliminated on disposal	-	-	-	13,676	6,182	-	19,858
Currency translation difference	(35,958)	(50,705)	(3,249)	(17,440)	(37,686)	(5,691)	(150,729)
Closing net book amount	64,640	61,006	16,072	100,453	154,245	654,369	1,050,785
At 31 December 2024							
Cost or valuation	114,051	244,383	231,603	257,516	1,556,136	658,619	3,062,308
Accumulated depreciation	(49,411)	(183,377)	(215,531)	(157,063)	(1,401,891)	(4,250)	(2,011,523)
Net book Amount	64,640	61,006	16,072	100,453	154,245	654,369	1,050,785

Work in progress relates to preliminary costs of construction of a new branch in Uganda, ongoing branding works in Rwanda and progress payments for fixed assets and software in Kenya.

Notes (continued)

17 Property and equipment (continued)

(a) Group (continued)

An independent valuation of the company's land and buildings was performed by valuers to determine the fair value of the land and buildings as at 31 December 2023 (2024: nil). The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income. If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2024 Shs'000	2023 Shs'000
Cost	38,130	88,178
Disposal	-	(21,155)
Accumulated depreciation	(9,666)	(16,851)
Net book amount	28,464	50,172

Notes (continued)

17 Property and equipment (continued)

(b) Bank

	Computer Equipment Shs'000	Motor Vehicles Shs'000	Fixtures, fittings and equipment Shs'000	Work-in-progress Shs'000	Total Shs'000
Year ended 31 December 2023					
Opening net book amount	28,654	7,512	83,472	-	119,638
Additions	6,730	36,333	940	10,452	54,455
Disposals	-	(10,304)	-	-	(10,304)
Depreciation charge	(13,214)	(11,677)	(25,368)	-	(50,259)
Accumulated depreciation eliminated on disposal	-	10,173	-	-	10,173
Reclassification	2,442	-	(2,442)	-	-
Depreciation on reclassification	(2,409)	-	2,409	-	
Closing net book amount	**22,203**	**32,037**	**59,011**	**10,452**	**123,703**
At 31 December 2023					
Cost or valuation	136,268	69,076	722,972	10,452	938,768
Accumulated depreciation	(114,065)	(37,039)	(663,961)		(815,065)
Net book Amount	22,203	32,037	59,011	10,452	123,703

Notes (continued)

17 Property and equipment (continued)

(b) Bank (continued)

	Computer Equipment Shs'000	Motor Vehicles Shs'000	Fixtures, fittings and equipment Shs'000	Work-in-progress Shs'000	Total Shs'000
Year ended 31 December 2024					
Opening net book amount	22,203	32,037	59,011	10,452	123,703
Additions	5,808	44,480	11,510	433,575	495,373
Disposals	-	(6,983)	-	-	(6,983)
Depreciation charge	(15,822)	(16,385)	(21,209)	-	(53,416)
Accumulated depreciation eliminated on disposal	-	6,983	-	-	6,983
Reclassification	-	-	-	-	-
Closing net book amount	12,189	60,132	49,312	444,027	565,660
At 31 December 2024					
Cost or valuation	142,076	106,573	734,482	444,027	1,427,158
Accumulated depreciation	(129,887)	(46,441)	(685,170)	-	(861,498)
Net book Amount	12,189	60,132	49,312	444,027	565,660

Work in progress relates to the cost of hardware and software purchase in preparation for a new core banking solution.

Notes (continued)

18 Intangible assets

(a) Group	Computer Software Shs'000	Goodwill Shs'000	Total Shs'000
Year ended 31 December 2023			
Opening net book amount	129,988	21,812	151,800
Additions	13,810	-	13,810
Amortization	(82,456)	-	(82,456)
Currency translation difference	14,820	-	14,820
At end of year	76,162	21,812	97,974
At 31 December 2023			
Cost	1,140,203	21,812	1,162,015
Accumulated depreciation	(1,064,041)	-	(1,064,041)
Net book amount	76,162	21,812	97,974
Year ended 31 December 2024			
Opening net book amount	76,162	21,812	97,974
Additions	224,697	-	224,697
Amortization	(54,983)	-	(54,983)
Currency translation difference	(11,494)	-	(11,494)
At end of year	234,382	21,812	256,194
At 31 December 2024			
Cost	1,147,696	21,812	1,169,508
Accumulated depreciation	(913,314)	-	(913,314)
Net book amount	234,382	21,812	256,194

The goodwill arose from the Bank's acquisition of its subsidiary in Rwanda.

Impairment tests for goodwill
For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Notes (continued)

18 Intangible assets (continued)

(a) Group (continued)

Impairment tests for goodwill (Continued)

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using estimated growth rates. The growth rates do not exceed the long-term average growth rates for the Guaranty Trust Bank (Rwanda) Limited business in which the CGUs operate.

Goodwill relating to Guaranty Trust Bank (Rwanda) Limited was tested for impairment at 31 December 2024. The recoverable amount was determined on the basis of value in use. Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value in use. A five-year forecast was used as a basis for future cash flows, extrapolated in perpetuity to reflect the long-term plans for the entity, using a nominal growth rate of 8.0%. The after-tax discount rate used was based on an assessment of the risks applicable to GTBank Rwanda and the country in which it operates. The discount rate calculated for the forecast years was 3.91% per annum. These variables are established on the basis of management judgement and current market conditions. Management judgement is also applied in estimating the future cash flows of the cash-generating units. These values are sensitive to the cash flows projected for the periods for which detailed forecasts are not available and to the assumptions regarding the long-term sustainability of the cash flows thereafter. Based on the testing performed, the directors believe that the goodwill is not impaired.

(b) Bank

	Computer Software Shs'000	Work-in-progress Shs'000	Total Shs'000
Year ended 31 December 2023			
Opening net book amount	50,628	-	50,628
Additions	-	-	-
Amortization	(29,974)	-	(29,974)
At end of year	20,654	-	20,654
At 31 December 2023			
Cost	397,875	-	397,875
Accumulated depreciation	(377,221)	-	(377,221)
Net book amount	20,654	-	20,654
Year ended 31 December 2024			
Opening net book amount	20,654	-	20,654
Additions	2,493	-	2,493
Amortization	(16,609)	-	(16,609)
At end of year	6,538	-	6,538

Notes (continued)

18 Intangible assets (continued)

(b) Bank (continued)

At 31 December 2024			
Cost	400,368	-	400,368
Accumulated depreciation	(393,830)	-	(393,830)
Net book amount	**6,538**	**-**	**6,538**

19 Right-of-use assets

(a) Group

	31-Dec-24 Shs'000	31-Dec-23 Shs'000
At start of year	711,964	483,984
Additions	48,942	19,346
Depreciation charge	(123,495)	(187,268)
Currency translation difference	(106,860)	60,820
Adjustment made during the year	(75,395)	335,082
At end of year	**455,156**	**711,964**

*The adjustment was made in the year to match the discount rate to the term of the leases.

(b) Bank

	31-Dec-24 Shs'000	31-Dec-23 Shs'000
At start of year	313,788	99,241
Additions	-	75,268
Depreciation charge	(69,756)	(82,962)
Adjustment made during the year	(16,782)	222,241
At end of year	**227,250**	**313,788**

The Group leases various office buildings, branches and equipment in the normal course of business. The leases for buildings and branches are typically for a period of between 3 and 10 years, with option for renewal at the end of the term. Leases of equipment are typically short term for periods of less than 12 months. None of these leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee. The adjustment done was to match actual lease payments with discounted lease payments that were initially discounted on an annual basis.

For information on the related lease liabilities, see Note 24.

Notes (continued)

20 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2023: 30%). The gross movement on the deferred income tax account is as follows:

	Group		Bank	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
At start of year	377,286	246,932	179,724	176,218
Charge to profit or loss	168,026	99,639	216,028	1,768
Credit to other comprehensive income	(73,609)	30,715	(130)	1,738
At end of year	**471,702**	**377,286**	**395,621**	**179,724**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows;

(a) Group

Year ended 31 December 2024	01.01.2024 Shs'000	(Charged)/ credit to profit or loss Shs'000	Charged to equity Shs'000	31.12.2024 Shs'000
Deferred income tax assets				
Property and equipment	50,355	(4,808)	-	45,547
Other temporary differences	194,061	160,229	-	354,291
Lease liability	120,281	(29,022)	-	91,259
Restoration costs	9,127	-	-	9,127
Revaluation of Financial assets FVOTCI	7,952	-	494	8,446
Tax losses carried forward	(41,475)	-	-	(41,475)
Translation differences	67,040	-	(481,583)	(414,543)
Under provision of deferred tax in prior year	6,000	-	-	6,000
	413,342	**126,399**	**(481,089)**	**58,652**
Deferred income tax liabilities				
Property and equipment	(16,737)	15,665	-	(1,072)
Revaluation of FVOTCI	(7,823)	-	(130)	(7,953)
Right-of-use assets	(91,670)	25,961	-	(65,709)
Translation differences	75,438		407,610	483,048
Tax losses carried forward	4,737	-	-	4,737
	(36,055)	**41,626**	**407,480**	**413,050**
Net deferred tax asset	**377,286**	**168,025**	**(73,609)**	**471,702**

Notes (continued)

20. Deferred income tax (continued)

(a) Group (continued)

Year ended 31 December 2023	01.01.2023 Shs'000	(Charged)/ credit to profit or loss Shs'000	Charged to equity Shs'000	31.12.2023 Shs'000
Deferred income tax assets				
Property and equipment	46,965	3,390	-	50,355
Other temporary differences	127,666	66,395	-	194,061
Lease liabilities	43,955	76,326	-	120,281
Restoration costs	9,127	-	-	9,127
Revaluation of FVOTCI	7,952	-	-	7,952
Tax losses carried forward	(41,475)	-	-	(41,475)
Translation differences	37,522	540	28,978	67,040
Under provision of deferred tax in prior year	-	6,000	-	6,000
	231,712	**152,652**	**28,978**	**413,341**
Deferred income tax liabilities				
Property and equipment	(28,090)	10,051	-	(16,962)
Revaluation of Financial Assets FVOTCI	(9,560)	-	1,738	(7,822)
Right-of-use assets	(27,305)	(64,366)	-	(91,671)
Translation differences	75,438	-	-	(24,880)
Tax losses carried forward	4,737	-	-	4,737
	15,220	**(53,012)**	**1,737**	**(36,055)**
Net deferred tax asset	**246,932**	**99,640**	**30,715**	**377,286**

The deferred income tax asset and liability and deferred income tax charge/(credit) in the income statement are attributable to the following items:

Notes (continued)

20. Deferred income tax (continued)

(b) Bank

Year ended 31 December 2024	**01.01.2024 Shs'000**	**(Charged)/ credited to profit or loss Shs'000**	**31.12.2024 Shs'000**
Property and equipment	57,862	(4,808)	53,054
Right-of-use assets	(94,137)	25,961	(68,175)
Lease liability	118,277	(27,869)	90,407
Restoration costs	9,127	-	9,127
Revaluation of Financial Assets FVTOCI	130	(130)	-
Other temporary differences	82,465	222,743	305,208
Under provision in prior year	6,000	-	6,000
Deferred income tax asset	**179,724**	**215,897**	**395,621**

Year ended 31 December 2023	**01.01.2023 Shs'000**	**(Charged)/ credited to profit or loss Shs'000**	**Charged to equity Shs'000**	**31.12.2023 Shs'000**
Property and equipment	54,472	3,390	-	57,862
Right-of-use assets	(29,772)	(64,365)	-	(94,137)
Lease liability	42,391	75,886	-	118,277
Restoration costs	9,127	-	-	9,127
Revaluation of FVTOCI	(1,607)	-	1,738	131
Other temporary differences	101,607	(19,143)	-	82,464
Under provision in prior year	-	6,000	-	6,000
Deferred income tax asset	176,218	1,768	1,738	179,724

Notes (continued)

21 Other assets

	Group		Bank	
	31-Dec-24	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Items in the course of collection	15,213	53,968	15,213	53,968
Prepayments	253,207	128,726	195,046	63,550
Other receivables*	424,030	568,123	149,225	188,696
Derivative financial instruments	-	-	-	-
	692,450	750,817	359,484	306,214

* Other assets relates to mainly wallets floats balances with various mobile money providers and transit account balances.

22 Customer deposits

	Group		Bank	
	31-Dec-24	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Current and demand deposits	19,404,041	28,281,675	6,494,591	8,026,906
Savings accounts	2,022,128	2,350,060	744,843	707,829
Time deposit accounts	13,969,019	14,801,965	10,471,965	9,989,137
	35,395,188	45,433,700	17,711,399	18,723,872
Current	34,997,240	44,441,786	17,711,399	18,723,872
Non-current	397,948	991,914	-	-
	35,395,188	45,433,700	17,711,399	18,723,872

Notes (continued)

23 Deposits due to other banks

	Group		Bank	
	31-Dec-24 Shs'000	31-Dec-23 Shs'000	31-Dec-24 Shs'000	31-Dec-23 Shs'000
Due to local banking institution	-	-	-	-
Due to foreign banking Institution	1,478	17,345	1,478	17,345
	1,478	17,345	1,478	17,345

24 Lease liabilities

Expected to be settled within 12 months after the year end	121,159	148,873	78,912	84,509
Expected to be settled more than 12 months after the year end	424,011	665,463	206,151	276,669
	545,170	814,336	285,063	361,178
The total cash outflow for leases in the year was:				
Payments of principal portion of the Lease liability	153,439	193,178	115,034	82,462
Interest paid on lease liabilities	(5,059)	61,230	43,263	37,370
	148,380	254,408	158,297	119,832

For more information on the nature of the leases entered into and the related right-of-use assets, see Note 19.

	Group		Bank	
	31-Dec-24 Shs'000	31-Dec-23 Shs'000	31-Dec-24 Shs'000	31-Dec-23 Shs'000
Movement in lease liabilities				
Lease liabilities at 1 January	814,336	532,250	361,178	110,878
Interest expense charged	60,381	96,030	38,920	72,170
Interest paid	5,059	(61,230)	(30,762)	(37,370)
Principal elements of lease payments	(152,310)	(193,178)	(84,273)	(82,462)
Currency translation difference	(216,365)	105,590	-	-
Addition	46,726	346,649	-	297,962
Disposals	(12,657)	(11,775)	-	-
	545,170	814,336	285,063	361,178
Amounts recognised in the statement of profit or loss				
Depreciation charge of right-of-use assets	123,495	187,268	69,756	82,962
Interest expense	60,381	96,030	38,920	72,170

Notes (continued)

25 Other liabilities

	Group		Bank	
	31-Dec-24 Shs'000	31-Dec-23 Shs'000	31-Dec-24 Shs'000	31-Dec-23 Shs'000
Items in transit	-	581	-	581
Outstanding bankers' cheques	7,044	13,441	2,695	8,833
*Derivative financial instruments	(71)	518	(71)	518
Other payables and accrued expenses	476,975	666,910	151,931	247,226
**Accrued tax liability	63,431	70,218	-	-
	547,379	751,668	154,555	257,158

*Derivative financial instruments in the current year relates to fair value losses on exchange derivatives consisting of currency forwards and currency swaps contracts.

**Accrued tax liability relates to outstanding Withholding tax and reverse-charge VAT due to Uganda Revenue Authority on payments made to foreign suppliers by GTBank Uganda

26 Share capital

Group & Bank	Number of shares	Ordinary shares Shs'000	Share premium Shs'000	Total Shs'000
At 1 January and 31 December 2024	1,280,934	1,280,934	4,225,323	5,506,257
At 1 January and 31 December 2023	1,280,934	1,280,934	4,225,323	5,506,257

27 Statutory reserve

	Group		Bank	
	31-Dec-24 Shs'000	31-Dec-23 Shs'000	31-Dec-24 Shs'000	31-Dec-23 Shs'000
At start of year	1,098,655	609,229	728,535	463,730
Transfer from retained earnings	(937,303)	489,426	(672,290)	264,805
At end of year	161,352	1,098,655	56,245	728,535

The statutory reserve represents an appropriation from retained earnings to comply with the Central Banks Prudential Regulations on impairment charges on loans and advances of the respective countries in which the Group operates. The balance in the reserve represents the excess of impairment provisions determined in accordance with the Prudential Regulations over the impairment provisions recognized in accordance with the International Financial Reporting Standards. The reserve is non-distributable.

Notes (continued)

28 Other reserves

	Group				Bank
	Fair value on OCI assets	Revaluation reserves	Currency translation reserve	Total	Fair value on OCI assets
Year ended 31 December 2023	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
At start of year:	3,750	47,943	72,549	124,242	3,750
Fair value gain on FVTOCI assets	1,422	-	-	1,422	1,422
Currency translation differences	-	-	1,218,821	1,218,821	-
Revaluation reserves		(3,086)	-	(3,086)	
At end of year:	5,172	44,857	1,291,370	1,341,399	5,172
Year ended 31 December 2024					
At start of year:	5,172	44,857	1,291,370	1,341,399	5,172
Fair value gain on FVTOCI assets	(5,172)	-	-	(5,172)	(5,172)
Currency translation differences	-	-	(2,333,162)	(2,333,162)	-
Revaluation reserves	-	-	-	-	-
At end of year:	-	44,857	(1,041,792)	(996,935)	-

The fair value through other comprehensive income (FVTOCI) reserve arises from marking to market of investment securities classified under FVTOCI category. The reserves are recognized in income statement once the underlying asset has been derecognized. This amount is not available for distribution.

Currency translation reserve comprises all the foreign exchange differences arising from the translation of the financial results of foreign operations.

Notes (continued)

29 Financial guarantees, letter of credit and other undrawn commitments

In common with other banks, the Group conducts business involving acceptances, letters of credit, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. In addition, there are other off-balance sheet financial instruments including forward contracts for the purchase and sale of foreign currencies, the nominal amounts for which are not reflected in the balance sheet.

29 Financial guarantees, letter of credit and other undrawn commitments (continued)

	Group		Bank	
	31-Dec-24 Shs'000	31-Dec-23 Shs'000	31-Dec-24 Shs'000	31-Dec-23 Shs'000
- Acceptances and letters of credit	250,550	618,894	250,550	522,600
- Guarantees and performance bonds	3,904,542	5,563,647	1,018,224	1,825,810
	4,155,092	6,182,541	1,268,774	2,348,410

Acceptance

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 normally immediate.

Other Commitments

Undrawn formal stand-by facilities, credit lines and other commitments to lend	693,889	976,791	367,018	554,466
Foreign exchange forward and swap contracts	20,874	160,845	20,874	160,845
	714,763	1,137,636	387,892	715,311

Commitments

Commitments to lend are agreements to lend to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. The Group may withdraw from its contractual obligation for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customers

Foreign exchange forward contracts are agreements to buy or sell a specified quantity of foreign currency, usually on a specified future date at an agreed rate.

Notes (continued)

30 Analysis of cash and cash equivalents as shown in the cash flow statement

	Group		Bank	
	31-Dec-24 Shs'000	31-Dec-23 Shs'000	31-Dec-24 Shs'000	31-Dec-23 Shs'000
Cash and balances with Central Banks (Note 12)	4,581,045	7,858,080	1,070,695	1,264,575
Less: Cash reserve ratio	(1,205,265)	(1,684,196)	(741,696)	(785,245)
Government securities maturing within 90 days	7,055,890	9,581,012	4,380,826	5,649,058
Balances due from other banks (Note 14)	5,679,211	6,321,116	2,074,397	664,418
Deposits due to other banks (Note 23)	(1,478)	(17,345)	(1,478)	(17,345)
	16,109,403	22,058,667	6,782,744	6,775,461

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash and balances with central banks, treasury bills and other eligible bills, and amounts due from other banks. Cash and cash equivalents exclude the cash reserve requirement held with the Central Banks.

Banks are required to maintain a prescribed minimum cash balance with the Central Bank of Kenya that is not available to finance the bank's day-to-day activities. The amount is determined as 4.25% for Kenya, 9.75 % for Uganda and 4 % for Rwanda of the average outstanding customer deposits over a cash reserve cycle period of one month.

31 Related party transactions

The Bank is controlled by Guaranty Trust Bank Plc registered in Nigeria with a 70.00% shareholding in the bank. The ultimate parent and ultimate controlling party is Guaranty Trust Bank Plc.

In the normal course of business, current accounts are operated and placements made between the group companies and other related parties (Other Shareholders, directors and associates) at interest rates in line with market. The relevant balances at the end of the year and income/ expense thereon are shown below:

(a) Amounts due:

	Group		Bank	
	31-Dec-24 Shs'000	31-Dec-23 Shs'000	31-Dec-24 Shs'000	31-Dec-23 Shs'000
From group companies	7,175,075	3,485,281	6,110,502	2,923,329
From other related parties	1,727	1,762	1,727	1,762
Interest income earned	4,177	2,106	20	603

Due from group companies includes balances due from GTBank UK; Shs 2,916 million (2023: Shs 2,916 million) and other related parties and their companies.

Notes (continued)

31 Related party transactions (continued)

(b) Amounts due to:	Group 31-Dec-24 Shs'000	Group 31-Dec-23 Shs'000	Bank 31-Dec-24 Shs'000	Bank 31-Dec-23 Shs'000
Group companies	4,776,884	74	4,777,980	1,300
Other related parties	84,687	83,764	81,827	81,827
Interest expense incurred	14,077	11,342	11,031	11,031

(c) Loans to directors and their associates

Advances to customers at 31 December 2024 include loans to directors, loans to companies controlled by directors and their associates, and loans to employees as follows:

	Group 31-Dec-24 Shs'000	Group 31-Dec-23 Shs'000	Bank 31-Dec-24 Shs'000	Bank 31-Dec-23 Shs'000
At start of year	1,901	1,491	1,762	1,352
Issues/(Repayments)	(506)	390	(367)	390
Interest charged	32	20	32	20
At end of year	1,427	1,901	1,427	1,762
Interest income earned	32	20	32	20

At 31 December 2024, advances to companies controlled by directors and their associates amounted to Shs 1.4 million (2023: Shs 1.9 million).

At 31 December 2024 advances to employees amounted to Shs 32.578 million (2023: Shs 25.876 million).

Notes (continued)

31 Related party transactions (continued)

(d) Deposits by directors and their associates

	Group		Bank	
	31-Dec-24 Shs'000	31-Dec-23 Shs'000	31-Dec-24 Shs'000	31-Dec-23 Shs'000
At start of year	222,037	222,037	81,827	240,766
Net movement	(9,596)	(173,677)	(169,970)	(169,970)
Interest credited	11,031	11,031	11,031	11,031
At end of year	223,472	59,391	81,827	81,827
Interest expense incurred	11,031	11,031	11,031	11,031

	Group		Bank	
	31-Dec-24 Shs'000	31-Dec-23 Shs'000	31-Dec-24 Shs'000	31-Dec-23 Shs'000
(e) Key management compensation				
Salaries and other short-term employment benefits	223,670	324,823	138,275	123,693
(f) Directors' remuneration				
Fees for services as a director	57,065	53,332	23,294	20,690

(g) Payments to the group for shared services

Payments relate to shared services costs for use of proprietary assets of Guaranty Trust Bank plc and advertising charges which are reimbursed on a monthly basis as part of operating expenses. The costs for the year are as follows:

	Group		Bank	
	31-Dec-24 Shs'000	31-Dec-23 Shs'000	31-Dec-24 Shs'000	31-Dec-23 Shs'000
IT related costs	132,673	58,369	50,101	58,369
Communication and advertising	28,359	40,412	16,700	19,456
Electronic channels	44,534	51,884	44,534	51,884
	205,566	150,665	111,335	129,709

Notes (continued)

32 Borrowing

Opening balance	71,734	80,741	-	-
Accrued interest	340	1,068		
			-	-
Interest paid	(488)	(818)	-	-
Prinicipal repayments	(24,005)	(30,341)	-	-
Additions	-	-	-	-
Currency translation difference	(28,586)	21,084	-	-
	18,995	71,734	-	-

The borrowing amount for the Group relates to the funds received from Central bank of Rwanda (BNR) as economic stimulus to support customers whose business activities were adversely affected by COVID-19 the funds have different tenors ranging from 2-15 years and interest rates ranging from 0%-2%.

Notes (continued)

33. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled. Trading assets and liabilities including derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products.

As at 31 December 2024

Group	Within 12 months Shs'000	After 12 months Shs'000	Total Shs'000
Assets			
Cash and balances with Central Bank of Kenya	4,581,045		4,581,045
Deposits and balances due from other banks	5,952,287	-	5,952,287
Financial assets held at amortised cost	7,698,596	2,810,610	10,509,206
Financial assets held at FVTOCI	15,333,433	-	15,333,433
Due from group companies	7,175,075	-	7,175,075
Loans and advances to customers	1,903,041	5,438,308	7,341,349
Property and equipment	-	1,050,785	1,050,785
Intangible assets	-	256,194	256,194
Right-of-use assets	-	455,156	455,156
Deferred income tax	-	471,702	471,702
Current income tax	81,282	-	81,282
Other assets	692,450	-	692,450
Total assets	**43,417,209**	**10,482,755**	**53,899,964**
Liabilities			
Deposits due to other banks	1,478	-	1,478
Customer deposits	33,145,202	2,249,986	35,395,188
Due to group companies	4,776,884	-	4,776,884
Other liabilities	547,379	-	547,379
Borrowings	10,122	8,873	18,995
Lease liabilities	63,005	482,165	545,170
Current income tax	-	-	-
Total liabilities	**38,544,070**	**2,741,024**	**41,285,094**
Net	**4,873,139**	**7,741,731**	**12,614,870**

Notes (continued)

33. Maturity analysis of assets and liabilities (continued)

As at 31 December 2023

Group	Within 12 months Shs'000	After 12 months Shs'000	Total Shs'000
Assets			
Cash and balances with Central Bank of Kenya	7,858,080	-	7,858,080
Deposits and balances due from other banks	6,321,116	-	6,321,116
Financial assets held at amortised cost	12,404,191	2,513,408	14,917,599
Financial assets held at FVTOCI	11,344,845	-	11,344,845
Due from group companies	3,485,287	-	3,485,287
Loans and advances to customers	5,326,876	9,044,160	14,371,036
Investment in subsidiary	-	-	-
Property and equipment	-	603,149	603,149
Intangible assets	-	97,974	97,974
Right-of-use assets	-	705,697	705,697
Deferred income tax	-	662,345	662,345
Current income tax	-	280,501	280,501
Other assets	907,263	-	907,263
Total assets	**47,647,658**	**13,907,234**	**61,554,892**
Liabilities			
Deposits due to other banks	17,345	-	17,345
Customer deposits	41,878,542	3,534,368	45,412,910
Due to group companies	76	-	76
Other liabilities	751,669	-	751,669
Borrowings	15,095	56,639	71,734
Lease liabilities	148,873	646,398	795,271
Current income tax	106,982	-	106,982
Total liabilities	**42,918,582**	**4,237,405**	**47,155,987**
Net	**4,729,076**	**9,669,829**	**14,398,905**

Notes (continued)

33. Maturity analysis of assets and liabilities (continued)

As at 31 December 2024

Bank	Within 12 months Shs'000	After 12 months Shs'000	Total Shs'000
Assets		-	
Cash and balances with Central Bank of Kenya	1,070,695	-	1,070,695
Deposits and balances due from other banks	2,074,397		2,074,397
Financial assets held at amortised cost	1,670,432	-	1,670,432
Financial assets held at FVTOCI	15,333,431	-	15,333,431
Due from group companies	6,110,502		6,110,502
Loans and advances to customers	1,332,254	1,464,746	2,797,000
Investment in subsidiary	-	3,375,990	3,375,990
Property and equipment	-	565,660	565,660
Intangible assets	-	6,538	6,538
Right-of-use assets	-	227,250	227,250
Deferred income tax	-	395,621	395,621
Current Income Tax	81,282	-	81,282
Other assets	359,484	-	359,484
Total assets	**28,032,478**	**6,035,805**	**34,068,283**
Liabilities			
Due to other banks	1,478	-	1,478
Customer deposits	17,709,999	1,400	17,711,399
Due to group companies	4,777,980	-	4,777,980
Other liabilities	154,555	-	154,555
Lease liabilities	78,912	206,151	285,063
Total liabilities	**22,722,924**	**207,551**	**22,930,475**
Net	**5,309,554**	**5,828,254**	**11,137,808**

Notes (continued)

33. Maturity analysis of assets and liabilities (continued)

As at 31 December 2023

Bank	**Within 12 months Shs'000**	**After 12 months Shs'000**	**Total Shs'000**
Assets			
Cash and balances with Central Bank of Kenya	1,264,575	-	1,264,575
Deposits and balances due from other banks	664,418	-	664,418
Financial assets held at amortised cost	2,387,336	403,664	2,791,000
Financial assets held at FVTOCI	11,344,845	-	11,344,845
Due from group companies	2,923,329	-	2,923,329
Loans and advances to customers	3,177,962	3,360,575	6,538,537
Investment in subsidiary	-	3,375,990	3,375,990
Property and equipment	-	123,703	123,703
Intangible assets	-	20,654	20,654
Right-of-use assets	-	313,788	313,788
Deferred income tax	-	179,724	179,724
Current Income Tax	-	280,501	280,501
Other assets	306,214	-	306,214
Total assets	**22,068,679**	**8,058,599**	**30,127,278**
Liabilities			
Due to other banks	17,345	-	17,345
Customer deposits	18,723,836	36	18,723,872
Due to group companies	1,300	-	1,300
Other liabilities	257,158	-	257,158
Lease liabilities	84,509	276,669	361,178
Total liabilities	**19,084,148**	**276,705**	**19,360,853**
Net	**2,984,531**	**7,781,894**	**10,766,425**

34 Proposed dividend

	Group and Bank	
	2024 Shs'000	**2023 Shs'000**
Proposed dividend	-	637,699

The Bank did not recommend a dividend for the year 2024.

Notes (continued)

35 Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the balance sheets, are:

- to comply with the capital requirements set by the Central Bank of Kenya;
- 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.

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 required information is filed with the Central Bank of Kenya on a monthly basis.The Central Bank of Kenya requires each bank to: (a) hold the minimum level of regulatory capital of Shs 1 Billion as at 31 December 2024; (b) maintain a ratio of total regulatory capital to the risk-weighted assets plus risk-weighted off-balance sheet assets (the 'Basel ratio') at or above the required minimum of 10.5%; (c) maintain core capital of not less than 10.5% of total deposit liabilities; and (d) maintain total capital of not less than 14.5% of risk-weighted assets plus risk-weighted off-balance sheet items.

Central Bank of Kenya (CBK), National Bank of Rwanda (BNR) and Bank of Uganda (BOU) largely segregate the total regulatory capital into two tiers:

- Tier 1 capital (core capital): share capital, share premium, plus retained earnings
- Tier 2 capital (supplementary capital): 25% (subject to prior approval) of revaluation reserves, subordinated debt not exceeding 50% of Tier 1 capital and hybrid capital instruments. Qualifying Tier 2 capital is limited to 100% of Tier 1 capital.

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.

The Uganda subsidiary's 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 Bank of Uganda for supervisory purposes. The required information is filed with the Bank of Uganda on a quarterly basis.

The Financial Institution Act 2004 (Amended 2016) and the financial institutions (Revision of Minimum capital Requirement) instrument 2023 required each Bank to:

a) hold a minimum level of paid-up capital of UGX.120 billion by 31 December 2023 and UGX.150 billion by 30 June 2024.
b) maintain a ratio of core capital to the risk-weighted assets plus risk-weighted off-balance sheet assets (the Basel ratio) at or above the required minimum of 12.5%; and
c) maintain total capital of not less than 14.5% of risk-weighted assets plus risk-weighted off-balance sheet items as per Financial Institutions (Capital Buffers) Regulations 2021.

In line with the revised capital regulation and guidance notes of Bank of Uganda circular Ref: EDS.306.2, in June 2023, GTBank Management held extensive consultations with all its stakeholders in a bid to ensure full compliance with this directive of minimum capital requirement.

Following the guidance by the shareholders of the bank, GTBank Uganda submitted its application to the Bank of Uganda to transit to a tier 2 credit institutions. The application was approved the Bank transitioned from Tier 1 commercial bank to Tier 2 Credit Institution effective 01 July 2024. The bank is currently operating under the Tier 2 Credit Institutions license and is in full compliance with the minimum capital requirement of Ushs 25Billion as prescribed in Sec. 3 of The Financial Institutions (Revision of Minimum Capital Requirements) instrument, 2022.

Notes (continued)

35 Capital management (Continued)

The table below summarizes the composition of regulatory capital and the ratios of the Bank.

	Group		Bank	
	31-Dec-24 Shs'000	31-Dec-23 Shs'000	31-Dec-24 Shs'000	31-Dec-23 Shs'000
Tier 1 capital	11,023,754	12,659,702	6,772,325	5,839,304
Tier 1 + Tier 2 capital	11,083,928	12,826,851	6,828,570	6,002,523

Risk - weighted assets	**31-Dec-24 Shs'000**	**31-Dec-23 Shs'000**	**31-Dec-24 Shs'000**	**31-Dec-23 Shs'000**
On balance sheet	21,728,850	19,729,006	6,915,285	6,915,285
Off balance sheet	2,252,755	2,837,377	1,017,425	1,017,425
Total market risk weighted assets	1,297,692	1,072,283	851,150	851,150
Total operational risk weighted assets	6,698,601	6,698,601	4,273,679	4,273,679
Total risk weighted assets	31,977,898	30,337,267	13,057,539	13,057,539
Basel ratio				
Tier 1	39.63%	41.73%	58.75%	44.72%
Tier 1 + Tier 2	40.18%	42.28%	59.24%	45.97%

The capital adequacy ratios for the subsidiaries are summarized below;

	2024	**2023**
Tier 1		
GTBank Kenya (CBK minimum - 10.5%)	58.75%	44.72%
GTBank Rwanda PLC (BNR minimum - 10.5%)	62.56%	32.4%
GTBank Uganda (BOU minimum - 8%)	42.19%	44.15%
Tier 1 + Tier 2		
GTBank Kenya (CBK minimum - 14.5%)	59.24%	45.97%
GTBank Rwanda PLC (BNR minimum - 15%)	62.56%	32.5%
GTBank Uganda (BOU minimum - 12%)	43.11%	45.16%

Notes (continued)

36 Fair Values of Financial Assets, Financial Liabilities and Land and Buildings

The fair value of investment securities at fair value through other comprehensive income as at 31 December 2024 is estimated at; Shs 15,333 million (2023: Shs 11,334 million) for the Group and Bank as compared to their carrying values of Shs 11,334 million (2023: Shs 8,459 million). The fair value of freehold land and building is estimated at; Shs 108 million (2023: Shs 108million) for the Group as compared to their carrying values of Shs 50 million (2022: Shs 57 million) based on the historical cost basis. The fair values of the Group and Bank's other financial assets and liabilities approximate the respective carrying amounts, due to the generally short periods to contractual repricing or maturity dates as set out above. Fair values of the investment securities are based on discounted cash flows using a discount rate based upon the borrowing rate that the directors expect would be available to the Group at the balance sheet date.

Fair value estimation

The table below analyses assets carried at fair value by valuation method. The different levels are defined as follows:

- 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, un observable inputs) (level 3).

Group	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000
31 December 2024			
Assets			
Financial assets at fair value through OCI	-	15,333,432	-
Freehold land and building	-	-	107,730
31 December 2023			
Assets			
Financial assets at fair value through OCI	-	11,344,845	-
Freehold land and building	-	-	108,134

Notes (continued)

36 Fair Values of Financial Assets, Financial Liabilities and Land and Buildings (continued)

Bank

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000
31 December 2024			
Assets			
Financial assets at fair value through OCI	-	15,333,432	-
31 December 2023			
Assets			
Financial assets at fair value through OCI	-	11,344,845	-

The external valuations of the level 3 land and buildings were performed using a sales comparison approach. However, due to the limited number of similar sales in the local market, the valuations have been performed using unobservable inputs. Based on the external valuers' report, management has determined these inputs based on the size, age and condition of the land and buildings, the state of the local economy and comparable prices in the corresponding national economy.

37 Correction of Prior Year Errors

The following errors were identified in respect to the subsidiary's (Guaranty Trust Bank (Uganda) Limited prior year financial statements:

- The carrying amount of the other assets reported in prior years included amounts that could not be supported as realisable assets.

- The carrying amount of the loans and advances to customers reported in the prior years included amounts relating to overdrawn customer deposit accounts for which there was no sufficient evidence of recoverability.

- The right-of-use assets and lease liabilities balances reported in the prior years did not agree to the lease accounting models based on the lease agreements. There were variances between the lease models and the right-of-use assets and lease liabilities balances recognised in the prior year financial statements.

- The Subsidiary recognized a deferred tax asset in the prior year financial statements. However, there was no sufficient evidence to support that the Subsidiary would earn sufficient taxable profits against which the deferred tax asset would be utilised.

The above errors has been corrected by restating the corresponding financial information presented in these consolidated financial statements. The impact on the affected financial statement line items was as follows:

Notes (continued)

37 Correction of Prior Year Errors (Continued)

Statement of financial position

	Note	*As at 1 January 2023* **As previously stated** **KSh'000**	**Adjustment** **KSh'000**	**As restated** **KSh'000**
Other assets	a	764,466	(64,108)	700,358
Right-of-use assets	b	376,973	107,011	483,984
Deferred tax asset	c	477,130	(230,198)	246,932
Total assets		**54,231,224**	**(187,295)**	**54,043,929**
Liabilities				
Deposits from customers	d	41371407	16,788	41,388,195
Lease liabilities	e	422,552	109,698	532,250
Total Liabilities		**42,540,067**	**126,486**	**42,666,553**
Retained earnings		4,875,496	(301,545)	4,573,951
Other reserves		136,478	(12,236)	124,242
Total equity	f	**11,691,157**	**(313,781)**	**11,377,376**
Total liabilities and equity		**54,231,224**	**(187,295)**	**54,043,929**

	Note	*As at 31 December 2023* **As previously stated** **KSh'000**	**Adjustment** **KSh'000**	**As restated** **KSh'000**
Assets				
Other assets	a	907,263	(156,446)	750,817
Right-of-use assets	b	705,697	6,267	711,964
Deferred tax asset	c	662,345	(285,059)	377286
Total assets		**61,554,892**	**(435,244)**	**61,119,648**
Liabilities				
Deposits from customers	d	45,412,910	20,790	45,433,700
Lease liabilities	e	795,271	19,065	814,336
Total Liabilities		**2,485,823**	**39,855**	**47,195,839**
Retained earnings		1,472,977	(131,578)	1,341,399
Other reserves		5,517,495	(343,518)	5,173,977
Total equity	f	**14,398,906**	**(475,097)**	**13,923,809**
Total liabilities and equity		**61,554,892**	**(435,244)**	**61,119,648**

Notes (continued)

37 Correction of Prior Year Errors (Continued)

Statement of comprehensive income

		For the year ended 31 December 2023		
		As previously stated	**Adjustment**	**As restated**
	Note	**KSh'000**	**KSh'000**	**KSh'000**
Expenditure				
Operating expenses	g	(2,671,308)	(79,424)	(2,750,732)
Profit before income tax		2,553,631	(79,424)	2,474,207
Profit for the year		1,825,979	(79,474)	1,746,505
Currency translation differences		1332319	(80,420)	1,251,899
Total comprehensive income for the year		**3,159,720**	**(161,316)**	**2,998,404**

a. Derecognition of unsupported amounts under other assets. The amounts have been expensed in the period when they were originated.
b. Alignment of right-of-use assets to amounts supported by contractual documentation and lease payment schedules
c. Derecognition of deferred tax asset for which there was no evidence that taxable profits would be available against which the asset can be utilized
d. Write-off of overdrawn accounts for which there is no evidence for recoverability
e. Alignment of lease liabilities to amounts supported by contractual documentation and lease payment schedules
f. Impact of adjustments a, b, c, d, and e, on the equity balance at the end of the year
g. Impact of adjustments a, c, and e on the profit after tax for the year ended 31 December 2023

Notes (continued)

37 Correction of Prior Year Errors (Continued)

Statement of cash flows

The statement of cash flows for the year ended 31 December 2023 has also been restated to correct the following errors:

For the year ended 31 December 2023

	Note	As previously stated KSh'000	Adjustment KSh'000	As restated KSh'000
Cash flows from operating activities				
Payments to employees and suppliers	a	(2,260,581)	(79,424)	(2,340,005)
Changes in operating assets and liabilities:				
Other assets	b	(142,798)	92,339	(50,459)
Cash flows from financing activities				
Payments of principal portion of the lease liability	c	(193,178)	(19,065)	(212,243)
Net increase/(decrease) in cash and cash equivalents		**8,368,989**	**(6,150)**	**8,420,676**

(a) Impact of prior year adjustments Payments to employees and suppliers for the year ended 31 December 2023.
(b) Impact of prior year adjustments to the statement of financial position
(c) Impact of prior year adjustments on of interest on payment of principal payment of lease liabilities

38 Events after balance sheet date

There are no events after the reporting date that require disclosure in these financial statements.