



**Driving
socio-economic relevance**

2024

Integrated Report
and Financial Statements

About our cover

The cover photo and design concept of the DTB 2024 Integrated Report and Financial Statements encapsulate the Group's commitment to driving socio-economic relevance through meaningful value creation. With a strategic focus on enhancing livelihoods, supporting sustainable growth, promoting local businesses and empowering communities, the design is inspired by real stories of impact.

The Report's layout is designed to seamlessly blend visuals and testimonials from real customers whose lives and businesses have been transformed by DTB's innovative solutions. By using authentic stories, the design reflects the Bank's dedication to enhancing everyday experiences, creating jobs, supporting entrepreneurs and fostering sustainable growth.

Imagery

Photography within the Report captures vibrant scenes of DTB customers actively building their businesses. The golden lighting emphasises warmth, optimism and the strength of human potential.

Message

The design communicates a powerful message: **Banking with DTB is about more than transactions; it is about building futures and making a lasting, positive impact.**

The Report presents a confident and hopeful outlook for the future, grounded in the Group's strategic focus and genuine commitment to its customers and communities.

The combination of real testimonials, powerful visuals and strategic messaging creates a compelling narrative of growth, resilience and shared success that reflects DTB's continued dedication to socio-economic relevance and impact in 2024 and beyond.



"Good friends influenced me to move my banking to DTB. It's been 15 years of good relationship and good business support."

Salim Nasib Mubarak

CEO, Weston Logistics

Our value creation map

1. About our Integrated Report

This section provides information on our approach in compiling the 2024 Integrated Report, including the process overview and the reporting boundary for disclosures.

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3. How we create value

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Joseph Nzomo

Managing Director, Mazop Enterprises

"In 1997, we started our agro-chemical and veterinary inputs business in a small 10x10 space. Now, thanks to DTB's tailor made financing solutions, we have our own premises with warehouses and offices and are looking into a future where we expand to more counties"

1. About our 2024 Report

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Integrated Report overview

DTB Group is delighted to present its 2024 Integrated Report and Financial Statements, in which we present our unique value creation story covering our financial and non-financial value-drivers in a transparent and comprehensive manner.

Guided by the International Integrated Reporting Framework, we aim to provide our stakeholders with a complete view of how we apply integrated thinking to create and preserve value and to fulfill our goal of building socio-economic relevance. This Report also offers insights into the financial and non-financial performance that guides our long-term success.

Reporting process overview

Our purpose	To improve the quality of lives of all our stakeholders in a sustainable and impactful way.		
Integrated Thinking	Determining our material matters	Developing our strategy	Delivering on our strategy
Integrated Reporting Process	<ul style="list-style-type: none">» Risks» Opportunities» Impact	<ul style="list-style-type: none">» Customer reach» Digital transformation» Sustainability excellence	<ul style="list-style-type: none">» Leadership & governance» Our people» Risk management
	Compiling our Report	Validating the integrity of our Report	Approving the Integrated Report
	<ul style="list-style-type: none">» Integrated reporting framework» Various reporting standards and guidance	<ul style="list-style-type: none">» External auditor	<ul style="list-style-type: none">» Board Approval

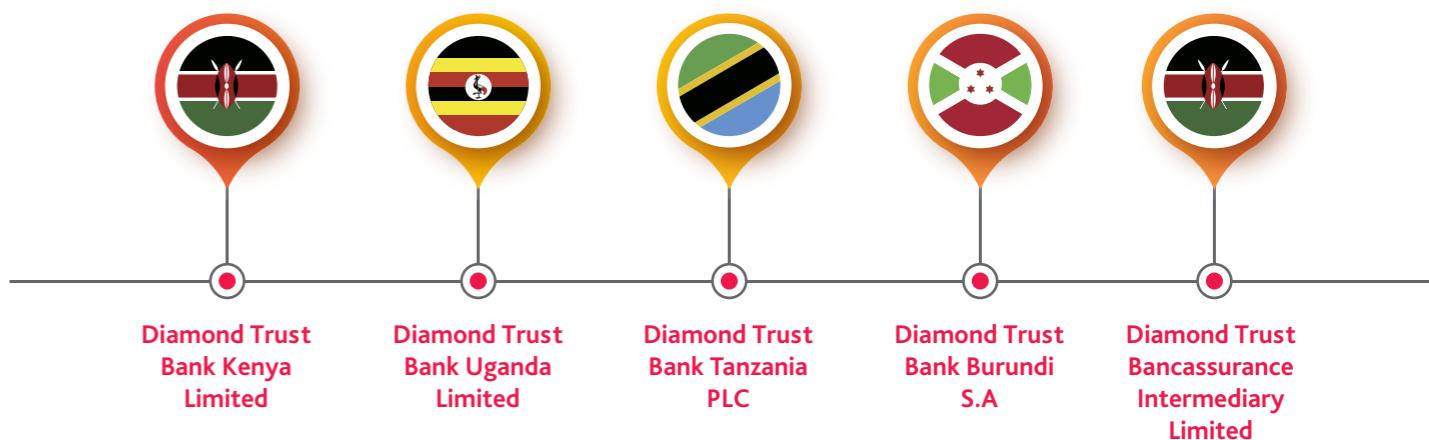
Scope and boundary

This Report covers the period 1 January 2024 to 31 December 2024, providing essential and concise information relating to the Group's strategy, governance, business model, material matters and risks, sustainability efforts, stakeholder interests, financial performance and outlook.

Our Group annual financial statements are available from page 128.

Our operating business

The DTB Group includes Diamond Trust Bank Kenya Limited and its subsidiaries: Diamond Trust Bank Uganda Limited, Diamond Trust Bank Tanzania PLC, Diamond Bank Burundi S.A and Diamond Trust Bancassurance Intermediary Limited.



Basis of preparation

This Report has been prepared in accordance with the International Integrated Reporting Framework and in reference to global reporting standards, including the Global Reporting Initiative (GRI) and the Task Force on Climate Related Financial Disclosures (TCFD) recommendations. In preparing to adopt the International Sustainability Standards Board (ISSB) International Financial Reporting Standards (IFRS) from January 2027, we have also incorporated some disclosures that refer to IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) reporting standards. This approach emphasises our commitment to excellence in corporate reporting and corporate governance.

This Report is further guided by the principles and requirements contained in:

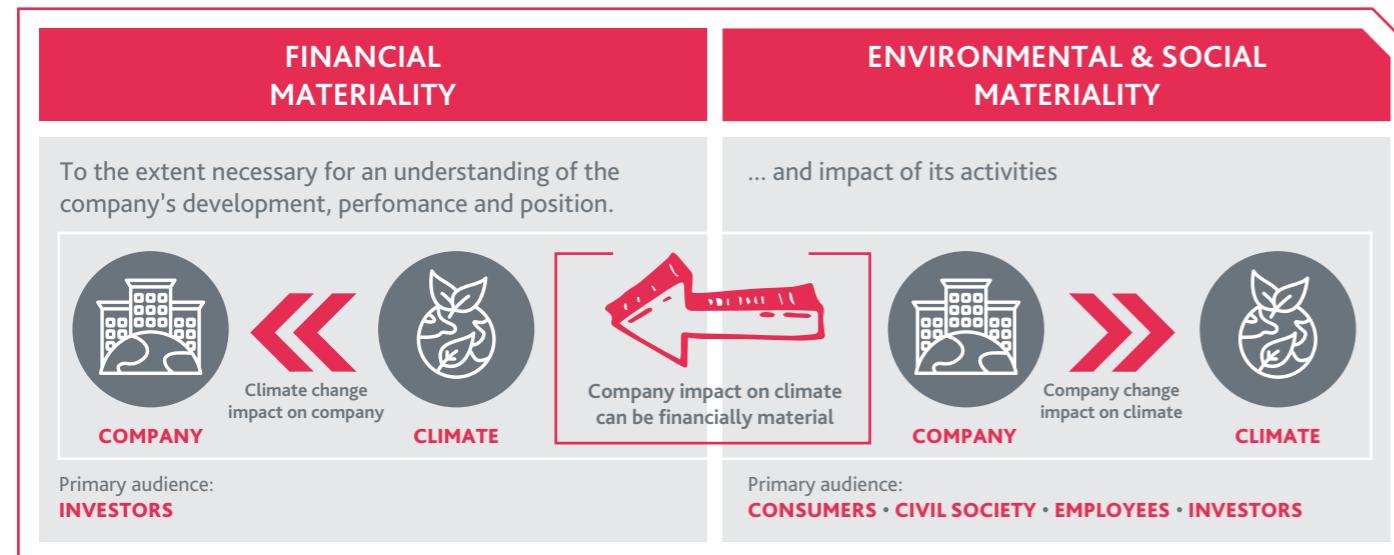
- The Kenya Companies Act, 2015
- Central Bank of Kenya (CBK) Prudential Guidelines
- Central Bank of Kenya (CBK) Guidance on Climate-Related Risk Management
- The Capital Markets Authority (CMA) Code of Corporate Governance for Issuers of Securities to the Public, 2015
- Nairobi Securities Exchange (NSE) ESG Disclosures Guidance
- IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

The DTB integrated reporting process draws on a mix of internal and external assurance providers that includes our internal audit function, KPMG Kenya, for the financial statements and Scribe Services Kenya for the governance audit. However, forward-looking statements have not been reviewed or reported upon by the Group's external auditors. Additionally, efforts have been made to improve the comparability and consistency of the data provided. As a result, our stakeholders will be able to monitor our progress and assess how our performance has changed over time. We intend to obtain independent external assurance for sustainability information in future.

Materiality and approach

Material matters considered in this Report are those that are both of importance to stakeholders and could have a substantial impact on our business and our ability to create value.

In this Report, we applied the principle of *double materiality* when defining our material matters. This concept allowed us to consider *financial materiality*, which assesses how sustainability related issues impact the Group's financial performance and value creation and *impact materiality*, which assesses how the Group's activities impact the society, environment and the macro-economy. This process allowed us to prioritise matters that impact us, our stakeholders and the wider society.



Identifying our material matters is a group-wide responsibility and requires input from our businesses, an assessment of the risks and opportunities in our operating environment and input and feedback from our various stakeholders. Our material matters were determined through the four-step process, as described on page 73.

1. IDENTIFY

2. PRIORITISE

3. INTEGRATE

4. MONITOR

The matters derived from this assessment influence our Group's strategy and inform the evolution of our business model, as well as our short-(one year), medium- (two to three years) and long-term (five years or more) targets and frequently appear in this Report as we explore the risks and opportunities that materially affect our capitals and our ability to create value for all our stakeholders.

Refer to the **stakeholder engagement** section for the detailed outcome of our materiality assessment and our material issues.

Approval of the annual Integrated Report

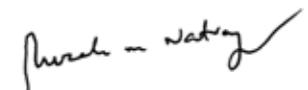
The Board of Directors acknowledges its responsibility to ensure the integrity of this Integrated Report which, in the Board's opinion, addresses the activities, material issues, relationships and performance of the Group.

This Report, together with the annual financial statements of the Group for the year ended 31 December 2024, were approved by the Board of Directors of DTB Kenya on **25 March 2025** and signed on its behalf by:

Linus Gitahi
Chairman



Murali Natarajan
Managing Director and
Chief Executive Officer, Kenya



Forward-looking statements and disclosure

This Integrated Report includes forward-looking statements that could have an impact on the future financial position and results of the Group. Forward-looking statements are not statements of fact. They are made by the Group based on current estimates, projections, expectations, beliefs and assumptions regarding its future performance. No assurance can be given that forward-looking statements will be correct, hence undue reliance should not be placed on such statements.

These statements, by their nature, involve risk and uncertainty as they relate to events and depend upon circumstances that may or may not occur in the future. Factors that could cause actual future results to differ materially from those in the forward-looking statements include, but are not limited to, changes in (a) global and national economic conditions, (b) our operating environment, (c) future strategies as contained in our strategic priorities and plans, (d) interest and exchange rates, (e) credit conditions and the associated risks of lending, (f) actual cash collections, (g) gross and operating margins, (h) capital management and (i) competitive and regulatory factors.

The Group does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information or future events. The forward-looking statements have not been reviewed or reported upon by the Group's external auditor. The Group does not, therefore, assume responsibility for any loss or damage arising from the reliance by any party thereon, including but not limited to, loss of earnings, profits, or consequential loss of damage.



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to download
the **2024** digital
Integrated Report &
Financial Statements

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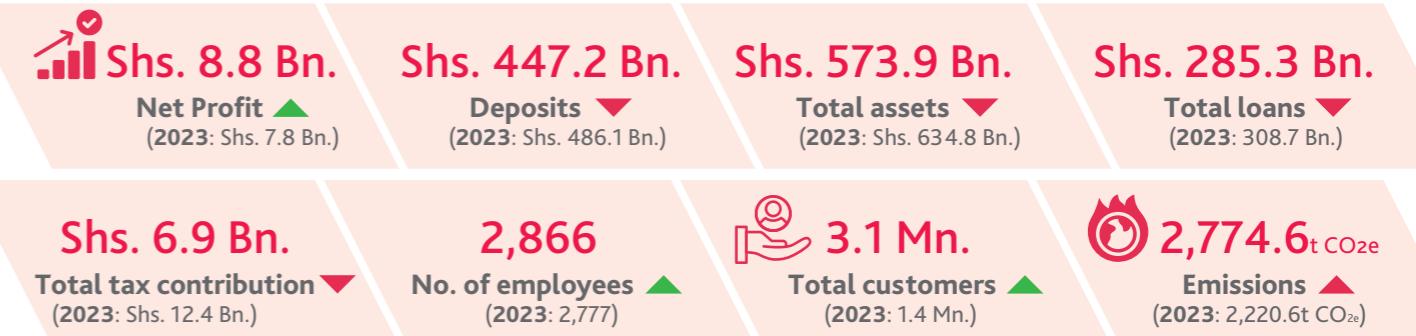
Samuel Muna
Director, Victory Furniture

Nancy Muna
Director, Victory Furniture

"I wanted to surprise my wife with a wall unit, little did I know that this was the business I was getting into next. Now we have our own premises and trucks thanks to DTB and their excellent support."

Overview of DTB Group

DTB at a glance



Over its 78 years existence, DTB Group has grown to become a leading and one of the largest financial services groups in East Africa with a footprint in Kenya, Tanzania, Uganda and Burundi. We are a tier-one bank in the region that offers our customers a wide range of banking services and bancassurance solutions to empower them, through which we contribute to improving the quality of their lives. Our services can be categorised according to the various customer segments we serve, including retail, business banking and corporate & institutional banking.

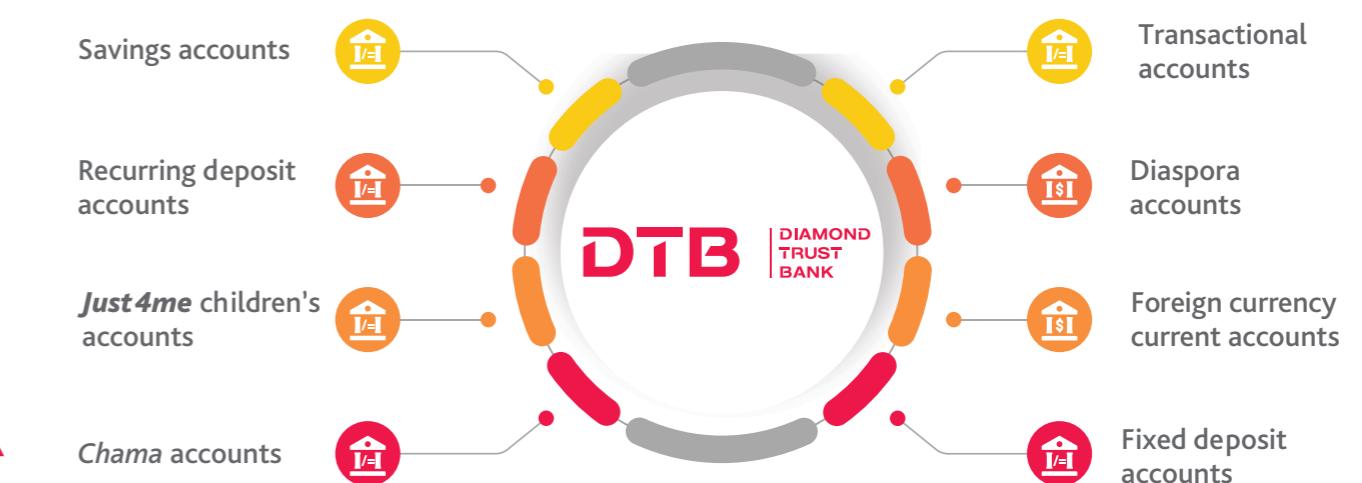
As a Group, we constantly strive to develop, attract and retain our talent by improving our work culture, diversity and inclusion. Our heritage and values are expressed in our brand promise "Achieve More". We believe in forging strong partnerships with other businesses and individuals in society with the aim of generating and growing wealth, while creating significant social and economic development impact in the markets we operate.

DTB is an affiliate of the Aga Khan Development Network (AKDN). DTB Kenya is listed on the Nairobi Securities Exchange (NSE) and its head office is located at DTB Centre on Mombasa Road in Nairobi, Kenya.

Our products and markets

Our accounts

DTB offers an array of solutions that are tailored to meet the unique needs of retail, business and corporate customers in Kenya, Tanzania, Uganda and Burundi.



Digital channels and lending 24/7 access

 Mobile banking service

 Internet banking service

 USSD service

Mobile loans through:



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Credit facilities

Hire-purchase asset financing

Enables businesses to acquire new and second-hand/reconditioned assets.



'Beba Leo' asset financing

100% financing for SMEs to acquire brand-new vehicles for business or family use.



Mortgages

Enables business owners, employed and self-employed individuals to purchase and/or develop property and land with up to 105% mortgage financing.



Scheme lending

Check-off loans for enterprise customers' employees.



Supply chain financing

Facilitates financing for customers' invoices to boost their working capital.



Insurance premium financing

Help customers meet their insurance protection needs within their working capital requirements.



Leasing

A limited offer to individuals and companies in partnership with leasing companies.



Overdrafts

Help customers meet their working capital requirements.



Term loans

Secured facility for individuals and businesses.



Digital loans

Enables customers to access credit facilities conveniently.



Internationally accepted cards

Debit cards

Credit cards

Multi-currency prepaid cards



Custodial business

Safekeeping of investments and documents:

This includes safekeeping of all the investments and documentation on behalf of the customer.

Central Depository Services (CDS):

Facilitate and maintain depository accounts with both the Central Depository & Settlement Corporation (CDSC) and the Central Bank of Kenya (CBK).



Trade financing

Letters of credit

Bank guarantees

Collections



Bancassurance

Diamond Trust Bancassurance Intermediary Limited (DTBI) acts as an agent for 10 underwriters in Kenya and Network Insurance Agency Limited (NIAL) in Uganda to sell:

General insurance

Medical insurance

Credit protection

Life insurance

Mortgage protection

Credit life protection

Settlement services:

These include settlements of trades in equities, government paper and corporate debt on behalf of customers.

Corporate actions processing:

This includes, but is not limited to, interest/maturity payments, dividend collection, rights issues, bonus issues, IPOs, AGMs and EGMs.

Reporting:

This includes cash and asset reporting to customers and regulatory reporting.

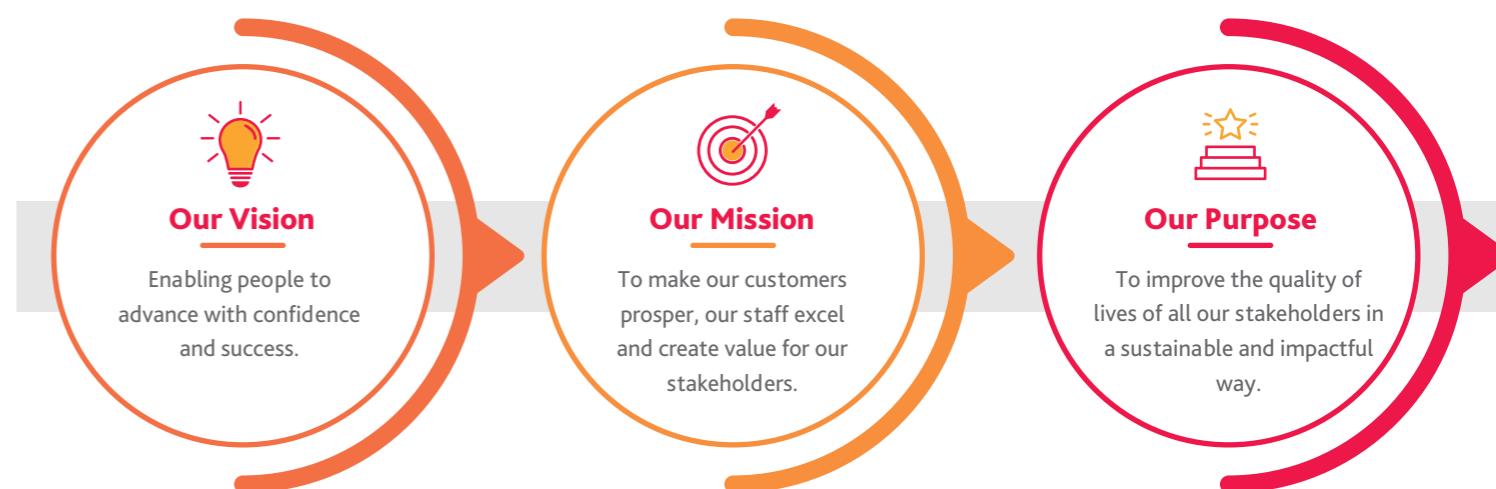


Our markets

We strive to provide excellent services that are tailored to the different opportunities and challenges in each of the countries where we operate.

Our goal is to offer customer-focused banking services that are easily accessible and available through our branch networks and digital platforms and channels. At DTB, our work revolves around our customers. We pursue customer centricity in this competitive market through innovative solutions and customer experiences that elevate our competitiveness.

Our people's dedication, devotion and commitment to providing quality service and ensuring customer satisfaction has cemented our reputation as a reliable financial partner.





Our values

Our values are the principles that define our culture and are brought to life in our attitudes and behaviour as we create value for our stakeholders. They shape the way we operate and serve our stakeholders and inspire us to perform our roles meaningfully, ethically and in ways that enrich connections and build sustainable relationships. Over time, we have invested in the most valuable anchors of our strategy:

Our people, by continuously enriching their skills.

Re architecting ourselves to make technology and innovation our backbone.

Fostering a customer centric culture.

Integrity

- Be ethical and fair
- >We honour our commitments and do what is right.
- We are fair, respectful and honest at all times.
- We are ethical in our decisions and interactions.
- We take responsibility for our actions.
- We are prudent and responsible with the assets entrusted to DTB.

Customer Centric

- Deliver great experiences
- We value our customers and develop relevant products and services to meet their existing and emerging needs.
- We strive to provide exceptional service to all we serve.
- We understand and respect our customers.
- We deliver solutions that add value to our customers' lives.
- We consider the impact of our policies and decisions on our customers.
- We endeavour to be fully transparent with our customers.

Progressive

- Innovate and challenge
- We challenge our thinking to raise the bar.
- We encourage our team members to question the status quo.
- We innovate and adapt to change.
- We positively impact and serve the communities in which we live.

Excellence

- Be your best
- We take ownership of what we do.
- We relentlessly pursue quality without compromise.
- We consistently adhere to measurable standards and look for ways to exceed them.
- We benchmark against the best.



What differentiates DTB

DTB Group distinguishes itself in the market and sustains its competitive advantage by combining powerful strategies of experienced leadership with strong relationships and customer service obsession.

Experienced leadership

Our strong, diverse and experienced leadership team continuously demonstrates foresight and innovation in navigating market changes and evolving customer needs, setting DTB apart and powering the Group's success. This is revealed in our tailored and relevant technology, our sustainability, and our product offerings across our markets. By inspiring trust and adaptability, DTB stands out as an industry leader. Through visionary leadership, we have built an enviable reputation in the financial services industry and established long-lasting relationships with our customers and stakeholders in the communities we serve.



Our operating environment

Despite a consistently uncertain global landscape, East Africa's economic performance improved in 2024. GDP growth remained above 5%, underpinned by favourable weather, decent domestic demand, recovery in services, improved trade and a more sanguine external environment that elevated export earnings and eased debt service pressures.

However, the rate of expansion diverged across markets we are present in. While growth accelerated in Uganda and Tanzania, fiscal consolidation, tight monetary policy and periodic social disquiet weakened growth for Kenya.

Across our markets, we expect growth to accelerate in 2025 as consumption, investments and international trade rebound. However, this will be subject to the evolving global geopolitical and trade dynamics.

Key highlights



 **4.6%**
GDP growth decelerated from 5% in 2023



Agriculture
Contributes roughly 20% of GDP

Sector focus



 **\$724.1 Mn.**
FDI Projection 2025 - 2028



Sector focus



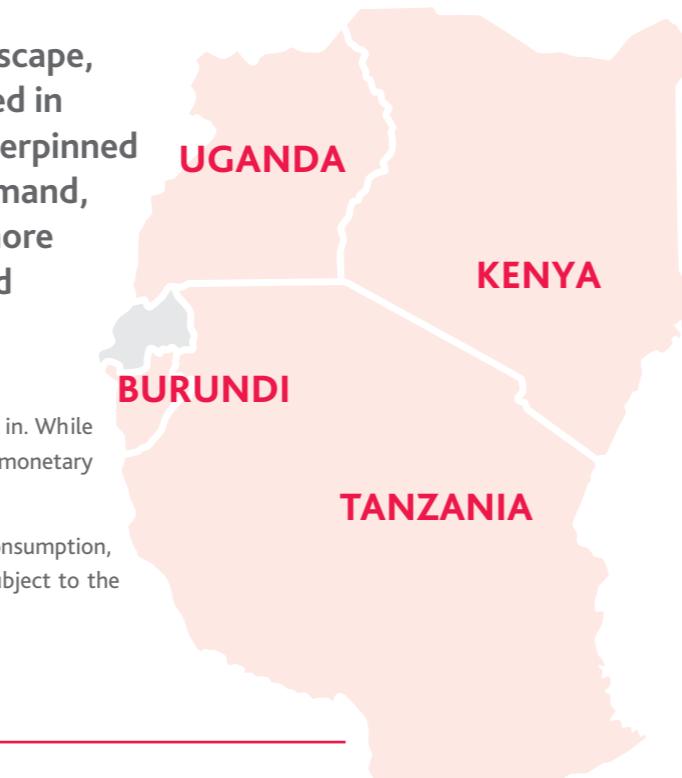
 **5.9%**
GDP growth accelerated from 5.3% in 2023



 **6.5%**
GDP rebounded from 4.8% in 2023

 **9%**
Central Bank Rate

Sector focus



Kenya



The economy has shown remarkable resilience despite multiple constraints including elevated interest rates, tight liquidity and softer public spending. In the year, GDP growth softened to 4.6%, the slowest since the Covid-19 pandemic in 2020, but decently above the Sub-Saharan and global averages of 3.5% and 3.3% respectively.

Sentiment was mixed. On a positive note, early Euro-bond redemption in February lifted confidence, with the attendant appreciation of the exchange rate elevating prospects for businesses. Equally, low energy prices played a catalytic role especially for the manufacturing sector, moderating output inflation and pressure on profit margins. Additionally, agricultural green shoots persisted on the back of favourable weather and government productivity incentives. At the same time, strengthening remittances by Kenyans in the diaspora continue to enhance resilience in domestic consumption and services sector.

However, fiscal constraints endured, necessitating spending cuts by government and aggressive tax mobilisation initiatives which added a layer of complexity for businesses. At the same time, government scaled up its domestic borrowing, crowding out banks and the private sector.

This was exacerbated by the prolonged tight policy stance of the central bank in response to inflation. The results were prolonged liquidity squeeze and elevated interest rates that undermined effective credit intermediation by banks.

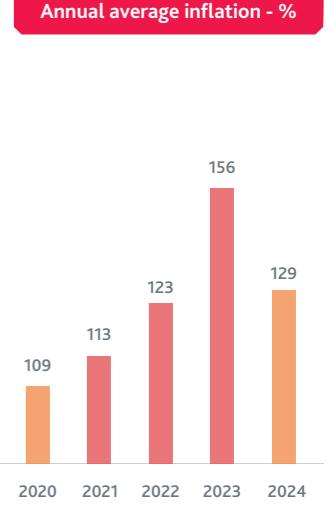
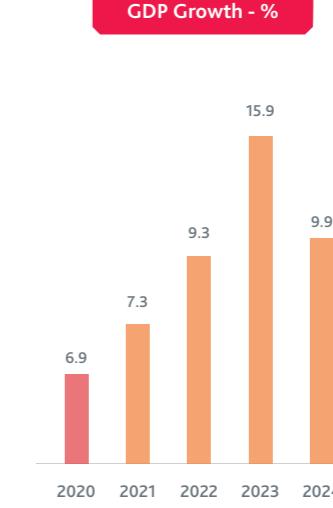
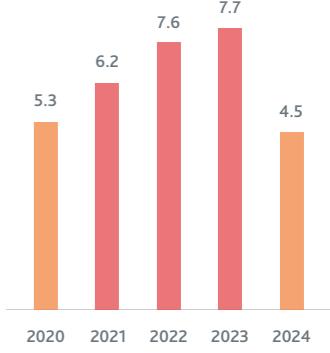
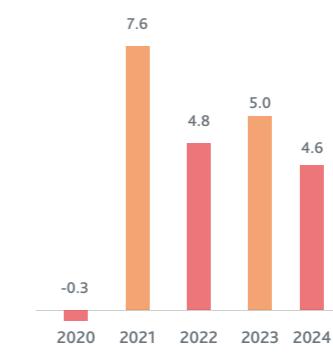
Looking forward, the painful adjustments are beginning to pay off. Inflation slowed to under 5.0% allowing the central bank to reduce interest rates by 175bps in 2024. The renewed confidence due to easing debt concerns has seen favourable re-profiling of sovereign risk, restoring access to international credit markets, while also redirecting portfolio flows back into the country.

Additionally, the foreign exchange reserves strengthened to 4.7 months of import cover, providing a solid anchor to the exchange rate.

Despite the positive trajectory, the economy remains vulnerable to shocks. Despite ongoing reforms, the persistent twin deficits – current account and fiscal deficits will remain a source of volatility. Climate events, geopolitical shifts, volatile external markets, may present some risk to the outlook.

The evolving American foreign trade relations will also remain disruptive for Kenya and the rest of the world. The suspension of USAID is placing both economic and social strains on some sectors. The evolving trade dynamics will also have a profound effect on global supply chains, prices of goods, inflation, interest and foreign exchange rates. Indeed, the attendant flight to safety has the potential to divert portfolio flows away from the economy.

Economic overview



Board of Directors

On "How we are led" section - page 94

Tanzania



Tanzania continues to set itself up for accelerated growth, with potential to take over regional growth leadership given its material mineral endowment, the strong tourism base, improving physical

infrastructure – roads, railways, airports, port, pipeline, vast agricultural land mass and strengthening governance structures.

The economy is slowly opening to international investments and partnerships, a move that will continue to underpin Tanzania's economic take-off.

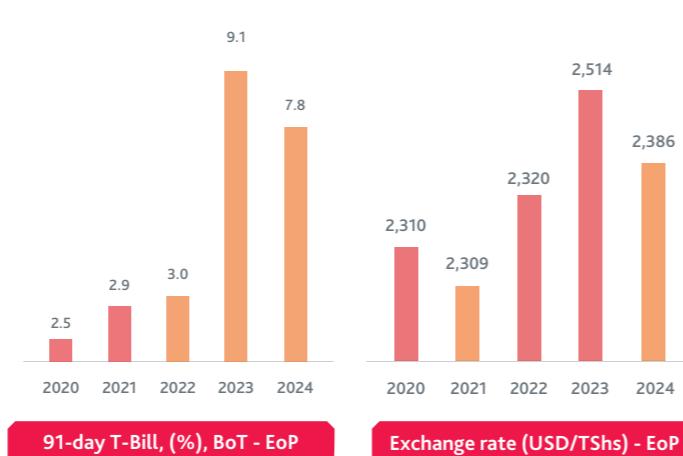
GDP growth accelerated to 5.9% in 2024 supported by strong services, robust agricultural output and improving industrial productivity. While investors have historically worried about challenges in capital repatriation, improving competitiveness may begin to draw some investments into the country.

Inflation remains well anchored below 5.0%. Food security, low energy costs and the proactive policy response to inflation threats continue to point to a sustainably sound macroeconomic landscape.

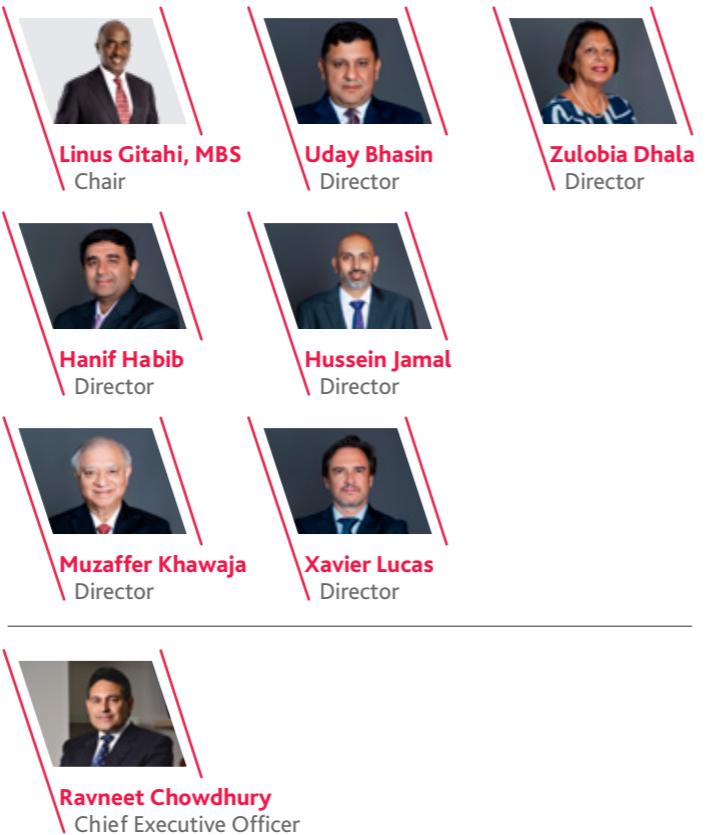
After years of admirable stability, the shilling witnessed increased volatility in 2024 but managed to revert to historical trends. The IMF's driven market reforms have helped to enhance effective price discovery and confidence in the market.

Into 2025, general elections scheduled for November remain a key event risk. However, baseline expectations favour status quo, under President Samia Suluhu, which should sustain the current policy biases; a cautiously expansionary fiscal policy that balances the need for heavy infrastructure spend and the potential risks from increased debt, for sustained resilience.

Economic overview



Board of Directors



Uganda



The economy continued to bounce back from earlier shocks stemming from global economic volatility, geopolitical tensions and conflicts in neighbouring economies.

In 2024, GDP growth is estimated to have reached 6.5% on the back of favourable weather, investments in the oil sector, oil-related construction boom, recovery in exports, and the implementation of the Parish model, that has enhanced resilience in households.

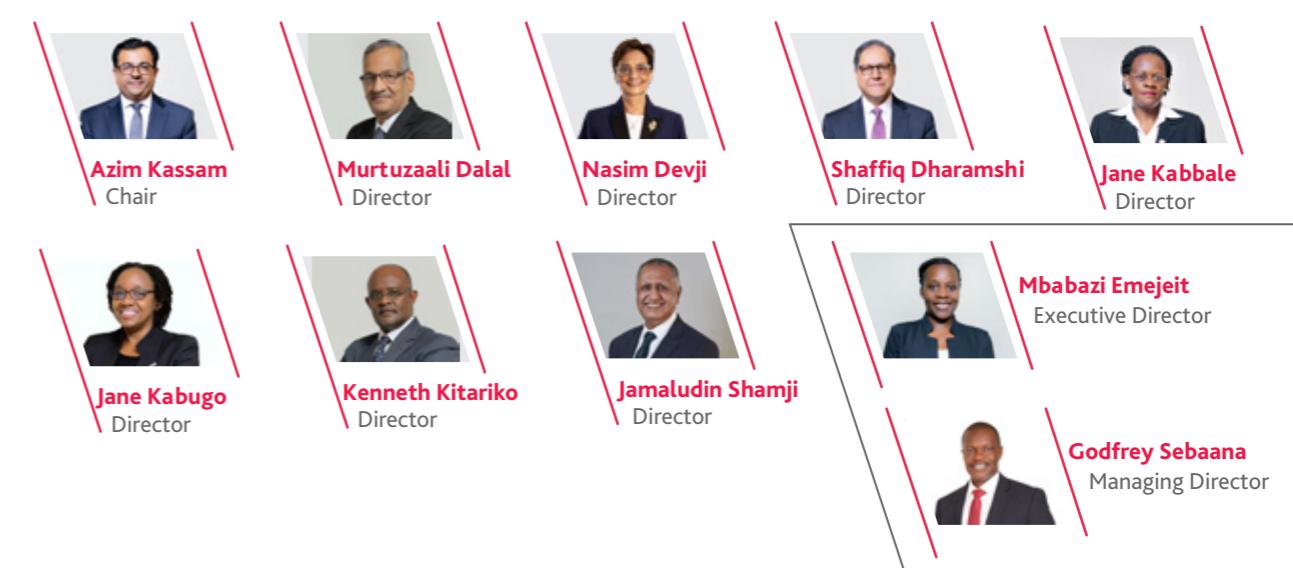
However, the investments saw a significant increase in the fiscal deficit, although this may in the medium term be offset by the oil exploitation proceeds.

Inflation has cooled off and stabilised within the central bank target range. This has enabled the monetary policy authority to begin easing financial conditions, to reignite credit markets. However, the elevated fiscal deficit and resultant borrowing may continue to redirect liquidity towards the government, delaying meaningful gains from the monetary easing.

Signals of successful exploitation of oil will accelerate investments across sectors, with a meaningful lift to household incomes and poverty rates. This will continue to elevate prospects for our business by opening new opportunities. The Bank continues to deepen its presence especially through digital partnerships leveraging the increasingly savvy population.

Despite the optimistic outlook, the economy remains vulnerable to external shocks and political risks in neighbouring countries. Moreover, the growing dependency on oil may be tested by emerging geopolitical risks, as a drop in prices below break even point may compromise gains from the same. At the same time, debt concerns continue to rise and any delays in oil revenues may impair the outlook.

Board of Directors



Burundi



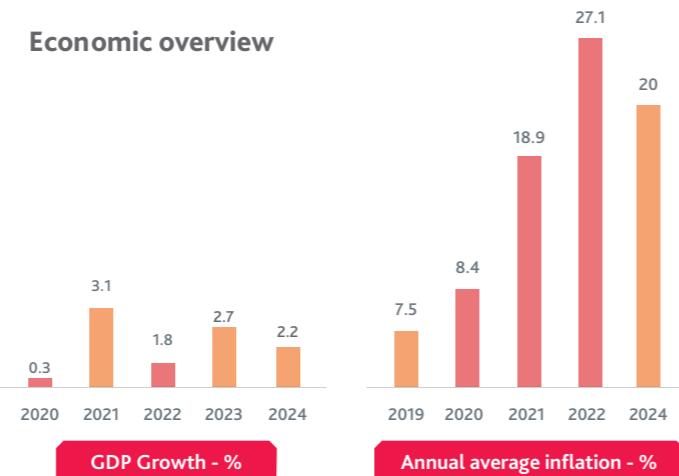
Despite significant and prolonged challenges, the economy expanded by 2.2%, although slower than 2.7% growth in 2023, weighed down by a myriad of challenges including prolonged hyperinflation and the severe foreign currency shortages.

Public spending remains low due to weak revenues and soft albeit improved support from development partners. While the IMF has enhanced its support for Burundi, focus on financial reforms and minimal budget support may have limited economic benefits for Burundi in the near term. Risks of further currency devaluation and its impact on margins and capital will continue to undermine investments. This may significantly affect supply of goods and services, prolonging the hyperinflation scenario in the country. Inflation averaged 20% in 2024 and is projected to remain in double digits through 2025.

That said, agriculture and mining sectors will remain key growth drivers. GDP is projected to pick up to 3.0-3.5% although downside risks remain elevated. To lower the fiscal deficit to 4.7% of GDP in 2025 from 7.1% in 2024, the government is scaling efforts in expenditure prioritisation and revenue growth.

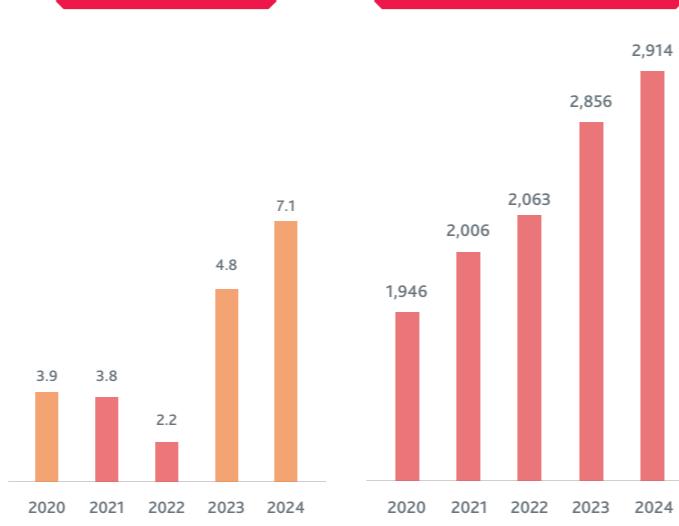
Risks to the outlook include currency volatility, prolonged hyperinflation, adverse climate conditions, volatile growth in key export markets, shifting US foreign policy and deteriorating security in the neighbouring DRC.

Economic overview



GDP Growth - %

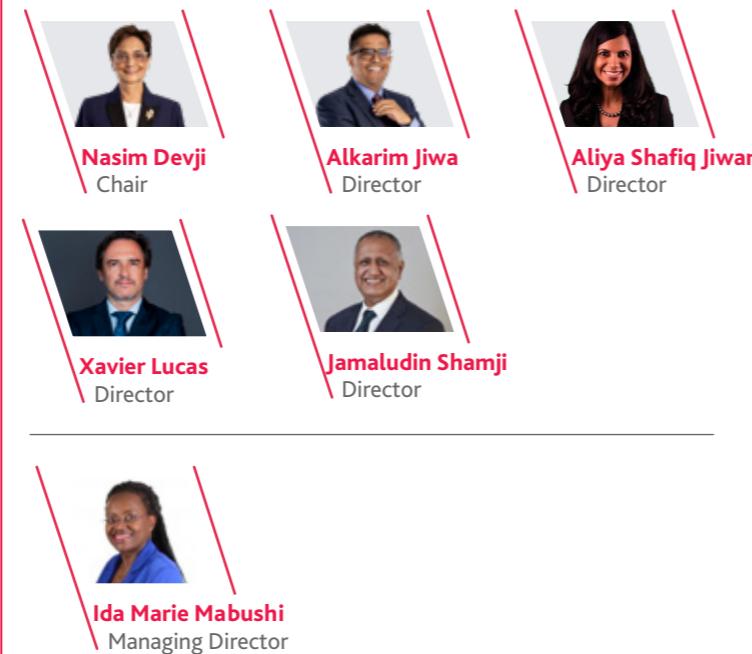
Annual average inflation - %



91-day T-Bill, (%), BRB - EoP

Exchange rate (USD/BIF) - EoP

Board of Directors



Looking forward

East Africa is poised to remain a bright spot in Sub-Saharan Africa in 2025, driven by recovery in its diversified economies. Across the region, growth will primarily stem from the services sector as real incomes improve and credit markets become more dynamic. Furthermore, a stable macroeconomic environment, stronger domestic demand, and sustained public investments in infrastructure are expected to support industries throughout the year.

Despite varying levels of fiscal space, public spending is anticipated to remain steady across the countries we operate in, fostering resilience in the economies. However, evolving global trade and foreign policies will likely continue to create volatility in supply chains, markets, and, consequently, businesses. Even so, recent economic reforms and adjustments are expected to help mitigate impacts of some of these potential shocks, in the short term.

In this context, DTB will focus on strategies that ensure adaptability and resilience while driving growth. The Group will build on the strong momentum established across the region to enhance business expansion in the increasingly dynamic landscape. Leveraging its growing AI capabilities, robust brand loyalty, extensive presence, and expanding partnerships, DTB aims to consistently deliver value to its stakeholders while pro-actively managing emerging risks including cybersecurity threats.

We are committed to enhancing the lives of the communities we serve while creating meaningful and sustainable value for our stakeholders.



Chairman's reflections

Linus Gitahi, MBS

Esteemed shareholders,

The East African region achieved notable economic growth in 2024 in the face of global and local headwinds that continue to introduce uncertainty in the operating environment. Our diversified footprint in the region enabled us to support the recovery in the services sector, increase private consumption and improve export activities. I remain inspired by the successes achieved in each of the countries where we operate.

The success achieved across our business in 2024, such as the significant expansion in our customer base, deepening of our digital transformation agenda and journey towards achieving sustainability excellence is a testament to the robustness of the three strategic pillars that underpin our business growth strategy. We are focused on delivering our strategic priorities despite several challenges in the region, such as natural disasters, protests, fiscal consolidation difficulties and the ongoing conflicts in the Eastern African neighbourhood.

We continue to pay close attention to the macroeconomic outlook from a global perspective, particularly considering potential trade wars and geo-political conflicts and how this impacts our home markets in East Africa -Kenya, Tanzania and Uganda.

In 2024, we leveraged the inter-connectedness of our strategic pillars as the growth we experienced in customer numbers was powered by the investments we made in technology in the last few years.

Our franchises in Kenya, Tanzania and Uganda provide great examples of how technology and partnerships can enhance business growth and expand its contribution to financial inclusion, following the rollout of digital lending offerings to the retail and MSME segments and the sustainable and convenient way we have acquired and served our customers without compromising on our risk and compliance standards. The culture of agility displayed in the speed at which we moved from concept to product, which was human led and technology enabled is commendable. This culture at DTB is one we must protect and continue to fuel with more innovations that enhance our competitiveness in the marketplace.

As the energy demands for technology continue to grow, the need for sustainability has never been more critical, because for us, sustainability and growth are not mutually exclusive. At DTB, we view sustainability through the lens of opportunity, impact and risk, striving to embed ESG across our business operations while working to develop sustainability-linked products that serve our customers' evolving needs.

In 2024, we leveraged the inter-connectedness of our strategic pillars as the growth we experienced in customer numbers was powered by the investments we made in technology in the last few years.

In 2024, in line with our core strategic purpose of achieving socio-economic relevance, we made meaningful strides in our commitments to people, customers, and society with significant efforts towards fostering our people talent and development, financial inclusion, advancing climate action, and strengthening community well-being. Recognising that resilience is key in an unpredictable environment, we will continue to integrate climate scenario planning and stress testing into our enterprise risk framework. This ensures we proactively manage disruptions while strengthening our long-term sustainability strategy.

Furthermore, we are also preparing for evolving sustainability reporting requirements. In November 2024, the Institute of Certified Public Accountants of Kenya (ICPAK) published a roadmap for adopting IFRS sustainability disclosure standards, with mandatory compliance set for 2027. Through our efforts towards climate action, coupled with our established climate risk reporting framework, DTB is well-positioned for this transition.

By strengthening our approach to responsible banking, enhancing sustainability-driven partnerships, and aligning with global standards, we are building long-term resilience, not just for DTB, but for the communities and economies in which we operate.

Building a resilient and sustainable business also requires strong leadership and governance. In this regard, I am pleased to welcome Murali Natarajan as the new Managing Director and CEO of DTB Kenya. Murali is a seasoned banker with decades of experience, and we are excited to have him on board as we continue our growth journey. We also welcome Uday Bhasin to the DTB Kenya Board. Also serving on the DTB Tanzania Board, Uday brings valuable regional insights that will further strengthen our cross-border connectivity. At the same time, in 2024, we bade farewell to Ismail Mawji, who after serving a long and very successful stint as Chair of our Board Audit & Compliance Committee, has retired from the Kenya Board, and extend our deepest gratitude for his years of dedicated service and contributions to DTB's success.

As I conclude, I would like to sincerely thank our shareholders for your continued confidence in our brand and unwavering support for our strategy. We also extend our gratitude to the regulatory authorities we engage with, whose guidance and collaboration enable us to sustain our resilience by strengthening our compliance and governance standards.

My appreciation also goes out to my fellow Board members for their continuing steadfast support and counsel, as well as to the executive teams across the Group, led by our Group Chief Executive Officer, Nasiim Devji, for their exceptional leadership and dedication. Further, a heartfelt thank you to every member of our staff, whose commitment to our vision and values brings our strategy to life each day.

Above all, I extend my deepest gratitude to our customers, who place their trust in us to support their financial aspirations, whether personal or business-related. You inspire us to continuously improve, innovate and serve you better, and we remain committed to being your trusted financial partner.



Hotuba ya Mwenyekiti

Linus Gitahi, MBS

Wanahisa wapendwa,

Ukanda wa Afrika Mashariki ulishuhudia ukuaji mkubwa wa uchumi, licha ya misukosuko ya nje ya ndani kwa ndani ambayo inaendelea kutatiza hali ya biashara. Mbinu zetu mseto katika ukanda huu zilituwezesha kufufua biashara katika sekta ya utoaji huduma, kuongeza matumizi ya binafsi na kuimarisha biashara ya kuza bidhaa kwa mataifa ya nje. Mafanikio tuliyopta katika kila nchi tunayofanya biashara yanaendelea kunipa motisha kila siku.

Mafanikio tuliyopata kwa katika biashara zetu mwaka wa 2024, kama vile kuongeze ka kwa idadi ya wateja wetu, kuimarika kwa ajenda yetu ya mabadiliko ya kidijitali, na safari ya kuafikia ubora endelevu ni ishara tosha za nguzo tatu za mikakati yetu ya ukujiji wa biashara. Lengo letu ni kuafikia maono yetu licha ya changamoto tunazokumbana nazo, katika ukanda huu wa Afrika mashariki. Tunaendelea kuzingatia kwa makini hali ya uchumi kwa mtazamo wa kimataifa, hasa kwa kuzingatia uwezekano wa vita yya kibiashara

na migogoro ya kisiasa na jinsi masoko yetu ya nyumbani yanavyoathirika, hasa Kenya, Tanzania na Uganda.

Mwaka wa 2024, tulijendeleza na kuimarisha mikakati kwa nguzo zetu tatu muhimu, kwa ukuaji wa idadi ya wateja, ambako kilitokana na uwekezaji tulioveka katika sekta ya teknolojia kwa miaka michache iliyopita. Uwekezaji tulio nao katika mataifa ya Kenya, Tanzania na Uganda, ni dhihirisho tosha ya jinsi teknolojia na ushirikiano vinawenza kuchangia pakubwa katika ukuzaji wa biashara, na mfumo wa kidijitali wa kutoa mikopo kwa wafanyabiashara wadogo wadogo, kumewezesha kutoa huduma kwa wateja wetu, bila kulegeza sheria zilizoko wala kuhatarisha biashara yetu kwa jumla. Pia tumekuwa na utamaduni wa uwepesi wa kufanya mambo, ambao umetuwezesha kuhama kutoka kwa dhana hadi kwa bidhaa, ambayo awali iliendeshwa na binadamu lakini sasa kila kitu ni kutumia teknolojia. Dhana hii lazima tuijinde katika DTB na kuiendeleza kwa kuleta uvumbzi mpya utakaotuweka katika nafasi ya biashara bora sokoni.

Kadiri ya mahitaji ya matumizi ya teknolojia kwenye biashara yanapoongezeka, ndivyo

pia tunavyozidi kuona umuhimu wa kuwa na uendelevu katika biashara zetu. Kwa mfano hapa DTB, tunapiga darubini na kuona jinsi tunavyoweza kuweka mikakati itakayosaidia kutimiza mahitaji ya wateja wetu ambayo yanabadilika kila uchao.

Mwaka wa 2024, tukilenga kuafikia madhumi yetu ya kuimarisha biashara, tulipiga hatua muhimu katika kuhakikisha kuwa tunashughulikia mahitaji ya wateja na jamii nzima, kupitia kukuza talanta, maendeleo ya jamii, na kuweka mikakati inayomarisha wanajamii. Pia tutaweka mipango kabambe ya kukabiliana na misukosuko ya aina yoyote ambao huenda ikatokea na kuathiri biashara.



Lengo letu ni kuafikia maono yetu licha ya changamoto tunazokumbana nazo, katika ukanda huu wa Afrika mashariki.



Kando na hayo, pia tunakaribia kukamilisha matakwa yaliyowekwa ya kutoa ripoti ya uendelezaji. Mwezi Novemba mwaka jana, Taasisi ya Ma-
hasibu wa Umma Nchini, ICPAK, ilichapisha mwongozo wa jinsi ya kuchapisha ripoti za uhasibu zinazolingana na viwango ya kimataifa, yaani International Financial Reporting Standards. Kama DTB, tuko tayari kwa hiyo safari mpya, ambayo tarehe ya mwisho ya kuanza kutumia huo mfumo mpya ni mwaka wa 2027.

Kwa kuimarisha mtazamo wetu wa sekta ya benki inayowajibika, kuimarisha ushirikiano unaoendeshwa na uendelevu, na kupatana na viwango
ya kimataifa, tunajenga uthabiti wa muda mrefu, si kwa ajili ya DTB pekee, bali kwa jumuiya nzima na uchumi tunaofanya kazi.

Kuimarika kwa biashara pia kunahitaji uongozi na usimamizi thabiti. Na ndio maana leo nataka mnirihusu nimkaribishe Murali Natarajan, am-
baye ndiye Mkurugenzi Mkuu na vile vile Afisa Mkuu Mtendaji wa DTB Kenya. Murali ni mwanabeni maarufu na ana uzoefu mkubwa katika
sekta ya benki, na kama bodi ya DTB tuna furaha kubwa sana kufanya naye kazi ili tukue pamoja. Pia tunamkaribisha Uday Bhasin kwenye bodi
DTB Kenya. Uday pia anahudumu kwenye bodi ya DTB Tanzania, na analeta maarifa muhimu ya kuendeleza uk uaji wa biashara katika ukanda
huu. Pia ni muhimu nitaje kwamba mwaka jana tulimuaga Ismail Mawji, ambayo alihudumu kipindi kirefu kama mwenyekiti wa bodi yetu ya
Ukaguzi wa hesabu, hadi alipostaafu. Kwa hivyo tunatoa shukrani zetu za dhati, kwa kazi yake nzuri na kwa kujitolea na mchango wake mkubwa
kwa mafanikio ya DTB.

Ninapohitimisha, ningependa kuwashukuru kwa dhati wanahisa wetu kwa kuendelea kuamini biashara yetu na kuunga mkono mikakati yetu.
Pia tunatoa shukrani zetu kwa mamlaka za udhibiti tunazoshirikiana nazo, ambazo mwongozo na ushirikiano wake, hutuwezesha kudumisha
uthabiti wetu kwa kuimarisha viwango yetu ya kuendesha biashara.

Pia ninashukuru wanachama wa bodi kwa kuendelea kutuunga mkono na kwa kutoa mwelekeo bora na pia kwa wasimamizi wa kampuni, kutoka
kwa afisa mkuu mtendaji, Nasim Devji, kwa uongozi wao bora. Pia nawashukuru wafakazi wote kwa kujitolea kwao na kusimama nasi kila wakati.

Lakini kwa njia spesheli pia nawashukuru sana wateja wetu ambao wameshikilia imani yao kwetu na kuendelea kuwekeza nasi. Nyinyi ndio
mnaotupa motisha ya kuleta uvumbzi mpya na kuwalettea huduma zinazoafikia matarajio yenu.

* Taarifa iliyoko hapa juu ni tafsiri ya *Hotuba ya Mwenyekiti* iliyokatika kurasa za 26-27. Iwapo patatokea utata wowote katika tafsiri ya maana halisi ya maneno
yalijotumika, basi tafsiri ya Kiingereza ndiyo itakayo tawala.

* The text above is a Swahili translation of the *Chairman's Reflections* which appear on page 26-27. In the event of a contradiction between the two texts, the
English version takes precedence.



Group Chief Executive Officer's reflections

Nasim Devji

The year 2024 marked another year of growth and strategic advancement for DTB Group, as we continued to build momentum with our 'DTB 3.0' business growth strategy.

Anchored on three key pillars – customer reach, digital transformation and sustainability excellence – this strategy is designed to pivot DTB as a socio-economic relevant corporate citizen. This will be achieved by creating long-term value for our stakeholders while ensuring that our operations contribute positively to meeting the aspirations of our customers and employees as well as the broader society and the environment we operate in.

A key driver of our success has been our commitment to innovative and strategic partnerships particularly in expanding access to financial services. Our collaborations with, for example, leading mobile network operators in East Africa on digital lending solutions have been remarkably instrumental in

driving customer growth, with the offering of *Mgodi*, backed by Vodacom in Tanzania, and *Kwasa Kwasa*, backed by Airtel in Uganda. Further, through our Astra Banking-as-a-Service (BaaS) platform, we have also deepened engagements with tech-enabled companies, fostering micro-lending solutions, cross-border money transfers, and digitised savings groups.

At the same time, our partnerships in facilitating public sector payments have played a pivotal role in enhancing transaction efficiency. Platforms such as E-Citizen, Social Health Insurance (SHIA) payments, and various utility payment services have made financial interactions with government services more seamless for both businesses and individuals, augmenting DTB's position as a key enabler of digital financial ecosystems across the region.

Even as digital banking adoption grows, we recognise the continued importance of in-person customer engagement. While strengthening our digital platforms, we have also repositioned our branch network as advisory and sales hubs, leveraging the expertise of our

people to build stronger relationships and offer tailored financial solutions to our customers. In 2024, we introduced financial solutions such as *DTB Academy*, a proposition targeted to the education sector, and *Bidii Chama*, a digital solution for savings groups. These innovations ensure that our offerings remain relevant, inclusive, and accessible, combining digital convenience with personalised support to meet the diverse needs of our customers.

Technology remains central to our ambitions, with a vision to evolve DTB into a 'technology company with a banking license.' As we move forward, we are embracing the opportunities of the Fifth Industrial Revolution, integrating AI and advanced analytics to develop more tailored financial products, enhance risk management, augment operational efficiency and extend banking services to underserved populations and sectors.

Equally, we recognise that sustainability must be embedded in everything we do. In 2024, DTB reaffirmed its commitment by becoming a signatory to the Principles for Responsible Banking, a global framework developed in

collaboration with the United Nations Environment Programme Finance Initiative (UNEP FI). This commitment aligns our business strategy with the UN Sustainable Development Goals and the Paris Agreement, ensuring that we contribute meaningfully to a more sustainable financial industry while managing environmental and social risks effectively.

We made significant strides in our sustainability agenda in 2024, from growing over half a million trees across East Africa as part of our commitment to climate action, to achieving EDGE Advanced certification for our buildings in Kenya and extending our responsible waste management practices to e-waste, plastic, and biodegradable waste.

Guided by our purpose to improve the quality of life for all our stakeholders, we also made a meaningful impact on society. Through our corporate citizenship initiatives, we have supported over 24,000 disadvantaged schoolgirls (since 2020) with access to sanitary products, trained more than 6,000 individuals in 2024 in financial literacy and enterprise development, and actively participated in initiatives to improve health, empower women, and protect the environment. Our focus on sustainability and citizenship ensures that the Group's growth is not only profitable, but also socially responsible and resilience-oriented.

This year also marked a significant milestone in our leadership structure. As I transitioned from my dual role as Group CEO and Managing Director, Kenya, to focusing on my role as Group CEO, I am pleased to welcome Murali Natarajan as the Managing Director and CEO of DTB Kenya. His extensive experience and leadership will be instrumental in driving DTB Kenya's continued growth, and I look forward to working closely with him and the entire leadership team to sustain our momentum.

As we embark on the next chapter, I am confident that DTB is well-positioned to seize new opportunities and navigate the evolving financial landscape with resilience and agility. Our unwavering commitment to being socio-economically relevant, through innovation, customer-centricity and sustainability will continue to be the driving forces behind our success.

I extend my heartfelt gratitude to our customers, partners, vendors, shareholders, regulators and employees across the Group, as well as the Board for their unwavering trust and support. Together, we will keep growing, innovating, and building a positive impact in our quest to improve the quality of life of all our stakeholders in a sustainable and meaningful way. As always, you can bank with us and bank on us to be your trusted financial partner.



Hotuba ya Afisa Mkuu Mtendaji, DTB Group

Nasim Devji

Mwaka wa elfu mbili na ishirini na nne (2024) ulikuwa mwaka wa mafanikio makubwa, ukuaji na kuendelea kwa mikakati wa shirika zima la DTB.

Tuliendelea na mfumo wetu wa ukuzaji wa bishara wa "DTB 3.0", ambao msingi wake uko kwa nguzo tatu muhimu: ambazo ni kufikia wateja, mabadiliko ya kidijitali na uendeleu bora, unaolenga kushirikisha DTB na raia katika uimarishaji wa jamii.

Msukumo mkubwa ulioleta mafanikio mnayoona sasa umekuwa kujitolea kwetu katika uvumbuzi na ubunifu, na ushirikiano wa kuboresha utoaji huduma za kifedha. Kwa mfano, kupitia ushirikiano wetu na kampuni kuu za mitando ya simu za ukanda wa Afrika Mashariki kwa kutoa mikopo ya kidijitali, umechangia pakubwa kwenye ukuaji wa idadi ya wateja. Kuna Mgodi, inayotolewa na Vodacom nchini Tanzania, na Kwasa Kwasa, inayotolewa na Airtel nchini Uganda. Zaidi ya hayo, kupitia mfumo wa Astra Banking-as-a-Service, (Baas), tumeongeza ushirikiano na

kampuni za teknolojia zinazotoa suluhu ya kipeana mikopo midogo midogo, kutuma pesa nchi za nje na kuimarisha uwekezaji wa kijiditali wa vikundi mbali mbali.

Pia ushirikiano wetu wa kuwezesha malipo kutoa sekta za umma umekuwa kiungo muhimu katika kuboresha utendakazi. Majukwaa kama vile E-Citizen, malipo ya Bima ya Afya Jamii, SHA, na malipo mengine ya kupta huduma yamerahisisha kufanya biashara na mashirika ya kiserikali na ya sekta za kibinasi, na kuifanya DTB kuwa mtetezi wa mambo ya kidijitali kwenye sekta ya benki katika ukanda mzima wa Afrika Mashariki.

Sekta ya kutoa huduma za benki za kidijitali inapokua kwa kasi kubwa, bado tunatambua umuhimu wa wateja kutembelea benki zetu. Tunajizatiti kuimarisha mifumo yetu ya kidijitali, na pia kuendelea kuboresha matawi yetu yote na kuyafanya mahali spesheli pa kutoa ushauri wa kifedha, kwa kutumia watu wenye tajiriba ya juu ili kuimarisha mahusiano mema ya kutoa suluhu zote za maswala ya kifedha. Kama njia moja ya kutoa suluhu ya maswali yote ya kifedha, mwaka jana tulianzisha chuo

cha mafunzo ya kifedha, DTB Academy, amba-cho kilijaza pengo kubwa sana. Pia tulianzisha Bidii Chama, mfumo wa kidijitali wa uwekezaji wa vyama. Mifumo hii ilihakikisha kuwa huduma zetu zinasalia kuwa na umuhimu, zinajumuisha kila mtu na pia rahisi kuzifika na katumia mionganoni mwa wateja wetu.

Teknolojia pia inasalia kuwa kiungo muhimu kwenye maono yetu ya kuifanya DTB kuwa kampuni bora ya kiteknolojia ya kutoa huduma za benki. Tukizidi kusonga mbele, tunakumbatia fursa zinzazojitokeza za awamu ya tano ya mabadiliko katika sekta ya viwanda, kuiga matumizi ya mfumo wa dijitali wa AI, na uchanganuzi wa kina wa maswala ya kifedha, ili kuimarisha udhibiti wa hasara, kuongeza ufanisi na uboreshaji wa huduma za benki katika kila sekta.

Vile vile tunafahamu fika kwamba lazima uendelezaji ushirikishwe katika kila hatua tunayopiga. Mwaka jana DTB ilitimiza ahadi yake na kuweka saini kanuni za uwajibikaji wa kutoa huduma za benki, mwongozo wa kimataifa uliyobuniwa shirika la umoja wa mataifa la mazingira na mikakati ya fedha, UNEP FI. Kutia Saini kanuni hizi, kunaenda sambamba na maono endelevu ya umoja wa mataifa, yaani UN Sustainable Development Goals, na makubaliano ya jijini Paris, ya kuhakikisha kuwa tunachangia vikamilifu kuendeleza sekta ya fedha, pia tukishirikiana katika uhifadhi wa mazingira na kuepuka hatari nyingine za kijamii.

Tulipiga hatua za kufana katika ajenda yetu ya kujidendeza mwaka wa elfu mbili na ishirini na nne. Tulipanda miche laki tano za miti katika ukanda wa Afrika Mashariki, kama mchango wetu kwa makabiliano ya mabadiliko ya tabianchi, pia tukilenga kupata vyeti vya ujenzi bora unaolinda mazingira, (EDGE Certification) kwene majumba yetu yote nchini Kenya, na kuongeza uwajibikaji wetu kwa kudhibiti taka za kielektroniki, taka za plastiki na taka za kuuoza.

Huku tukielekeza na jukumu letu la kuimarisha maisha ya wadau wetu wote, pia tumeleta mabadiliko makubwa katika jamii. Kupitia ushirika wetu na wanajamii, tumesaidia zaidi ya wanafunzi elfu ishirini na nne, (24,000) wa kike wasiojiweza kutoka mwaka wa 2020, na kuwawezesha kupata sodo, na kutoa mafunzo ya kifedha kwa wengine zaidi ya elfu sita. Kando na hayo, pia kunao waliofaidika na mipango yetu ya kuimarisha afya ya jamii, kuwezesha wanawake na kulinda mazingira. Lengo letu sio kuimarika tu kibashara bali pia kuwajibika kijamii na kwa udhibiti.

Mwaka huu pia umedhihirisha uwezekano mkubwa wa uimarikaji kutokana na uongozi wetu. Hata ninaposongha hatua mbele kutoka kwa wadhifa wangu kama Mkurugenzi Mkuu na Afisa Mkuu Mtendaji wa DTB Kenya, na kuwa Afisa Mkuu Mtendaji wa shirika zima la DTB, nina furaha kumkaribisha Murali Natarajan kama msimamizi wa DTB Kenya. Uzoefu wake na uongozi wake wa kipekee utakuwa muhimu sana kuendeleza na kukuza DTB Kenya. Najua tutashirikiana naye na wasimamizi wengine kwa ukaribu na kuafikia malengo yetu.

Tunapozindua sura hii mpya, nina uhakika kuwa DTB ina nafasi nzuri ya kujinyakulia fursa zitakazojitokeza na kuepuka misukosuko yote ya kifedha itakayojitokeza njiani. Kujitolea kwetu kwa kusalia na umuhimu wa kuimarisha jamii na uchumi, kupitia uvumbuzi, kushirikisha wateja wetu na uendelevu ndio utakuwa msukumo wa mafanikio yetu siku zote.

Ninatoa shukran za dhati kwa wateja wetu, washirika, wanahisa, wachuuzi, wadhibiti na wafanyakazi wote walio katika shirika la DTB, bila kusahu wanachama wa Bodi kwa kuwa na imani nasi na kutuunga mkono. Tukiendelea kushirikiana tutakua pamoja kwa uvumbuzi na kuleta mabadiliko yenye manufaa kwa jamii, huku tukilenga kuboresha maisha ya wadau wetu kwa njia inayofaa. Na kama ilivyo desturi, kwa huduma zako zote za benki, shirikiana nasi tukiwa mshirika wako wa kuaminika siku zote.

* Taarifa iliyoko hapo juu ni tafsiri ya *Hotuba ya Afisa Mkuu Mtendaji, DTB Group* iliyotaka kuraswa za 30-31. Iwapo patatoka utata wowote katika tafsiri ya maana halihi ya maneno yaliyotumika, basi tafsiri ya Kiingereza ndio itakayo tawala.

* The text above is a Swahili translation of the *Group Chief Executive Officer's reflections* which appear on page 30-31. In the event of a contradiction between the two texts, the English version takes precedence.



Managing Director and Chief Executive Officer, Kenya reflections

Murali Natarajan

It is an honour to be given the responsibility and opportunity to step into the role of Managing Director & CEO of DTB Kenya. DTB has a strong foundation and a remarkable legacy of growth, customer service, innovation and resilience, created under the leadership of the Group CEO, Ms Nasim Devji.

Kenya offers a huge growth opportunity for DTB. With its unique positioning and strong capabilities, the Bank is well-equipped to execute its well-crafted strategy. In the coming years, DTB Kenya will continue to play a key role in the economy and banking industry of Kenya. In 2024, the bank has demonstrated strong performance, despite battling some difficult macro headwinds.

As Kenya's economy continues to grow, we believe more opportunities will be created in the retail and MSME segments. Looking ahead, our priority is to diversify our portfolio, expand our branch network, strength-

en our focus on retail and MSME sectors, leverage technology to improve customer service and strive for operational excellence. We intend to continue to grow our customer base through direct acquisition and partnerships, and while we will continue to bring more sophisticated digital products, we remain committed to preserving our personal touch in customer service.

In line with DTB's commitment to sustainability excellence, we will further integrate responsible banking practices into our operations. This includes expanding our green finance initiatives, advancing our citizenship programmes and aligning with regulatory frameworks on ESG reporting.

While the financial landscape continues to shift, DTB Kenya remains focused on delivering value to our stakeholders. We remain optimistic about the future, and I am deeply inspired by the talent and dedication of our people as we continue shaping the bank of tomorrow.

Finally, I extend my sincere gratitude to the Board, Group CEO, Nasim Devji, and the entire DTB team for their warm welcome and support. Their dedication and expertise have been instrumental in driving the Bank's success, and I look forward to working together to achieve even greater milestones.

To our customers, partners and shareholders, thank you for your trust. We remain committed to serving you with excellence.

While the financial landscape continues to shift, DTB Kenya remains focused on delivering value to our stakeholders.

‘ ’

Hotuba ya Mkurugenzi Mkuu, MD

Ni heshima kubwa mno kupewa fursa ya kuhudumu kama Mkurugenzi Mkuu na Afisa Mkuu Mtendaji wa shirika la DTB Kenya. DTB ina msingi imara na urithi wa aina yake kwa ukuaji, utoaji huduma kwa wateja wake, ubunifu na hata kustahimili, hayo yote yakinokana na uongozi bora kutoka kwa Afisa Mkuu Mtendaji wa shirika zima la DTB, Bi Nasim Devji.

Taifa la Kenya pia limetoa nafasi mwafaka ya ukuaji wa DTB. Kutokana na nafasi iliyo nayo na uwezo wake mkubwa, benki ya DTB imejipa nafasi bora ya kutekeleza mikakati kabambe iliowekwa. Katika kipindi cha miaka michache ijayo, DTB Kenya itakuwa inachangia pakubwa katika ukuaji wa Uchumi na katika sekta ya benki nchini Kenya. Mwaka wa elfu mbili na ishirini na nne, shirika la DTB limeonesha umahiri mkubwa licha ya changamoto zilizojitokeza za hapa na pale.

Na jinsi uchumi wa Kenya unavyokua, tuna imani kwamba utabuni nafasi nyingi kwenye biashara za rejareja na za viwango vya kati, yaani MSME. Tukitazama mbele, lengo letu ni kuboresha tajiriba yetu, kufungua matawi zaidi, na kuimarisha uhusiano wetu na wafanyabiashara wadogo na wale wanaojiendeza, kukumbatia teknolojia ili kutoa huduma bora kwa wateja wetu na kuboresha huduma kwa jumla. Pia tunanua kukuza idadi ya wateja wetu kwa kuzungumza nao moja kwa moja, ama hata kwa kutumia ushirikiano, na kuleta mitambo ya kidijitali ya kuboresha huduma na uhusiano wetu na wateja.

Kama njia moja ya kuonyesha uwajibikaji katika kazi yetu, kama DTB tutajizatiti kuleta mbinu bora za kutoa huduma. Hatua hii itajumuisha kuanzisha mipango ya kifedha inayoenda sambamba za utunzaji wa mazingira, kuimarisha mipango yetu ya kuendeleza uraia pamoja na mfumo wa udhibiti uliowekwa, wa kuchapisha ripoti za kampuni kuhusu jamii, mazingira na utawala.

Licha ya kuwa hali ya kifedha inazidi kubadilika kulingana na matukio mbali mbali, DTB Kenya hajapoteza lengo lake la utoaji huduma bora kwa wadau. Tuna imani kwamba mbeleni mambo yatakuwa sawa, na tunatiwa moyo na talanta na kujitolea kwa watu tunaoshirikiana nao, ambao lengo lao ni kuimarisha sekta ya benki siku za usoni.

Mwisho kabisa, natoa shukrani zangu kwa Bodi ya usimamizi, Afisa Mkuu Mtendaji wa shirika zima la DTB, Bi Nasim Devji, na kikosi kizima cha DTB, kwa makaribisho yenu mazuri na kuniunga mkono. Kujitolea kwenu na tajiriba yenu vimechangia pakubwa kwenye ukuaji na kufanikiwa kwa DTB na ninatumai kwamba tutazidi kushirikiana ili kuafikia mafanikio zaidi. Kwa wateja wetu, washirika na wanahisa wote, ahsanteni sana kwa kuwa na imani nasi. Tunaahidi kuendelea kuwatumikia kwa ubora zaidi.

* Taarifa iliyoko hapa juu ni tafsiri ya *Hotuba ya Mkurugenzi Mkuu, MD* iliyokatika kurasa za 34. Iwapo patatokea utata wowote katika tafsiri ya maana halisi ya maneno yaliyotumika, basi tafsiri ya Kiingereza ndiyo itakayo tawala.

* The text above is a Swahili translation of the *Managing Director and CEO, Kenya statements* which appear on page 34. In the event of a contradiction between the two texts, the English version takes precedence.



Finance & Strategy Director's reflections

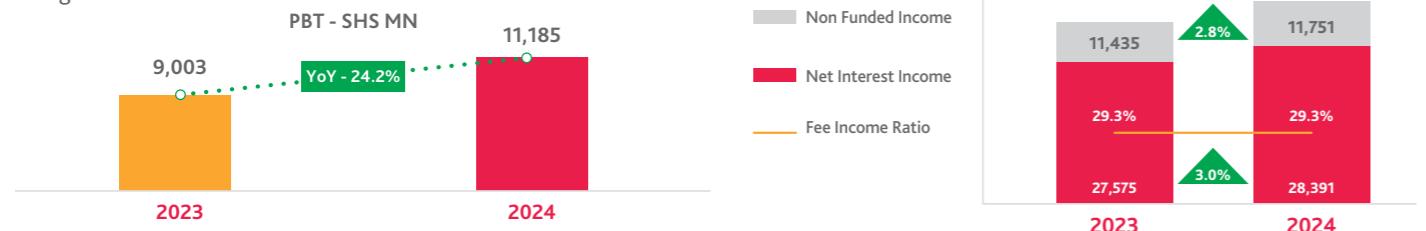
Alkarim Jiwa

The year 2024 was rewarding for DTB Group.

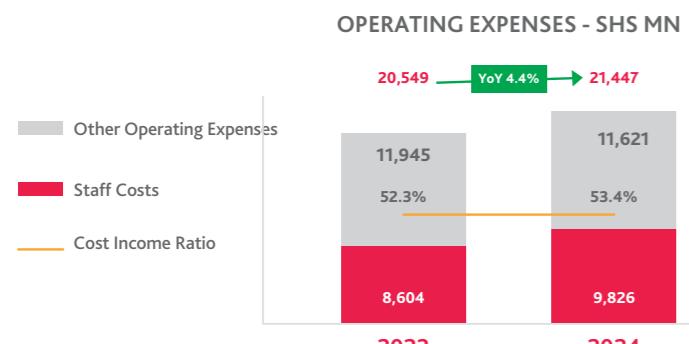
It was marked by resilience, innovation and growth against a backdrop of global economic uncertainty, a fluid macroeconomic environment and an evolving regulatory landscape. Our 2024 financial results underscore our commitment to delivering sustainable value to our stakeholders. In 2024, we continued to progress on our digital transformation agenda, prioritising digitally - anchored partnerships and technological enhancements to improve customer experience, operational efficiency and product innovation. We also advanced our Environmental, Social, and Governance (ESG) commitments, integrating sustainable practices across our operations to contribute positively to society and the environment.

Performance Highlights

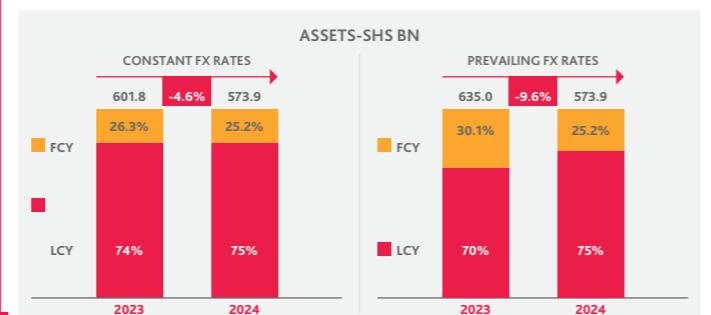
DTB delivered notable financial performance in 2024, with the Group's profit before tax rising by 24% to Shs 11.2 billion, compared to Shs 9.0 billion in the previous year. This growth was driven by strong performance in top line revenues streams as well as reduction in loan impairment charges.



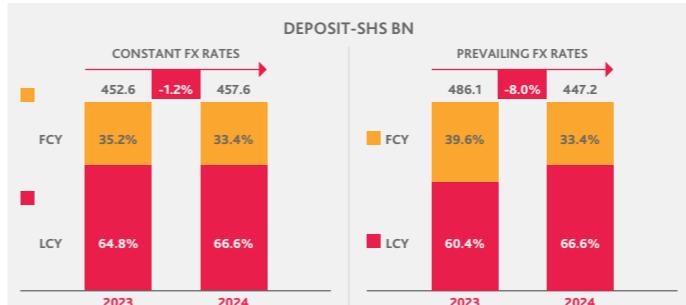
The marginal increase in cost-to-income ratio reflects the investments that continue to be made in technology, branch network expansion and human capital to augment the realisation of the 'DTB 3.0' business growth strategy. Achieving operational excellence as well as realising returns from the significant investments made in recent years in people, technology and channels remains a key focus for the Group.



Asset growth was muted by the downward revaluation of the foreign currency denominated assets due to the strengthening of Kenya Shilling against major currencies and a tight liquidity environment.



Customer deposits declined due to both tight liquidity conditions and the rise in the yield curve, driving up interest rates in 2024. Additionally, the foreign currency denominated deposit base was affected by the downward revaluation of foreign currency denominated deposits during the year.



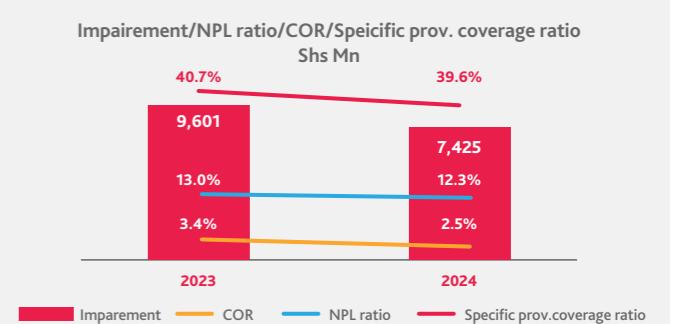
Value creation for shareholders

The underlying drivers of value creation for our shareholders remained strong.

- Return on Equity (ROE) stood at 9.8% propelled by improved earnings. We believe there is scope for improvement and our intention is to steadily augment DTB's RoE, similar to that of other Tier I banks.
- Dividend per share increased by 17% to Shs 7.00 per share up from Shs 6.00 in 2023, a reflection of continued commitment to adequately reward our shareholders whilst bolstering the capital base to leverage future growth and sustain the Group's resilience. This resulted in the dividend payout ratio increasing from 24.4% in 2023 to 25.6% in 2024. In line with recent trends, DTB remains committed to progressively increasing the dividend payout ratio in future periods, whilst maintaining strong capital adequacy ratios for growth and resilience.
- Shareholders' equity also strengthened by 7.0% to Shs 92.4 billion in 2024 from Shs 86.4 billion in 2023, solidifying our capital base and capacity to pursue expansion in our asset base.



Our approach to risk management remains proactive and comprehensive. The non-performing loans (NPL) ratio improved to 12.3% from 13.0% the previous year despite sustained elevation in credit risk environment in the geographies DTB operates. This improvement is a testament to our rigorous risk management framework and diligent recovery efforts, ensuring stability and resilience even in the midst of a fragile economic environment. From a forward-looking perspective, DTB remains committed to returning the group's NPL ratio to within single digit levels.



Capital and liquidity

DTB's key resilience indicators - the capital adequacy and liquidity metrics - continue to reflect a strong balance sheet, with the group's total capital adequacy ratio at 18.3% in 2024 up from 16.1% in 2023 while the liquidity ratio stood at 53.9% in 2024 compared to 53.5% in 2023.

DTB Bank Entity	Total Capital/TRWA		Minimum Requirement	
	2024	2023	Board	Regulatory
Kenya	17.3%	17.0%	16.0%	14.5%
Uganda	19.5%	26.6%	16.0%	14.5%
Tanzania	18.3%	16.5%	16.0%	14.5%
Burundi	41.1%	38.9%	16.0%	14.5%

DTB Bank Entity	Liquidity Ratio		Minimum Requirement	
	2024	2023	Board	Regulatory
Kenya	49.9%	48.6%	30.0%	20.0%
Uganda	57.8%	68.0%	30.0%	20.0%
Tanzania	31.4%	34.3%	30.0%	20.0%
Burundi	189.0%	154.0%	110.0%	100.0%

As we move ahead, we remain focused on the execution of our business growth strategy across all our home markets in East Africa. We look forward to accelerating growth across all our customer segments and further diversifying our customer portfolio by significantly expanding the retail and small & medium enterprise (SME) customer base. To achieve this, DTB will continue to leverage our innovation capabilities and technology foundation, deepening and broadening our customer base and relationships and widening our branch and digital footprint across all our presence markets. We are confident that our deliberate approach to deliver consistent and robust growth, strong governance framework and unwavering commitment to service excellence and compliance standards will translate to sustainable value for all our stakeholders.

"DTB understood our business model which was to sell 4 things, Quality, Reliability, Service and Availability. They gave us 3 trucks 18 years ago, now we have 150 trucks."



Paayal Patel
Director - Imaara Mall + Tuff Steel

Mukesh Patel
Managing Director - Imaara Mall + Tuff Steel

3. How we create value

Our Group's business growth strategy, that drives our socio-economic relevance and value for our customer, employees and other stakeholders is anchored on our customer growth aspirations, agility in digital transformation and our pursuit towards sustainability leadership.

Our business growth strategy	41
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How we create value

The DTB business growth strategy was launched in 2022, implemented from 2023, and gained momentum in 2024 towards creating 'DTB 3.0'.

'DTB 1.0' covered the first 60 years of our existence (mid-1940s to mid-2000s) when we operated as a mid-tier, niche player in three principal East African markets, namely, Kenya, Tanzania, and Uganda. In 2011, the DTB Vision 2020 (2011-2020) ushered in the era of 'DTB 2.0' with several strategic objectives. These included ranking among the top tier banks by deposits, being a sustainable deposit-led bank, playing a leading role in supporting economic development and leveraging our extended branch network as the prime service delivery channel. In 2015, DTB's Vision 2020 was refreshed to incorporate digital service delivery channels.

Following remarkable improvements in market share and ranking having pivoted favourably in all our presence markets, the scene had been set for the next phase of our evolution: accelerating growth as 'DTB 3.0' through a new business growth strategy built on three pillars, namely, customer reach, digital transformation, and sustainability excellence.

Guided by our purpose, vision and mission, our business growth strategy enables an equal focus on DTB's current and future prospects by taking a holistic approach to value creation for stakeholders, including the measurement and reporting of the impact of financial and non-financial matters on the business. Importantly, it also acknowledges and responds to the impact of our business and its value chain on stakeholders and the environment. As a result, the three pillars ensure that we remain fit for purpose and achieve socioeconomic relevance in the communities we serve in the short, medium and long terms.





Customer reach

 New customers acquired during the year: **1,356,058**

 Total customers by the end of 2024: **3,073,625**

For a customer-centric business, one primary growth metric is the increase in customers. In the highly competitive banking market, this is a goal not easily attained, but DTB's strategy of ecosystem banking across our focus sectors is proving highly successful. We concluded 2024 having added more than one million new customers to our base, more than the number of people and businesses who trust us with their finances.

In Kenya, this remarkable growth of customers and success of our ecosystem banking strategy has been driven by our increased presence in the agriculture sector, education sector and public sector. We achieved this by growing our branches across these sectors, enabling us to reach more customers and provide diversified services.

In the agriculture sector, we aspire to be a significant player through our support to 600,000 Kenyan farmers across the avocado, sugar, dairy and tea industries. We have especially expanded our reach in the tea industry through our partnership with various aggregators covering 31 factories and facilitating funding to micro-finance institutions to provide loans to smallholder farmers.

Similarly, in the education sector, we have our bouquet product 'DTB Academy', which provides targeted solutions to support the education ecosystem, including supporting schools in collection and reconciliation of school fee payments, supply and invoice financing, 100% asset financing, school fee loans for parents and check-off loans for teachers.

For the public sector, apart from banking various counties across the country, we have become one of the few banks in Kenya to facilitate government service payments through our integrations with E-Citizen, SHA, NSSF and other utility payment portals.

High touch: branch expansion

Expanding our branch network lets DTB interact with customers in a traditional, brick-and-mortar setting, which remains important for a significant portion of customers. Financial matters are highly personal and sensitive, therefore it remains important for DTB to maintain human connection with our customers despite the digital transformation occurring across the banking sector.

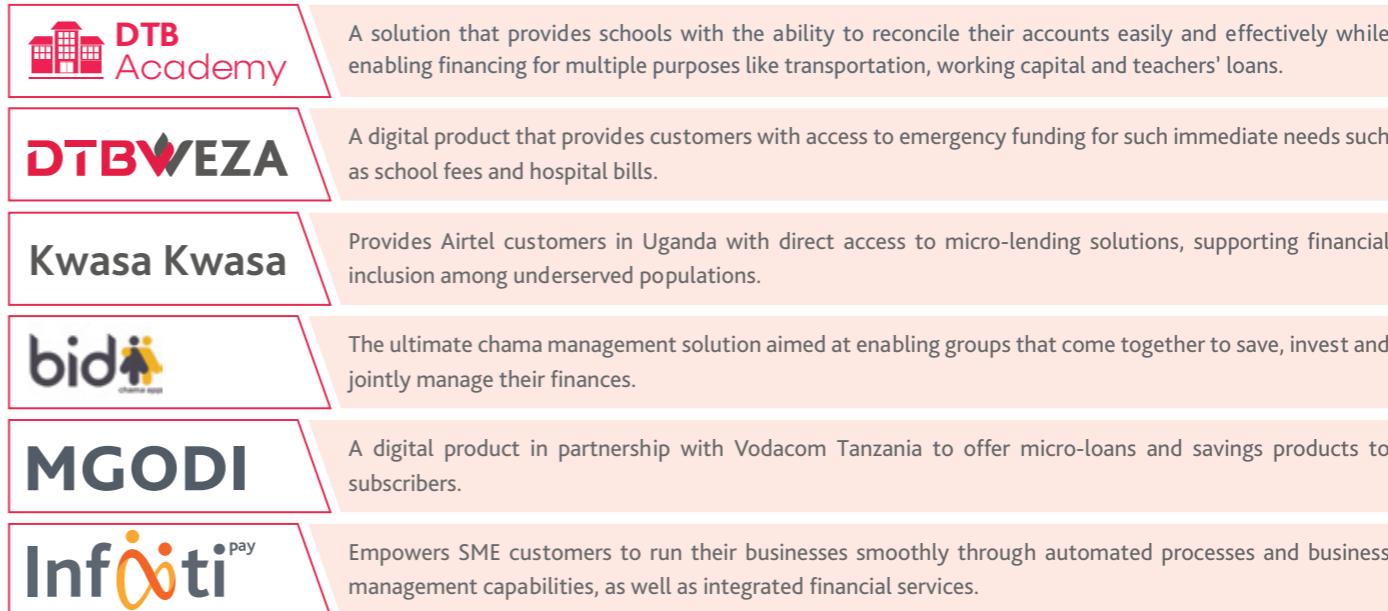
Importantly, however, we are repositioning our branches as customer-centric sales and advisory hubs, pivoting away from their traditional role as transaction processing units. By enabling our customers to conveniently conduct simple, every-day transactions through digital channels, we free up our branch staff to specialise in value-adding customer engagements. The roles of front officers, for instance, are being redefined to those of personal and business bankers or customer service officers.



High tech: digital channels

The thoughtful application of technology has been pivotal in driving customer acquisition and enhancing their experience with us. In 2024, 96% of all transactions were conducted through digital platforms such as mobile and internet banking and self-service lobbies.

Supporting our ultimate objective of socio-economic relevance, we brought several innovative and impactful product offerings to market during the past year. Among them are ecosystem solutions that solve customer needs beyond financing:



At DTB we recognise that a seamless and intuitive digital experience is crucial for increasing customer adoption of digital banking. Customers expect frictionless experiences across mobile apps, websites and digital service channels.

Ecosystem banking involves the deliberate leveraging of our existing business model and partnerships. During 2024, we executed our ecosystem banking model to grow and consolidate our customer base by maximising our position as a leading bank, consolidating gains in our traditional sectors of trade, real estate, construction, manufacturing and tourism, and top-class customer experience and cross-selling.

Through our partnerships, we delivered impact for our customers by collaborating with industry associations and/or umbrella bodies, mobile telecoms providers, particularly in DTB Uganda through Kwasa Kwasa and DTB Tanzania through Mgodi catering to 2,500,000 million retail customers, including tech-enabled companies through our Astra platform that enables e-wallets.

At the heart of our strategy is the ability to reach our customers, and we achieve this through a considered combination of high touch and high-tech channels to meet the diverse and evolving needs of our customers on their terms. The fifth industrial revolution (5IR) convergence of technology and humanity is a perfect vehicle for our growth ambitions.

Customer reach strategic priorities

Customer-centricity and personalisation

informed by advanced data analytics and customer insights

Improved customer experience

with a focus on sustainability and social responsibility

Digital transformation and innovation

innovation to enhance customer accessibility and convenience and drive financial inclusion

Customer experience

Research has shown that banking customers maintain high loyalty when a bank's brand promise matches its service delivery and customer experience. At DTB, we prioritise our customers in all our decision-making and strategic planning. Rather than it being a separate customer experience initiative, we weave customer-centric led thinking into the fabric of our entire business.

To ensure we consistently deliver exceptional customer service, we established dedicated customer experience departments in DTB Kenya in 2016, and in DTB Uganda and DTB Tanzania in 2019. These departments' objective is to ensure superior customer experiences across all touchpoints by embedding a customer-centric mindset throughout the bank. This involves prioritising the customer in every decision, from product design to system processes, to ensure a seamless and differentiated customer experience.

Across the Group, the Customer Experience department is a dual function:

1.

The customer-facing contact centre serves as the bank's first point of contact where queries and complaints are addressed. It also focuses on training staff to deliver excellent customer service. On average, we handle 56,013* interactions each month, primarily through phone calls (44,328) and emails (11,685). The interactions include queries, service requests, feedback and complaints. Around 2.93% of all interactions are complaints.



The data we gather from these interactions allows us to track trends, identify root causes, and implement targeted solutions. Monitoring tools like CC24/7 in Kenya and Freshworks Omni-channel in Uganda empower team leaders to oversee customer interactions and provide immediate feedback to agents.

(*All data is an average from Jan – Dec 2024.)



2.

The back-office service excellence function analyses customer feedback and other stakeholder input to identify the root causes of issues, as well as opportunities for improvement in our products, services, operations and workflows.

Ultimately, this enables us to deliver exceptional products and services that meet our customers' needs.

DTB Uganda's customer experience department also includes a digital banking and WhatsApp video support unit. Introduced during the COVID-19 pandemic, this service allows remote customer support for digital enrolments, account activations, mandate changes and high-value transaction confirmations. This unit also provides training on digital platforms and supports end-to-end processes.

A priority output of the Customer Experience team is to apply customer feedback to the Group's product-design process. DTB Diaspora Banking was a notable result of this focus, as were our mobile loan solutions, *Mgodi* in Tanzania, DTB *Weza* in Kenya and *Kwasa Kwasa* in Uganda. The most recent product is the *Rafiki* loan, a scheme lending product in Tanzania aimed at government and county institutions. DTB's Sales Centre in Kenya is a further example of customer responsiveness and encompasses specialised hubs, such as the Pakistani, Chinese and Somali desks, in a bid to offer a more personalised service to our diverse customer base.

Hearing our customer's voice – 24/7

Always Available:

DTB leverages technology to ensure customers can bank whenever they need to.

DTB Duo (Juma and Natasha):

Our social media personalities, provide a fun and interactive way to learn about the bank, its products and services, as well as support any queries that may arise.



Website support:

DTB Kenya: <https://dtbk.dtbafrica.com/>

DTB Uganda: <https://dtbu.dtbafrica.com/>

DTB Tanzania: <https://diamondtrust.co.tz/>

DTB Burundi: <https://dtbb.co.bi>

Mobile and online banking:



The mobile app



Internet banking platform

Contact centre:

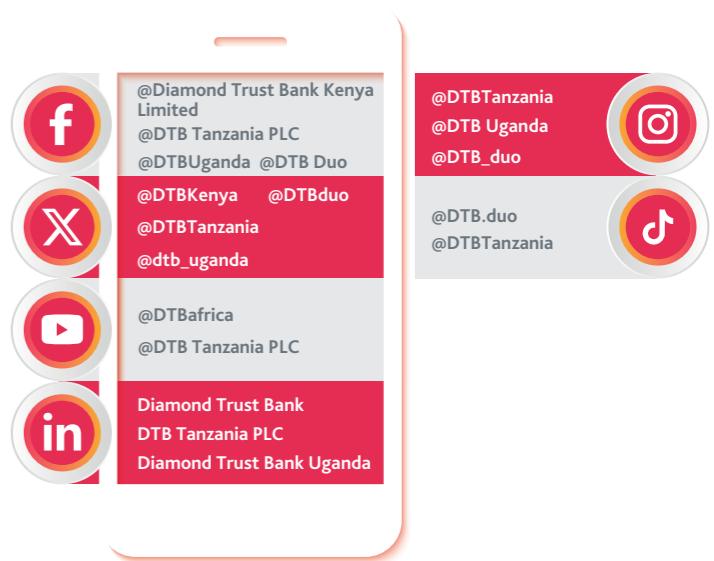
CC24/7 allows our team access to customer profile to provide tailored assistance and cross-sell suitable banking products or services.

DTB on social media

Over the past three years, DTB has recorded an increase in social media interactions with customers, with DTB Kenya recording a **58% increase**, DTB Uganda an **80% increase** and DTB Tanzania a **91% increase**.

This significant growth is driven by increasing consumer preference for quick and convenient digital engagement, as well as the active promotion of new products and services on social media.

Social media is a valuable platform for open dialogue with our customers. The combination of compliments, complaints and feedback we receive helps us identify areas for improvement and strengthens our customer relationships.



Customer feedback

Our customers' opinions matter to us, and we have adopted global customer service metrics to contextualise their feedback.

We encourage them to provide feedback about their banking experience through online forms and in-branch surveys, while periodic mystery shopper exercises help us to ensure consistent service quality.

“ *Together, NPS, CSAT and CES influence and guide our business decisions and enable root-cause analyses.* **”**

Net promoter score (NPS)

2024 Average NPS scores (as of Dec 2024)

DTB Kenya: 49

DTB Uganda: 34

DTB Tanzania: 58

Customer satisfaction score (CSAT)

2024 Average CSAT scores

DTB Kenya: 91%

DTB Uganda: 83%

DTB Tanzania: 98.57%

Customer effort score (CES):

Towards the end of 2023, we implemented the CES to evaluate the users' experience of our digital channels.

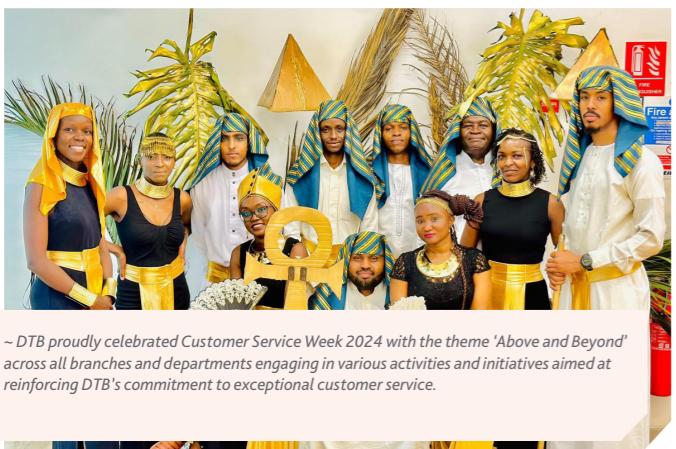
Customers were asked to rate their experience on our m24/7 app, USSD, debit card, credit card, prepaid card, ATM and i24/7 DTB channels. Our m24/7 app scored the highest with 87% of respondents having a very easy experience.

Complaint handling and resolution

In accordance with prudential guidelines, the Kenya Banking Sector Charter and Financial Consumer Protection Regulation, the Bank is committed to resolving customer complaints within seven working days (Kenya), and three working days (Tanzania and Uganda). Customers receive written acknowledgment within 48 hours of complaint submission. For complaints unresolved within the specified time-frame, written updates on progress are provided to the customer every three or seven days as required.

Customer engagement

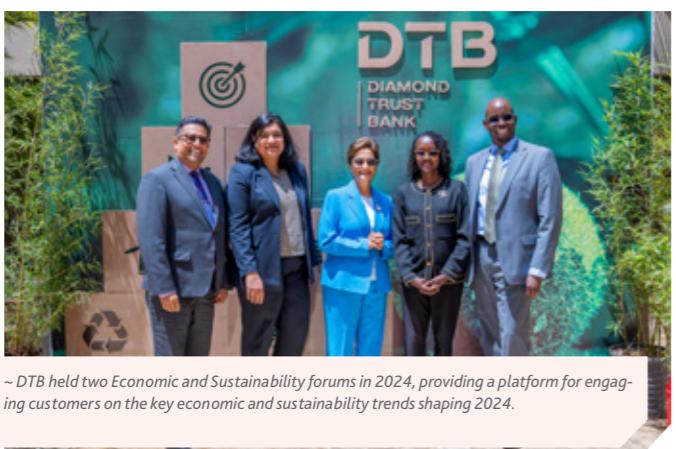
At DTB, we aim to build strong, lasting relationships with our customers through frequent engagements to understand their needs and gather feedback on how we can improve our services.



~ DTB proudly celebrated Customer Service Week 2024 with the theme 'Above and Beyond' across all branches and departments engaging in various activities and initiatives aimed at reinforcing DTB's commitment to exceptional customer service.



~ DTB connected with valued customers during customer engagement dinners offering a unique opportunity to discuss shared goals, gather valuable feedback, and strengthen the bonds we've built with our customers.



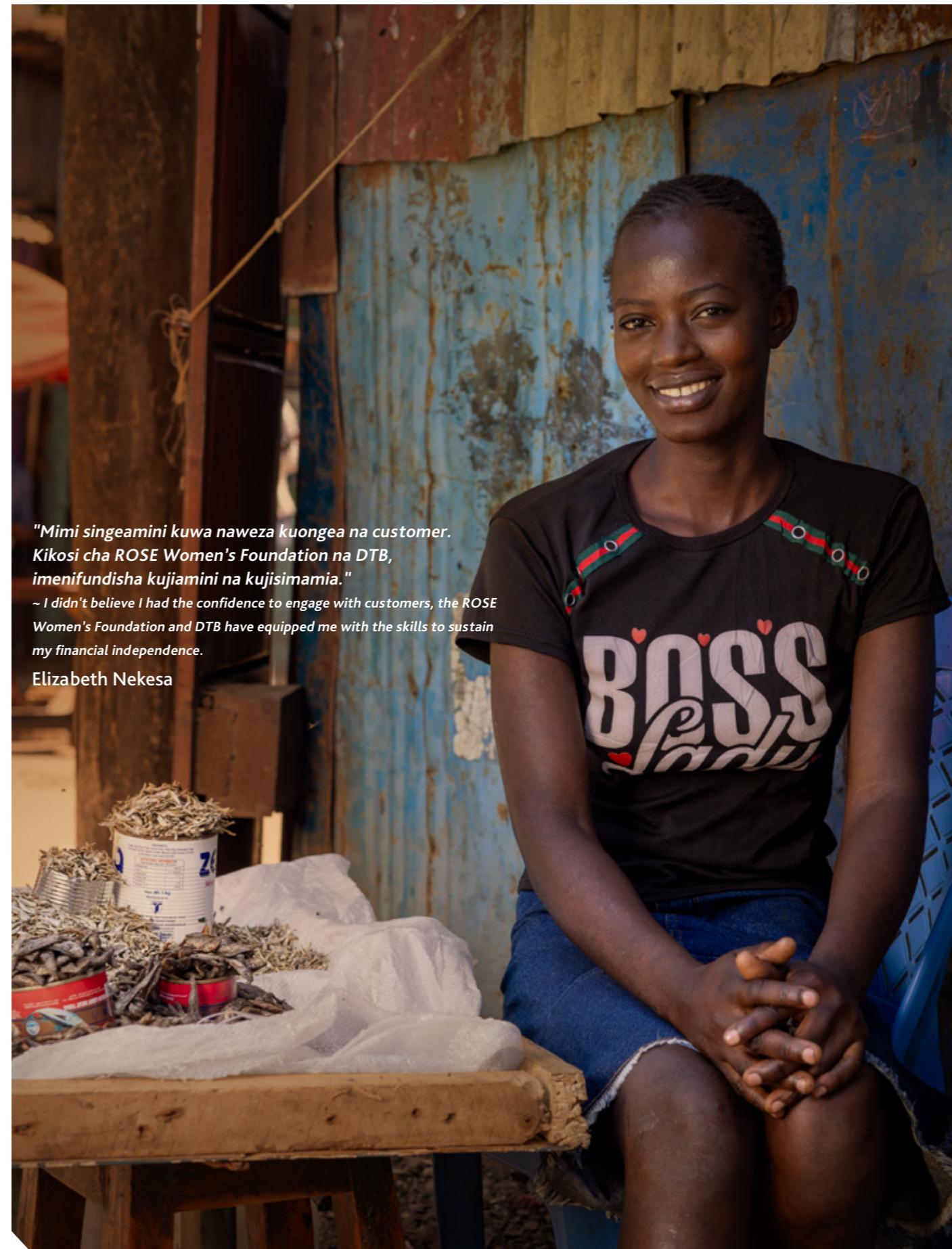
~ DTB held two Economic and Sustainability forums in 2024, providing a platform for engaging customers on the key economic and sustainability trends shaping 2024.



~ DTB Tanzania CEO Ravneet Chowdhury proudly presents the championship trophy to the 1st runner up in men's category Mr. George Ongutu during a customer golf event.



~ DTB was awarded Best Bank in Customer Experience (Kenya) at the Africa Bank 4.0 Awards 2024.



"Mimi singeamini kuwa naweza kuongea na customer. Kikosi cha ROSE Women's Foundation na DTB, imenifundisha kujiamini na kujisimamia."

~ I didn't believe I had the confidence to engage with customers, the ROSE Women's Foundation and DTB have equipped me with the skills to sustain my financial independence.

Elizabeth Nekesa

Digital transformation

DTB's overarching digital transformation goal is to 'become a technology company with a banking license'. This vision underscores the Group's commitment to leveraging technology to revolutionise its operations and services. It signifies a shift in thinking about our core business that moves us away from a traditional banking mindset and towards a forward-thinking, future-oriented one where technology is not simply a tool. Instead, technology is a driver and enabler of financial services that can help transform the lives of individuals and bring about socioeconomic advancement at local and national levels.

Accelerating our digital agenda

During 2024, we did significant groundwork to create the structures and capabilities that would bring our digital transformation to fruition. We consolidated these efforts to achieve notable impact across the group.

Success metrics

Digital loans disbursed in 2024



79.6 % of payment transactions were conducted outside branch networks in 2024 (2023: 72%)

Digital loans disbursed

Shs. 1.09 Bn
DTBWEZA

Tsh. 146 Bn
MGODI

Ugx. 71.6 Bn
Kwasa Kwasa

Progress through partnerships

Our digital partnerships agenda, which took off in 2022 and gained momentum throughout 2023, came into full swing during 2024. Under Astra, the Banking-as-a-Service (BaaS) banner, we secured regulatory approvals for 2 partners in 2024 and seven partners during 2023, which allowed us to roll out Cards-as-a-Service (CaaS), Payments-as-a-Service (PaaS), Wallets-as-a-Service (Waas) and KYC-as-a-service solutions in 2024.

Uganda:

1. Kwasa Kwasa gives Airtel customers direct access to micro-lending solutions directly, supporting financial inclusion among underserved populations.
2. Terrapay, ACE Money, and Upesi are all enhanced cross-border money transfer services that give DTB Uganda access to regional and international remittance markets. Xpress Money and ifast, both works in progress, are partnerships that will further strengthen DTB Uganda's remittance network by creating a reliable and secure way for diaspora communities to send money back home.
3. Partnerships with Airtel BIN sponsorship and MTN BIN sponsorship are expected to broaden DTB's card issuance and payment solutions.

Tanzania:

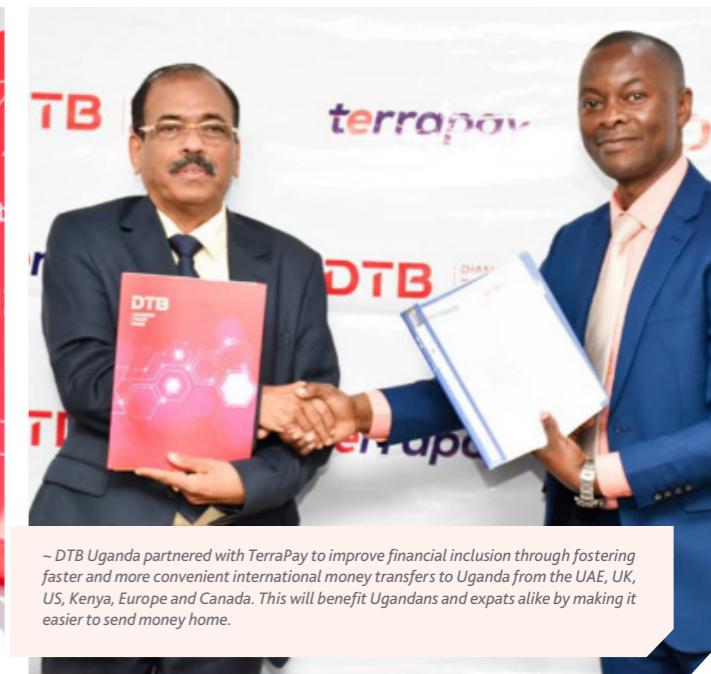
1. *Mgodi* is a digital product in partnership with Vodacom Tanzania to offer micro loans and savings products to subscribers.

Kenya:

1. Collaboration with local utility payment platforms like E-Citizen and NSSF in Kenya provides convenient payment solutions to a larger customer base.
2. Through partnerships with startups, we have enabled over 500 MSMEs to effectively manage their spend.



~ DTB Kenya teamed up with Jubilee Health Insurance to introduce a revolutionary digital payment solution that simplifies health insurance. This innovative, digitally anchored approach allows the customer to pay premiums in convenient instalments, resulting in instant approval that ensures peace of mind and comprehensive healthcare coverage.



~ DTB Uganda partnered with TerraPay to improve financial inclusion through fostering faster and more convenient international money transfers to Uganda from the UAE, UK, US, Kenya, Europe and Canada. This will benefit Ugandans and expats alike by making it easier to send money home.



~ Enabled by our partnership with Mastercard, DTB Kenya piloted a wearable payment solution that allows customers to make payments by simply tapping a wristband or a ring on a POS machine. We plan to scale this partnership by increasing the number of wearables accessible to customers.



~ DTB Tanzania pioneered the introduction of a US dollar debit card across the Group. This innovative card provides customers with the flexibility to shop at any point of sale or e-commerce platform, benefiting from favourable exchange rates. By eliminating currency conversion risks, cardholders can enjoy peace of mind and secure their finances.



Digital transformation pillars

Our digital transformation agenda is built on eight pillars. The table below highlights related initiatives and how we performed in 2024.

Digital transformation pillars	Achievements in 2024
<p>1. Digital customer solutions: Development of tailored digital applications around the core banking system to provide scalable, bespoke solutions.</p>	<ul style="list-style-type: none"> We launched 40+ SMEs and 500 digital accounts on our SME business solution InfinitiPay in February 2024. We integrated government payment solutions to enable collection services e.g. E-Citizen, SHA, NSSF, Thika Water and Kiwasco. We integrated and provided wallet services for corporates and large businesses for collections. Through our API banking solution we have been able to enable and facilitate over 100K transactions for customers such as Mpaya, Pesawise and Ndovupay. DTB Kenya empowered its sales team to complete customer on-boarding digitally, achieving an average processing time of 15 minutes.
<p>2. Digital banking platform: Investment in agile digital banking platforms aligned with regional market trends.</p>	<ul style="list-style-type: none"> We have 300+ digital partners for product co-creation are either in production or in the pipeline. Seven of our partners are using WaaS. Three of our partners are using PaaS. One of our partners is using CaaS. Through a strategic partnership with a local technology provider, together with formal and informal groups, we co-created <i>Bidii Chama</i>, an app based digitised chama account, and successfully onboarded over 120 chamas during the pilot period and over 200 chama members. DTB Mobile UAT completed. The staff pilot is in progress, with customer go-live planned for Q1 2025 We have a DTB WhatsApp channel in development for simplified chat banking, with planned go-live in Q1 2025. We have internally built a back office to assist branches and operation units in supporting digital channels. We launched the InfinitiPay application which responds to SMEs' needs through a singular platform making it easy for business owners to get a 360-degree view of their business without heavy technology costs. InfinitiPay combines the capabilities of a simple ERP with a banking solution. By the end of 2024, we had onboarded 350+ SME businesses to the platform. We launched the Astra Developer Portal in Aug 2024. This API gateway enables DTB customers and third parties to seamlessly integrate their systems to the Bank. This increases efficiency in enabling access to various bank services.

Digital transformation pillars

Achievements in 2024

<p>3. Digital partnerships: Collaborations with FinTechs and other tech ecosystems to enhance services and extend market reach.</p>	<ul style="list-style-type: none"> We successfully implemented 16 partnerships in 2024. These partners are consuming different banking-as-a-service products including the issuance of digital wallets and access to different collections and disbursement services. The Bank is engaging in different product propositions with an evergreen pipeline of approximately 300 FinTechs. We completed the implementation a master data management platform. Airtel BIN Sponsorship (in progress). We implemented a Digital IPF solution. We went live with a Business Registration Service solution.
<p>4. Digital lending: Transition to fully digital retail lending experiences.</p>	<ul style="list-style-type: none"> We secured and completely integrated partnerships with telcos and other aggregators. We scaled up DTB Weza (KE), Mgodi (TZ) and Kwasa Kwasa (UG) mobile digital lending propositions With our merchant finance product under pilot, we have targeted 50,000 merchants in Kenya. School fees loan: Loan origination on digital platforms in Kenya. We have acquired tech for improving digital loan management.
<p>5. Digital customer experience and enablement: Use of AI-driven contact center automation and CRM solutions for better customer interaction.</p>	<ul style="list-style-type: none"> We redesigned the USSD and online banking platforms. Planned for 2025: Introduction of WhatsApp banking.
<p>6. Cloud computing: Migration to cloud platforms to enhance scalability, cost efficiency, and uptime.</p>	<ul style="list-style-type: none"> We achieved an uptime target of 99.9%, through email migration to the cloud. To ensure 99.9% channel availability, a new digital loan management system will be cloud hosted along with future customer channels. We adopted Microsoft 365 across the Group, with DTB Kenya completed, and with DTB Uganda and DTB Tanzania in progress.

Digital transformation pillars

7. Data analytics and artificial intelligence:

Implementation of data capabilities to foster advanced analytics and personalised customer interactions.

Achievements in 2024

- We developed and implemented compliance data reporting tools for FATCA and CRS.
- We developed credit scorecards for existing customer base for Retail and Business Banking.
- We implemented a Master Data Management solution in Kenya to create a single, consistent view of critical business data like customers and products across different systems, providing a 'single source of truth'. Go-live for Uganda and Tanzania planned for January 2025.
- We aim to complete data remediation, technical readiness and onboarding onto the CBK Granular Data Integration platform in January 2025.
- We expanded the data analytics capabilities by providing the business units with specific datasets and dashboards.

8. Enterprise digitisation:

Comprehensive process re-engineering to eliminate paper-based systems.

- We implemented a Robotics Process Automation and workflow automation platforms to further drive operational efficiency.
- Pop-up alerts for card/check book delivery and KYC remediation to reduce inventory levels.
- We authenticated biometric payment for customers to enhance security and reduce fraud.
- We automated cash claims and invoice payments to improve efficiency.
- We improved the CRM and telephony system.
- We embedded artificial intelligence.
- We improved process efficiency through business process management and content management solutions.

Stakeholder buy-in

Slow adaptation to change by internal stakeholders slowed the adoption of tools like cloud-based email systems and digital customer onboarding solutions. Some external stakeholders, including FinTech partners, required additional alignment on operational frameworks to ensure seamless platform integration.

Technology integration and interoperability

Integrating new technologies with legacy systems proved challenging, particularly in building a seamless data analytics framework and ensuring compatibility with FinTech partnerships. Delays in the full implementation of the Group's in-house mobile banking platform affected the rollout of certain customer-centric solutions.

External market pressures

Economic volatility in East Africa, including volatile currencies and inflation, affected both customer demand for digital solutions and the Bank's cost structures. Competitive pressures from agile FinTech start-ups demanded faster innovation cycles, straining DTB's capacity to keep up.

Cybersecurity risks

Increased cybersecurity threats necessitated additional investment in robust security measures, diverting resources from innovation projects. Balancing the need for advanced customer-facing features with stringent data protection measures posed a technical challenge.

Customer adoption

While digital platforms were scaled significantly, customer education and adoption remained a hurdle, particularly in rural areas with limited digital literacy.

In responding to these challenges, DTB has strengthened resource planning and cross-functional communication, enhanced stakeholder engagement and change management strategies, and prioritised cybersecurity and customer education. By taking these steps, we are confident that our adoption of digital solutions will be sustained and sustainable.

Digital transformation challenges

Several challenges influenced the outcomes of DTB's digital transformation initiatives in 2024, reflecting the complexities of implementing technology-driven strategies in a dynamic market environment:

Regulatory and compliance hurdles

Ensuring regulatory compliance while transitioning to digital operations, such as cloud migration and data analytics, was challenging given strict requirements around data sovereignty and security in East African markets. Regulatory approvals for innovations like biometric payment authentication and partnerships with FinTechs required extensive negotiations, which delayed timelines.

Resource constraints

Insufficient technical and financial resources for large-scale projects like enterprise digitisation and the roll-out of a robust AI-driven customer experience platform limited the pace of progress. The high cost of migrating to cloud platforms and implementing advanced analytics tools faced budgetary constraints.



Sustainability excellence

Climate was the focus of the 29th United Nations Climate Change Conference (COP29), held in Baku, Azerbaijan, from 11 to 22 November 2024. Nicknamed the 'Financing COP', the gathering highlighted the urgent need for increased funding to address climate change impacts, especially in vulnerable regions like East Africa. African nations emphasised the disproportionate effects of climate change on the continent, with some countries losing up to 5% of GDP due to climate-related impacts.

At COP29, African countries advocated for ambitious climate finance outcomes, emphasising the necessity of substantial financial support to implement their nationally determined contributions (NDCs). Estimates suggest that achieving these NDCs would require approximately USD2.8 trillion between 2020 and 2030. The conference also addressed the operationalisation of Article 6 of the Paris Agreement, focusing on carbon markets and cooperative approaches, which are vital for mobilising climate finance in Africa.

In this context, DTB aims to play a crucial role in channelling climate finance to support sustainable development projects. By integrating sustainability excellence into our business growth strategy, we align our own interests and those of our customers and other stakeholders with global climate goals and regional priorities. The intention is that this will facilitate access to international climate funds – not in the form of aid grudgingly given, but as investments into world-class home-grown innovation that will improve the long-term socioeconomic sustainability of our region and continent.

The operationalisation of the DTB Sustainability and Citizenship Master Plan

This comprehensive roadmap integrates the Group's sustainability principles into its operations and interactions with stakeholders, while guiding its ambition to become a sustainability excellence practitioner and thought leader in the region.

Developed in line with the Global Reporting Initiative's standards and the United Nations Sustainable Development Goals (SDGs), the Master Plan sets out our sustainability commitments, complete with corresponding key performance indicators (KPIs) and timelines. Through the Master Plan's five sustainability pillars and one citizenship pillar, DTB adopted 11 of the 17 United Nations' Sustainable Development Goals (SDGs).



Stakeholder engagement remains central to the successful implementation of the master plan, especially in view of constant changes in the natural and social environments. The Group identifies stakeholders based on their influence, significance and alignment with sustainability objectives in the interest of ensuring an inclusive and transparent approach to achieving its sustainability goals.

Our key internal stakeholders are Board members, management and employees where general information-sharing engagements take place on a monthly or quarterly basis. Interaction with our sustainability champions occurs more frequently to discuss the implementation of the Master Plan, how it impacts people and what more we can do. Externally, we engage with customers, suppliers, NGOs, community organisations and regulatory bodies through training and awareness sessions, forums and formal reports. Stakeholders are identified through strategic leadership discussions, industry events, workshops and referrals from sustainability advocates.

These engagements greatly enhance our understanding of and ability to address stakeholder needs, concerns and expectations regarding sustainability initiatives. In addition, they promote transparent communication, trust and a willingness to collaborate, which invariably result in higher quality decision-making processes and feedback-driven improvements. Our stakeholders furthermore support or efforts to comply with evolving regulatory and sustainability standards.

Our sustainability performance at a glance

Pillar 1: Climate action and net-zero strategy

Target	2024 progress	Impact
Achieve carbon neutrality in own operations by 2030.	Expanded data collection to include fugitive emissions from air conditioners and scope 3 business travel emissions from hired vehicles, taxis and flights used for business purposes.	Total Group emissions in 2024: 2,774.6t Co2 equivalent. (Scope 1, scope 2 and scope 3 - business travel category).
Grow 10 million trees by 2030 (Starting with one million by 2025).	Planted 516,220 trees in 2024. (Total of 552,743 trees planted since 2023)	Approximately 30,000t Co2 equivalent to be sequestered over the next 10 years.



Pillar 1: Climate action and net-zero strategy (Continued)

Target	2024 progress	Impact
Solarisation of DTB owned buildings: Install solar energy systems in DTB-owned buildings across the region to provide up to 20% of their energy needs.	<ul style="list-style-type: none"> DTB Centre solar panels commissioned in July 2023. DT House Kisumu solar panels commissioned in April 2024. DTB Centre Dar es Salaam – commissioned in August 2024. DTB Mombasa – planned for 2025. 	<ul style="list-style-type: none"> DTB Centre, Nairobi - 14.66% savings in energy consumption and bill savings of Shs. 8.35 million in 2024. DT House, Kisumu - 12.98% savings in energy consumption and bill savings of Shs. 194,000 from May-Dec 2024.
Achievement of EDGE certifications.	<ul style="list-style-type: none"> DTB Centre Nairobi - achieved Level II EDGE Certification in 2023. DT House Kisumu Level II EDGE certification awarded in 2024. DTB Centre Dar es Salaam – EDGE certification planned for H1 2025. 	Achieved Level II EDGE Advanced certification for our two out of three buildings.
Adopt waste management practices.	Extended waste management beyond paper recycling to e-waste, plastic and biodegradable waste.	<ul style="list-style-type: none"> DTB Centre Nairobi recycled 1.4 tonnes of paper in 2024, and has done 9.4 tonnes since 2019. DTB Centre Kampala recycled 132 kg non-biodegradable items. DTB Kenya responsibly disposed of 12.7 tonnes e-waste in 2024. DTB Tanzania recycled 130 obsolete computers, and recycled 720kg of shredded paper waste into bricks used as a clean cooking fuel.

Pillar 2: Sustainable financing

Target	2024 progress	Impact
To grow DTB's green portfolio from the 5.3% baseline established in 2023 by bringing at least one green savings or loan product to market in 2024.	<ul style="list-style-type: none"> Green portfolio 4% as at Dec 2024. 	Forged important partnerships to drive the Bank's sustainable finance agenda.
Raise sustainable finance to support green/social/blue projects.	<ul style="list-style-type: none"> Engagements with DFIs for green lines at an advanced stage, to be launched by H1 2025. 	

Pillar 3: Responsible supply chain

Target	2024 progress	Impact
100% uptake of our enhanced supplier code of conduct by end of 2024.	<ul style="list-style-type: none"> The Board approved the enhanced supplier code of conduct. Roll out commenced in February 2024, with a 100% uptake for new suppliers; and over 60% for existing contracts. 	Made progress in making our supply chain more responsible and aware about ESG matters.
Target 11% spend from Special Interest Groups (Women, Youth and PwD owned businesses) by 2030.	<ul style="list-style-type: none"> Procurement spend sourced from women-owned businesses. DTB Kenya: 2024 – 4% DTB Tanzania: 2024 – 2.2% 	
Hold one capacity building programme on sustainability practices for suppliers annually.	<ul style="list-style-type: none"> Successful supplier forums held in 2024 for top 100 suppliers. 	



Pillar 4: Employee wellbeing and development

Target	2024 progress	Impact
Diversity and Inclusion <ul style="list-style-type: none"> Target bank-wide female gender ratio to be 50% minimum (Dec 2022-46%) by end of 2025. Target EXCO female gender ratio of 40% by 2030 (Dec 2022-33%). Increase the number of employees living with disability from 5 (Dec 2022) to 12 by 2024 and 3% of total work force before 2030. 	<ul style="list-style-type: none"> Group wide Female: Male ratio - 47:53. Group wide EXCO ratio - 23:77. PwD across the Group: 10. 	Promoted a culture of diversity and inclusion.
Hold at least two ESG awareness sessions for staff to embed a culture of sustainability from 2023.	<ul style="list-style-type: none"> DTB Kenya conducted six sustainability training sessions reaching over 300 employees. DTB Tanzania trained 540 employees on the sustainable consumption of utilities during the sustainability week campaign. DTB Uganda conducted ESG awareness training for 275 staff members. 	Embedded a culture of sustainability across the Group.
Target 100 staff members to volunteer in the Bank's Corporate Social Investment Programmes annually from 2023.	<ul style="list-style-type: none"> 585 employees invested in 3,729 volunteer hours in citizenship initiatives across the Group. 	<p>Embedded a culture of sustainability across the Group.</p> <p>Continued brand pride and engagement among employees.</p>
Conduct staff physical and mental well-being sessions.	15 physical social and financial well-being sessions, attended by staff across the Group.	Promoting a culture of employee well-being across the Group.

Pillar 5: Partnerships

Strategic partnerships with credible like-minded organisations form a core element of DTB's sustainability agenda. These amplify the profile, reach and impact of the Group's key sustainability and citizenship initiatives, enabling the creation of innovative solutions to further deepen access to formal financial services.

As a Group, DTB is a member of the United Nations Global Compact and, in 2024, became a signatory to the Principles for Responsible Banking by the United Nations Environment Programme Finance Initiative (UNEP-FI).



DTB Group CEO, Nasim Devji, UNEP-FI Regional Lead, Nuran Atef and DTB Finance & Strategy Director sign to the Principles of Responsible Banking.

Pillar 6: Citizenship

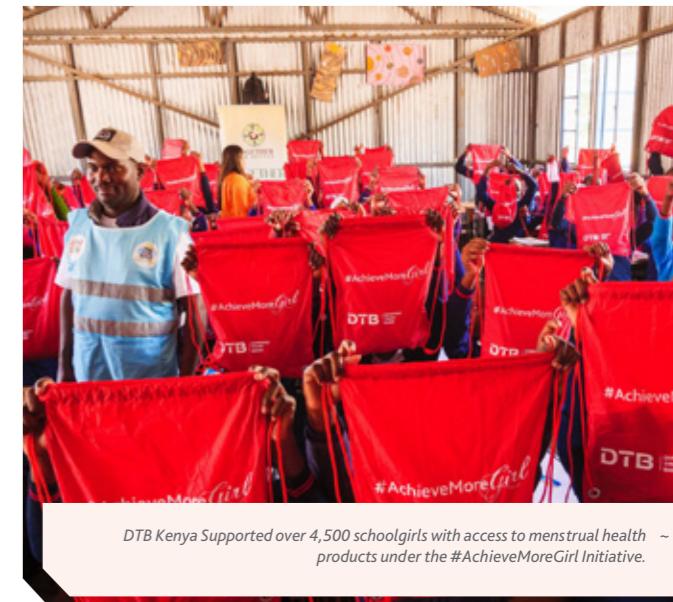
Citizenship is at the heart of DTB's commitment to creating meaningful social impact. Guided by our purpose 'to improve the quality of life of all our stakeholders in an impactful and sustainable way', we actively invest in community development initiatives that drive positive change. Through programmes focused on financial literacy, education, health, environmental conservation, and women's economic empowerment, we continue to engage directly with the communities we serve, ensuring our initiatives create lasting, sustainable benefits.

#AchieveMoreGirl

The #AchieveMoreGirl programme was launched in Kenya in 2020 with the goal of supporting 30,000 schoolgirls from marginalised communities with sustainable menstrual health products by 2025. By addressing period-related challenges, the initiative aims to keep girls in school and ensure uninterrupted access to education.

In 2024, DTB Kenya supported over 4,500 schoolgirls across Bungoma, Kwale, and Machakos counties. Since its inception, the initiative has reached 22,000 schoolgirls from more than 80 schools in 19 counties. Additionally, over 300 women and men have been trained to produce and sell sustainable sanitary products, creating opportunities for economic empowerment. In 2025, DTB aims to support an additional 7,500 schoolgirls across five counties.

Similarly, in 2024, DTB Uganda partnered with UNFPA to provide 10,000 schoolgirls with sanitary towels by 2025, and reached 1,250 girls in November 2024, while DTB Tanzania, through the #NamthaminiCampaign, reached over 800 girls through partnerships with local NGOs.



DTB Kenya Supported over 4,500 schoolgirls with access to menstrual health products under the #AchieveMoreGirl Initiative.

Across the region, the Group facilitated financial literacy training and enterprise development for women, MSMEs and retail:

DTB Kenya

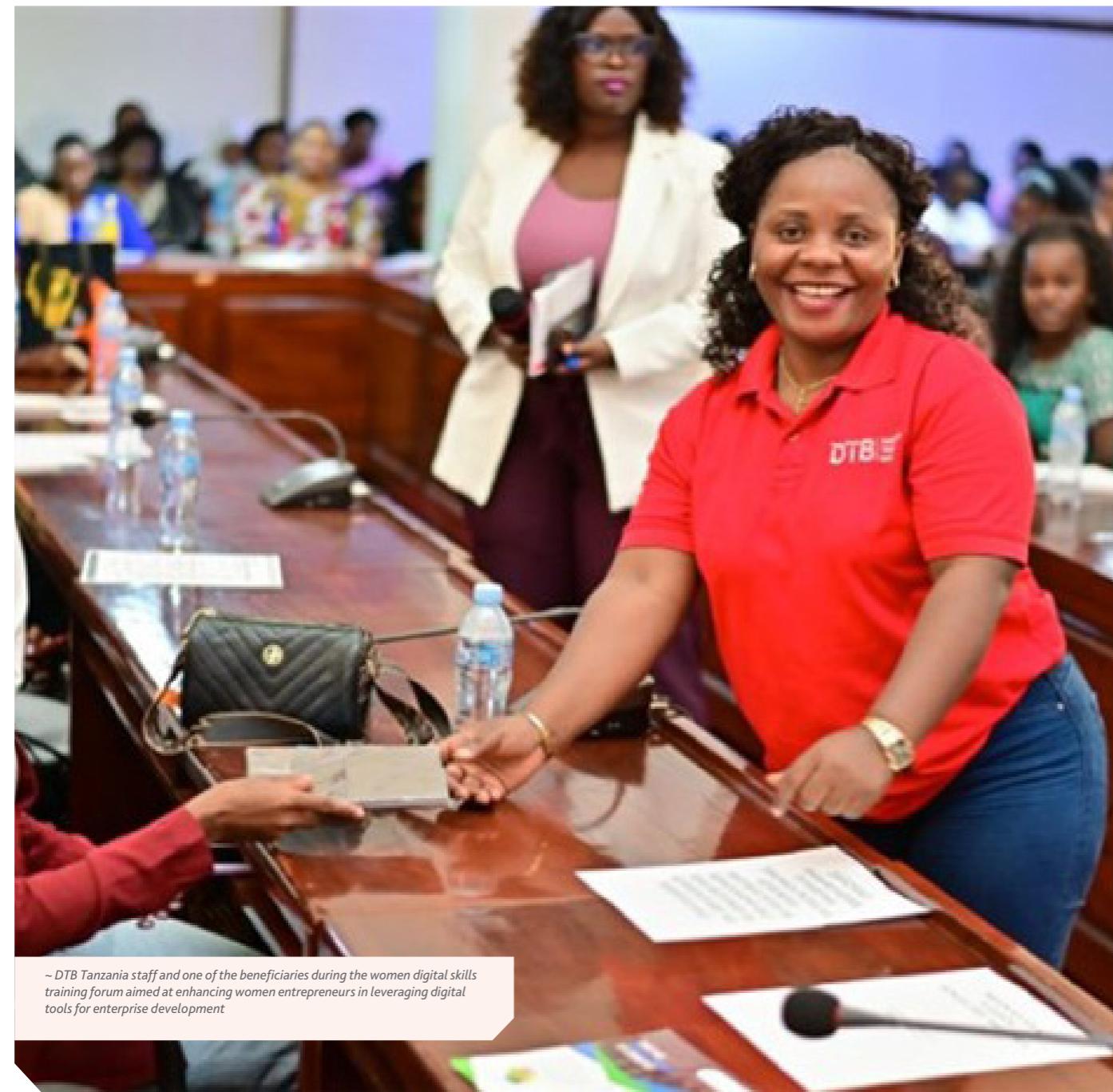
- 250 women entrepreneurs were trained via the ROSE Women's Foundation partnership.
- 300 women were trained about financial literacy and enterprise development training through partnerships with KNCCI and AACCI
- 1,073 KDF officers received financial literacy training.
- 4,466 participants were trained under the DTB-KBA enterprise development training.

DTB Uganda

- Trained 1,781 underserved Ugandans in financial literacy.

DTB Tanzania

- Trained 2,900 Tanzanians in financial literacy.



Resources

Resources utilised

How we create value

Our impact

Financial capital

We utilise our robust capital foundation and a variety of deposit sources and funding streams from both investors and clients to assist our clientele.

KR CR SR MR RR

Deposits: Shs. 447.2 Bn.
Loans and advances: Shs. 285.3 Bn.
Shareholder equity: Shs. 81.8 Bn.
Assets: Shs. 573.9 Bn.

MM DT CE CO MMR

Manufactured Capital

Our business framework and operational procedures, comprising tangible assets like property and equipment, alongside digital assets such as digital products and IT systems, form the structural backbone that dictates our business operations and value creation mechanisms.

KR CR SR OR RR

Branch infrastructure: 158
ATMs: 172

MM DT CE CO

Intellectual Capital

Our intangible assets, such as brand reputation, franchise value, research and development prowess, innovation capabilities, accumulated knowledge, expertise, and strategic partnerships, play a vital role in the expansion of our business.

KR CR SR CLR RR

Employee knowledge:
• Shs. 62.1 Mn. spent on training for employees

Partnerships: 13
• Collaborations with digital partners

MM MMR ESG CO

Human Capital

Our organisational culture, workforce, shared knowledge, diverse skill sets, and extensive experience collectively empower us to develop innovative and competitive solutions for our clients, thereby generating value for all stakeholders involved.

KR SR HCR CR CNR OR RR

Workforce:
• 2,886 number of employees; 1,530 male and 1,356 female

MM TS DT ESG

Social & Relationships Capital

Our connections with stakeholders, including the communities we engage with, are pivotal to our operational environment.

KR SR HCR CR CNR OR RR

Marketing spend:
• Shs. 276.8 Mn.

Community investment:
• Shs. 74.1 Mn.

MM CE MMR CO

Natural Capital

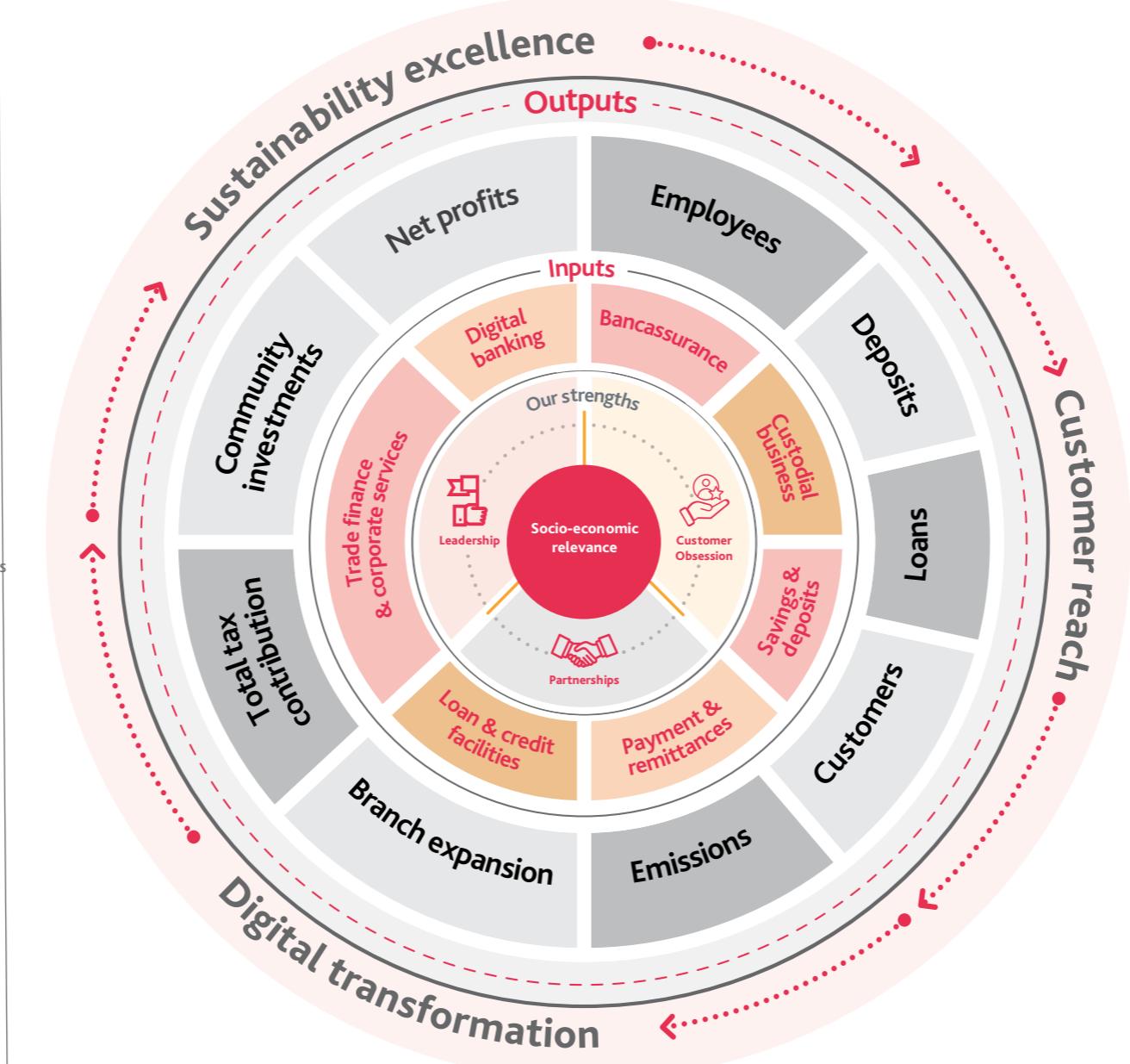
The direct utilisation and effect we exert on natural resources within our operations, encompassing energy, water and climate considerations, as well as our broader influence via our business activities.

KR BC CR OR

Environment risk assessments:
Resources dedicated to evaluating environmental impacts in lending and investments

MM ESG MMR CO

Our business model



KR - Key risks

1. CR Credit risk
2. OR Operational risk
3. MR Market risk
4. CIR Cyber/it risk
5. SR Strategic risk
6. LR Liquidity risk
7. CRR Compliance and regulatory risk
8. RR Reputational risk
9. ESG ESG and climate related risk

MM - Material matters

DT	Digital Transformation	TS	Talent Strategy
CE	Customer Experience	CO	Competitiveness and Opportunities
MMR	Macroeconomic/ Market Risks	ESG	ESG

Net interest income: (NII): Shs. 28.4 Bn.
Non-interest income: Shs. 11.8 Bn.

Loans advanced: Shs. 78.4 Bn.
Customer base: 48% growth

Cost-to-income ratio: 53.6%
Return on equity (ROE): 9.8%
Return on assets (ROA): 1.5%

Branch network coverage:
• 6 new branches

Transaction Volume:
• 29.8 Mn. digital transactions
• 8.4 Mn. branch transactions

Digital channel products: 10

Knowledge sharing:
• 59,000 hrs. employee training

Innovative products:
New banking products and services in 2024:
• Bidii Chama application
• Astra Developer Portal
• InfinitiPay application

Training hours delivered:
• 20.5 hours per employee annually

Customer touchpoints:
• 3% growth in branches; 2.9% decrease in ATMs

Customer grievances Resolved:
• 1,259 issues addressed

Citizenship initiatives completed:
• 161

Customer satisfaction:
NPS: CSAT:
• DTBK – 49 • DTBK – 91%
• DTBT – 58 • DTBT – 98%
• DTBU – 34 • DTBU – 83%

Tax contribution:
• Shs. 5.6 Bn

Energy improvements:
• 14.66% savings in energy consumption at DTB Centre - Nairobi due to solarisation of buildings .

• 12.98% savings in energy consumptions and bill savings at DT House - Kisumu

Waste reduction:
• 15 tonnes of waste reduced, recycled or reused.

Total Emissions: 2,774.6 tCO2e

• Scope 1: 1,119 tCO2e
• Scope 2: 1,278.64 tCO2e
• Scope 3: 367.932 tCO2e
(Business travel category)

"Our partnership with DTB facilitates the training and support of vulnerable women with financial literacy, mental wellbeing support and spiritual nourishment. Many of these women start with very low self-belief, it warms my heart to see them blossom in this safe space and start their journey towards emotional wellness and financial freedom."



Lilyrose Ayako
ROSE Women's Foundation Trainer



Grace Onyango
Enterpreneur, Kayole

4

Human capital and culture

Our success towards driving socio-economic relevance rests on our people. In this section we highlight the strategies and practices that enables excellent performance and how we support our employees wellbeing.

Our talent strategy 67

How we manage our workforce 67

Human capital and culture

The evolution we continue to witness in banking revolves around convenience, lifestyle and platforms. The fifth industrial revolution is transforming the world of work and banking is no exception to the opportunities, disruptions and sustainability related matters shaping the strategic choices for players regarding human capital and culture.

Our human capital and culture form the foundation for all other capitals required to build the bank of the future. In an age of rapid technological developments and innovation, empowering our people to leverage technology while maintaining a human touch is critical to building and maintaining a competitive edge. This understanding of the interplay of technology and talent forms the basis of our talent strategy at DTB Group.

In 2024, our talent strategy yielded remarkable results evidenced by the financial success delivered during the year coupled with an agile posture for speedy innovation in a fiercely competitive environment.

Our talent strategy



Grew our workforce to nearly 30% since 2022 to augment the capability and capacity of our digital transformation team.



Our talent strategy rests on succession planning and performance management.

In the first two years of operationalising our new business growth strategy (2022 and 2023), we grew our workforce by nearly 30% to bridge gaps within our digital transformation team. During 2024, headcount growth slowed to around 5% as initiatives advanced from an accelerated digital talent acquisition period to a steady state with reduced talent gaps.

Our talent strategy rests on succession planning and performance management, which results in an employee value proposition that develops, attracts and retains people who transform our business growth strategy into reality.

Performance management is continuously improved with training sessions that guide managers on how to provide constructive feedback and set SMART goals and targets. Based on internal talent needs analyses, market trends and evolving regulatory and statutory requirements, we shape and adapt our training and skills development offerings to remain relevant and competitive, and that they are an attractive component of our employee value proposition.

How we manage our workforce

Our entire human capital strategy has one goal in mind: for DTB to be an employer of choice in East Africa.

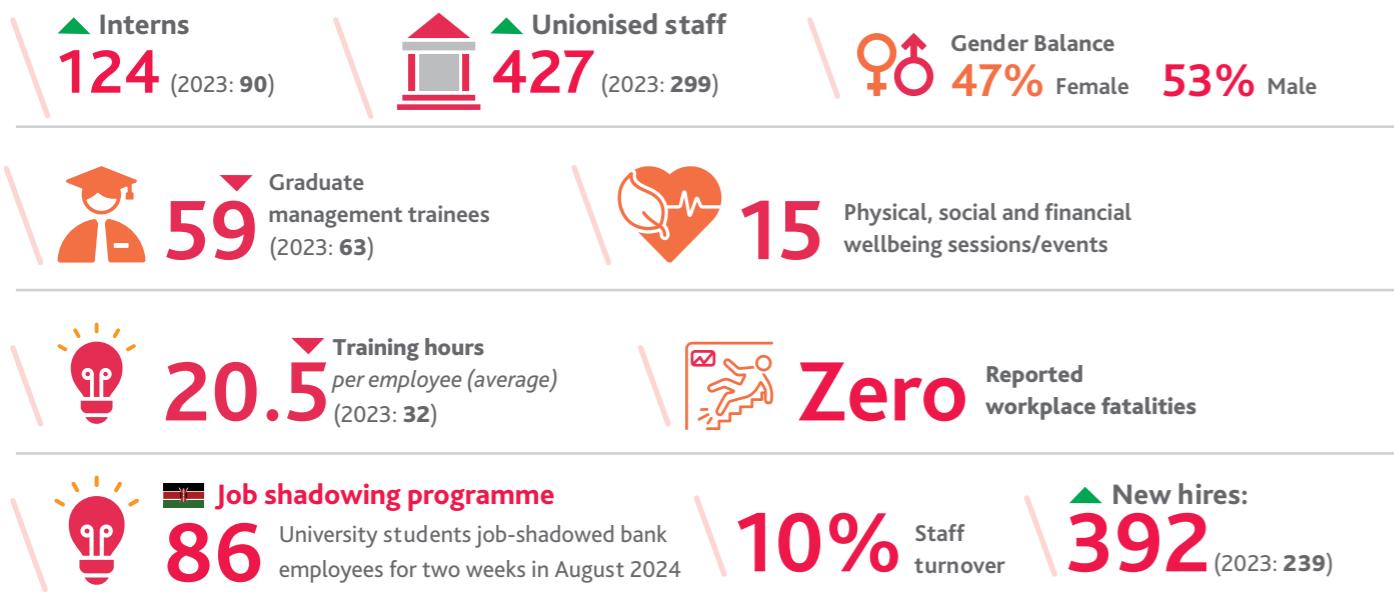
We work to achieve this by, firstly, ensuring that the hygiene factors and motivators are in place and faultlessly executed. These include payroll and administration accuracy, recognition and growth and regular and meaningful communication. Secondly, we seek to offer our people benefits that add real value to their lives. In addition to medical cover, life cover, accident cover, a pension fund and leave allowances, we show our appreciation through long service awards, discounted staff facilities and enrichment opportunities. The latter includes mentorship programmes, such as DTB Uganda's soon-to-be-launched G4G (mentorship programme) and coordinated staff participation in community projects.

We pride ourselves on being responsive to staff feedback. Across the group, we have a staff welfare committee that has been established to advance employee welfare, career growth and development. Additionally, we have transition assistance programmes provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.

In 2024 we enhanced our employee value proposition through the following efforts.

- Enhanced medical insurance cover.
- Augmented life assurance cover.
- Expanded our suite of staff loan packages.

2024 milestones and highlights



Our leadership & culture

People-centred leadership is the only way to achieve a culture of customer centricity – which is the DTB hallmark. The dynamic interaction between company culture and leadership, where one continuously shapes and influences the other, enables us to attract, retain and develop the talent we need to fulfil the aspirations of our business growth strategy.

Our employee well-being

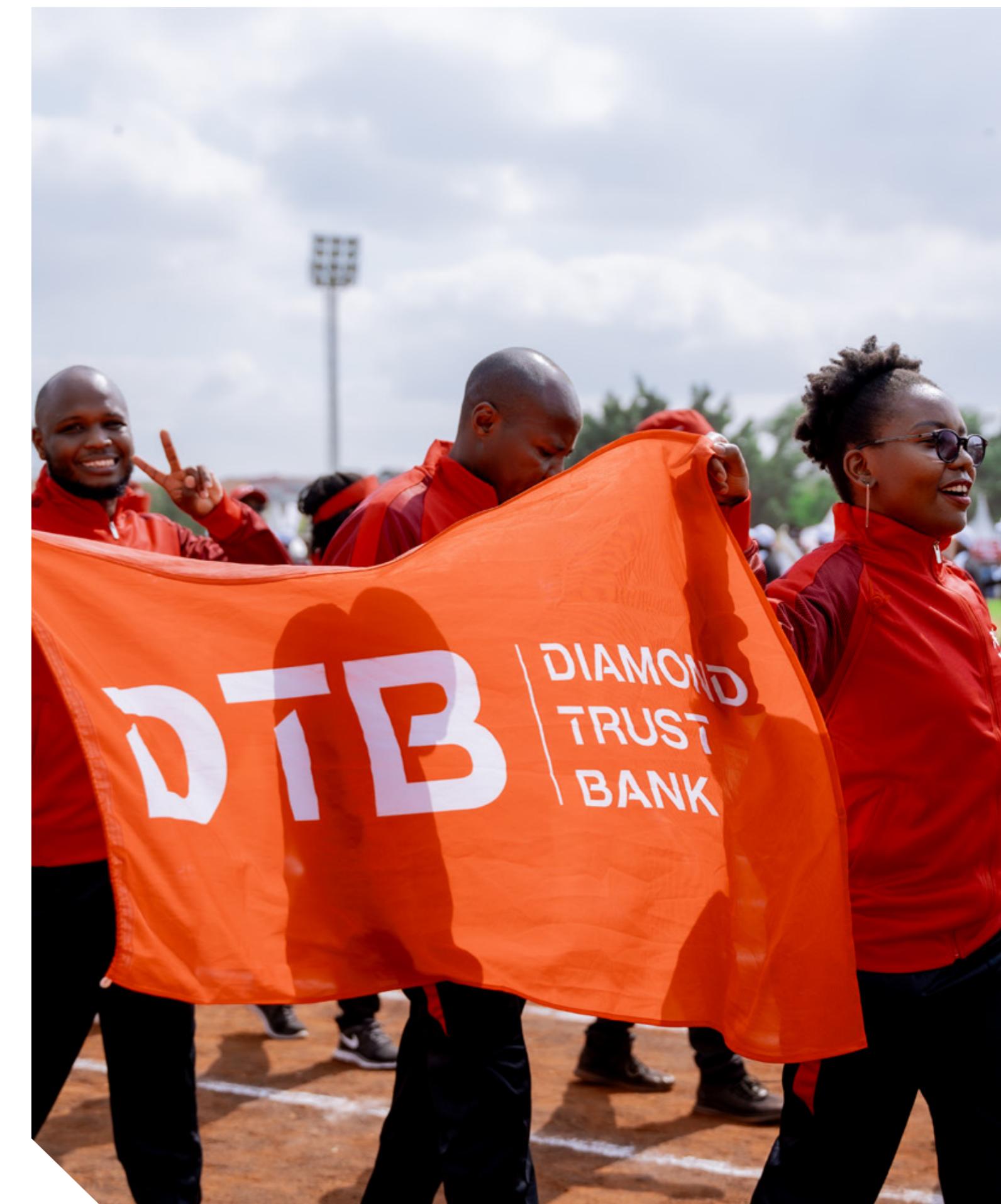
We understand that the well-being of our employees is a prerequisite for our customers receiving the service experience that will ensure their loyalty. When we measure customers satisfaction, therefore, we are keenly aware that it is also an indicator of employee well-being.

Developing our employees

The financial services industry, as much as the world, is changing at an accelerating pace. Skills unimagined a few years ago are today in high demand. To ensure they can thrive professionally and personally in this environment, we offer our employees meaningful career growth through engagement and a broad spectrum of learning opportunities.

Our initiatives

- Employee value proposition that goes beyond remuneration and benefits.
- Periodic enhancement of staff benefits to ensure that we remain competitive and offer compelling value propositions to our employees. These include pension benefits, group life cover, medical cover, staff loans or mortgages for permanent employees and enhanced leave benefits for all employees.
- Internal recruitment and skills development for roles that demand new skill sets.
- A focus on diversity, equity and inclusion to reflect the demographics of our society and ensure a sense of belonging for all employees.
- Health and wellness talks and webinars as well as free basic health checks.
- Comprehensive performance management and personal development processes.
- Enhanced compliance with our occupational health and safety programmes through training and awareness sessions to sustain a safe working environment.



"DTB was there with us when we started, their overdraft facility keeps our operations going and we are able to meet our obligations. Based on how far we have come, I am confident that DTB can support our dream to own our premises and increase our technical capacity."



Beatrice Kariuki
Director - Atlantic Signs

5

DTB stakeholder engagement and demands

This section provides an overview of the material matters that underpin our socio-economic relevance and the risks and opportunities they pose. It also provides an analysis of our stakeholders and how we create value for them in response to their expectations.

Material matters determination process	73
Value created for our stakeholders	80

DTB stakeholder engagement and demands

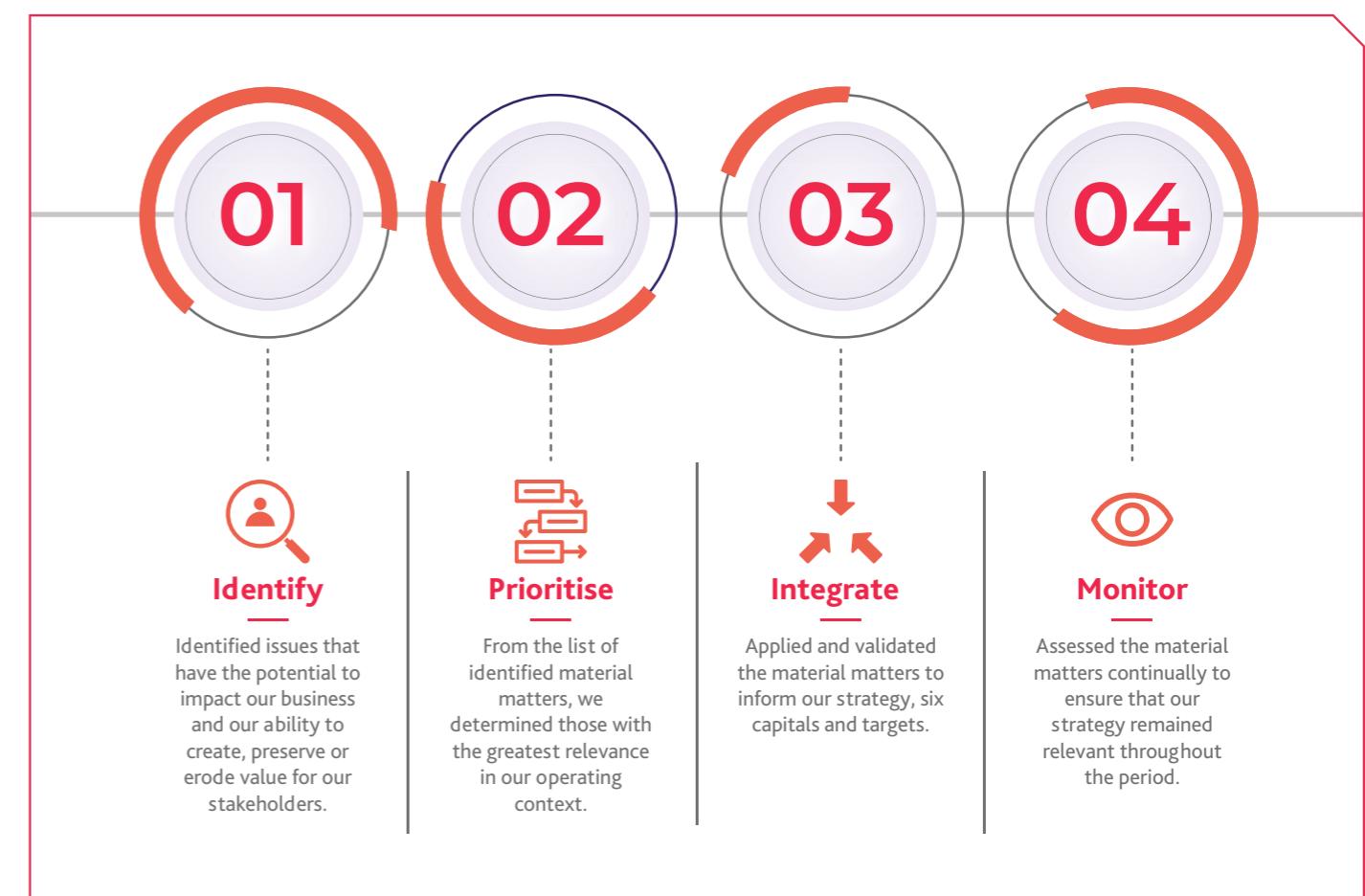
Material matters determination process

To align with evolving corporate reporting practices, we applied the double materiality analysis to gain a comprehensive understanding of the issues that steer our actions to tackle possible risks and opportunities and those that have the most impact on our ability to create long-term value for our stakeholders.

The double materiality process is a framework used primarily in sustainability reporting and corporate strategy to evaluate the significance of issues from two distinct perspectives: financial materiality, which considers how sustainability related issues affect the Group's financial performance and value creation, and impact materiality, which examines how the Group's activities, products and services impact society, the environment and the broader economy.

By addressing both dimensions, double materiality ensures a holistic view of sustainability, balancing the Group's priorities with societal responsibilities.

Steps to establish double materiality:



Our material topics

Material topic	Impact materiality		Financial materiality	
	Positive	Negative	Risks	Opportunities
1. Digital transformation The strategic adoption of technologies and processes to modernise banking operations and enhance customer experience. This involves digitising services and processes, enabling convenient accessibility to products and services, managing digital channels to minimise cyber and security risks, automation to streamline processes and offering innovative financial solutions and services. Expanding customer base, especially to customers that prefer digital platforms.	<ul style="list-style-type: none"> Enable financial inclusion by breaking down barriers to traditional banking access. Through our digital platforms such as DTB m24/7 mobile app or USSD (*382#), underserved and remote customer segments can access affordable, essential financial services without the need for physical branches. Enhance customer experience by providing seamless and efficient digital interactions, improving operational efficiency through intelligent workflows, and enabling better data utilisation that offer personalised services. Tailor financial products that leverage data utilisation in the development of innovative financial products and bespoke services. For example, DTB Weza in Kenya, Mgodi in Tanzania and Kwasa Kwasa in Uganda are digital products that allows customers to access funding for immediate needs such as school fees and hospital bills. Adapt to changing market conditions by leveraging digital tools that provide real-time data on market trends, customer activities and operational performance. This supports more and faster investment in business continuity initiatives and processes to enhance system resiliency. 	<ul style="list-style-type: none"> Losing competitive advantage and market positioning due to the emergence of fast-evolving and agile competitors. Inadequate infrastructure and insufficiently skilled workforce to ensure a seamless experience for customers on digital platforms. Exclusion of customers who lack smart phones and technology know-how, especially those in the rural areas. 	<ul style="list-style-type: none"> Cyberattacks and technology failures can impact financial performance, service quality and regulatory compliance, especially considering that customers expect frictionless experiences across mobile apps, websites and digital service channels. Increased collaboration with third-party providers for the platforms and software that enable digital transformation results in reliance on these providers, especially for our online and mobile banking platforms. This presents unique operational challenges as we enhance and scale digital services to meet customer demands. Reputational risks due to the risk of exposure digital platforms carry. In 2024, Kenya especially saw increased incidents of reputation risk related to cybersecurity and fraud, particularly around social engineering and ransomware attacks. 	<ul style="list-style-type: none"> Adoption of Zero-Trust security model to bolster cyber-resilience and respond with agility to cyberattacks. Investing in technologies and reengineering customer experience and solutions. Branch expansion to traditionally and physically acquire customers, while serving them digitally. An example is InfinitiPay, our digital banking tool that empowers small-business owners to run their businesses smoothly through automated processes. It helps SMEs grow by enabling them to track and record their business activities through capabilities such as sales and inventory management, which drives improved decision making.
2. Talent strategy Relates to employees and their working environment, well-being, business legal obligations, benefits and development. It also relates to the culture within the organisation regarding diversity and inclusion. Themes include employee numbers and turnover, benefits, welfare, training, HR policies and procedures, retention, wellness, and health and safety.	<ul style="list-style-type: none"> Business expansion for DTB included opening new branches and the creation of new products like personal lending, which requires the expansion of our workforce. Engaged and skilled employees contribute directly to improved business outcomes and customer experience. We ensure our employees undergo leadership and performance training on how to set goals and respond to customer feedback. Employee engagement and retention to ensure a safe, healthy and committed workforce delivering enhanced productivity and performance. Through the Staff Welfare committee, we can respond effectively to feedback from our staff. Efforts to enhance staff wellbeing have maintained our employee retention rate of 90%. 	<ul style="list-style-type: none"> High talent costs are driven by the resources required to fund comprehensive talent strategies, diversity initiatives and retention efforts. Change management impacts due to employees resisting new processes, leading to slow adaptation to new technology and sub-standard service delivery. 	<ul style="list-style-type: none"> Succession planning is needed to avoid vacuums when key people leave. Loss of talent when our employees join competitors after we have invested in their professional development. Operational efficiency lapses due to employees not applying their training to their day-to-day tasks, resulting in low productivity and role misalignment. Failing to address our employees' needs is a potential reputational risk, with lawsuits regarding employee working conditions and wellbeing as an extreme example. 	<ul style="list-style-type: none"> Enhanced customer experience as an engaged workforce respond quicker to customer needs and concerns, ensuring a service experience that translates into loyalty. Operational efficiency due to a skilled workforce that embraces new technologies and processes, enabling us to adapt to market changes and demands.

Our material topics (continued)

Material topic	Impact materiality		Financial materiality	
	Positive	Negative	Risks	Opportunities
3. Customer experience The degree to which a customer is satisfied with a product/service/experience, the availability of products, and the processes and responsiveness of teams when resolving issues. This also relates to channels used to communicate with customers, and the ability to retain long-standing customers and attract new ones, especially the younger generations.	<ul style="list-style-type: none"> Increased propositions attracted by personalised solutions that meet the unique needs of individuals and businesses, going beyond just finances. The DTB Academy and Bidii Chama, for example, have expanded our customer base and increased customer loyalty and retention. Faster handling of customer concerns through mechanisms such as our 24-hour contact centre that are always ready to serve and assist customers. We also have customer feedback forms that guide us where to improve our services. 	<ul style="list-style-type: none"> Brand dilution due to failures to meet evolving customer needs and expectations can result in a loss of competitive edge and market relevance. Fixing customer experience failures often requires significant resources and investment in technology. Lack of alignment between customer expectations and our internal operations can create bottlenecks and frustration for employees and customers. 	<ul style="list-style-type: none"> Loss of market share due to an inability to meet the demands and needs of a growing customer base if we do not have a properly skilled and engaged workforce. Reputational risk arising from customers' dissatisfaction with unresolved issues or reactive approaches to complaints. 	<ul style="list-style-type: none"> Revenue growth resulting from innovative product development and bespoke services that meet the needs of new customer segments and attract more customers and business partners. Stronger brand reputation as we succeed in going beyond transactions to build meaningful interactions and putting our customers' needs first. Customer loyalty and retention resulting from our commitment to exceptional service through prioritising customer satisfaction and creating personalised experiences.
4. Environmental, social & governance (ESG) Managing ESG-related risks and opportunities	<p>Climate action</p> <ul style="list-style-type: none"> We plan to achieve net-zero status in our internal operations (Scope 1 and Scope 2) by 2030. Specific initiatives include the adoption of digital channels, paperless banking and green-energy sources (solar) in our operations, the planting and growing of 10 million trees by 2030, as well as efficient waste management. <p>Citizenship Initiatives</p> <ul style="list-style-type: none"> We have been actively working to serve the communities in which we operate. One of our main initiatives is the #AchieveMoreGirl initiative to provide girls with reusable sanitary kits which has covered over 22,500 schoolgirls since 2020. Other community development projects include medical camps, creating jobs for disabled people, sponsoring education for girls, and empowering communities through financial inclusion. <p>Responsible supply chain</p> <ul style="list-style-type: none"> We ensure our suppliers adhere to ethical, social and environmental standards by training them how to integrate sustainability and ESG practices in the supply chain. 	<p>Resource consumption</p> <ul style="list-style-type: none"> Financing ESG initiatives can be costly and would require a wide range of resources, which can be financially straining for DTB. Financed emissions to counter the negative environmental impact from emissions and the disposal of non-recyclable or contaminated materials by third-party organisations funded by DTB. 	<ul style="list-style-type: none"> Reputation risk arising from a perception that our ESG commitments are green-washing and thus losing our stakeholders' trust and investor confidence. Compliance to ESG-related regulation will be onerous if we are unprepared for the adoption and implementation of ESG reporting disclosure requirements. 	<ul style="list-style-type: none"> Sustainable finance is one of the six pillars in our Sustainability and Citizenship Master Plan. We plan to invest in sustainability-aligned projects and businesses, such as renewable energy and eco-friendly developments. Reduced operational costs due to more efficient use of resources. The solarisation of our offices has already reduced energy. Increasing environmental regulations and laws will encourage us to be more proactive in making our operations more sustainable and better manage our resources. Increased focus on new growth sectors and markets such as agriculture and green finance, which would also expand our customer base.

Our material topics (continued)

Material topic	Impact materiality		Financial materiality	
	Positive	Negative	Risks	Opportunities
5. Macroeconomic / Market Risk Relates to any external factors that would affect the Group's financial position and its stakeholders' social and economic well-being. Enhancing the business' competitive advantage through providing support to customers navigating the country's economic environment which affects their finances.	<ul style="list-style-type: none"> Enhance customer resilience by supporting customers, communities and business partners during volatile socio-political times. Stable regulatory environment. As financial intermediaries we actively partner with government departments and country governments for the enablement of regulatory and collection services, e.g., e-Citizen and NSSF. This integration with government service providers ensures our customers, suppliers and business partners pay their dues on time and adhere to regulations. Furthermore, we cascade policy and legislative requirements to our upstream and downstream partners in our capacity as tax agents. Positive contribution to the social and economic wellbeing of the Group's stakeholders through dividends, salaries and taxes. 	<ul style="list-style-type: none"> Change in stakeholder behaviour due to the socio-political climate of the countries we operate in. Increased credit risks prompt us to be more conservative with our lending capabilities and terms, thus reducing our customers' demand for the loans we offer. In 2024, our net loans and advances reduced 4.7% due to increased credit risks in the countries we operate in. Foreign exchange market and pressures in the countries where we operate affect our FCY denominated loans and deposits. 	<ul style="list-style-type: none"> Changes in laws and regulations result in a proliferation of regulatory requirements, all with associated risks and compliance challenges. Intervention of central banks in the countries where we operate was a feature of 2024. The more proactive and prudential interventions of the central banks pose a risk to us due to their monetary and policy consequences. 	<ul style="list-style-type: none"> Branching into new sectors and markets which is facilitated by the efforts of the governments and policy makers of the countries we operate in to explore alternative and new markets to boost growth. The resulting more favourable and enabling business environment in new sectors has encouraged the growth of FinTechs and tech-enabled financial services. The opportunity to partner and collaborate with these enterprises has led to the growth and diversification of our revenue base, on the back of an expanding customer base.
6. Competitiveness & future opportunities Enhancing competitive advantage through bespoke service delivery and product innovation that meet existing and new customers' expectations. Enhancing the Group's competitive advantage through regional expansion, industry growth and penetrating new markets.	<ul style="list-style-type: none"> Branch expansion fosters financial inclusion by extending banking services to traditionally underserved populations, including individuals, small businesses, and entrepreneurs in emerging markets. Increasing our branches from 152 in 2023 to 158 in 2024, has made access easier for customers, particularly those in the rural areas. Key to our customer acquisition ecosystem banking strategy, has led us to tapping into new sectors such as education, agriculture, public sector and health. Product diversification and digital transformation to build deeper, more personal relationships with our customers by tailor-making products and services to fit the unique requirements of each customer. To help with this, we plan to use AI-powered recommendations for personalised loan products, savings plans and investment services. 	<ul style="list-style-type: none"> Operational, financial and innovation strain as we deal with the pressures to align with market trends and stay ahead of competitors, may result in poor service delivery and employee burnout and poorly executed products. Overemphasis on short-term gains, e.g., quarterly profits, over sustainable growth and sound risk management, due to the desire to maintain competitive advantage. 	<ul style="list-style-type: none"> Competition from digital lenders as we expand into the digital financial services space. We are still navigating and growing in the digital space, but customers already expect intuitive, fast, and customer-friendly services. If we do not meet their expectations, we risk losing their trust and loyalty. Increased customer turnover due to dissatisfaction with our services, products and customer experience poses a reputational and profit risk. If we lose customers to our competitors offering better services, we will lose market share, revenue streams and profitability, especially if key customer segments are cannibalised. Increased cost and decreased margins due to the ongoing and substantial investment in research, development and training required continuously bring innovative and bespoke services to market. If customers do not embrace a product or service, we may struggle to recoup the investments costs. 	<ul style="list-style-type: none"> Business continuity planning, enacted through our risk management framework, entails strategic measures and processes to ensure that we continue to operate and serve our customers in the event of any disruptions. Given the roll out of digital products and bespoke services, disruptions include cyberattacks or system failures. Increased innovation and productivity in response to increasing competition, resulting in improved products and services, as well as innovative new solutions to attract more customers. Explore new customer segments and frontiers to expand our business. Building on the sectors we have historically been strong in – trade, manufacturing, tourism, real-estate – as we are now focussing on education, agriculture, public sector, and health. Engaging with customers from these sectors has helped us maintain our competitive advantage.

Meeting our stakeholders' expectations

Value created for our stakeholders

In a broader sense, stakeholders encompass anyone affected by the Group's operations, decisions and performance. This includes all groups mentioned below, as well as the wider community impacted by the Group's activities.

We engage with our stakeholders to identify and address needs and risks before they escalate, foster long-term relationships, deal with conflicting interests, manage our reputation and public perception, make informed decisions and ensure that the Group's strategic goals are aligned with the broader interests of the business ecosystem. The frequency of engagement is determined by the specific needs of the stakeholders and/or the Group but is either continuous, scheduled, event driven, issue specific or ad-hoc.

Stakeholder group	How we engage	Issues that matter to the stakeholder	Capitals impacted
 Customers	<p>We use surveys and other feedback channels to understand our customers' sentiments. This, combined with diligent monitoring and analysis of complaints, helps us identify areas for improvement and ways to enhance the overall customer experience.</p> <p>The Contact Centre is a vital hub of operations that handles a substantial volume of customer interactions in the form of queries, service requests, feedback, and complaints. The data gathered by the Contact Centre allows us to track trends, identify root causes and implement targeted solutions.</p> <p>Digital and physical feedback forms in our branches are a further source of customer input.</p> <p>The DTB Duo in Kenya (Juma and Natasha), our social media personalities, provide a fun and interactive way to learn about the Bank, its products, and services, and they support query resolution.</p> <p>DTB also hosts various customer engagement activities such as golf tournaments, dinners, and expos. These serve as opportunities to network, gather service feedback and show our appreciation to customers for their loyalty.</p>	<ul style="list-style-type: none"> Personalisation of services and products. Experience and satisfaction with products and services. Digital platforms and products. Accessibility of products and services. 	<ul style="list-style-type: none"> Financial Social and relationships Human
 Suppliers and business partners	<p>We frequently meet with our suppliers and business partners to ensure that high-quality standards for goods and services offered to the Group are maintained, by doing regular vendor performance reviews.</p> <p>We also conduct supplier conferences on topical ESG issues and host an annual supplier awareness session.</p>	<ul style="list-style-type: none"> Procurement process. Sustainability of the value chain. Treatment and transparency 	<ul style="list-style-type: none"> Financial Manufactured Social and relationships
 Regulators and Government			
 Employees			
 Investors and Shareholders			
 Community			

Stakeholder group	How we engage	Issues that matter to the stakeholder	Capitals impacted
 Regulators and Government	<p>We engage with the relevant regulatory bodies, policy makers and influencers on a regular basis through meetings and one-on-one interactions to submit reports, participate in routine on-site and off-site inspections and get guidance on industry activities.</p> <p>We engage with the relevant government entities on a needs basis through our DTB Economic and Sustainability Forum held at least twice annually and one-on-one interactions.</p> <p>We share our performance information through prescribed progress reports, our annual integrated report and course-specific reports.</p>	<ul style="list-style-type: none"> Compliance with regulatory requirements and legislation. Stability and performance of the financial services sector in general. 	<ul style="list-style-type: none"> Financial Intellectual
 Employees	<p>Relationship managers, product teams, and customer service teams who deal directly with clients, have weekly or bi-weekly meetings to ensure they are aligned on customer needs, service delivery and any challenges that need to be addressed.</p> <p>Senior management and department heads engage with teams at least once a quarter to review business performance, share updates and address any operational issues.</p>	<ul style="list-style-type: none"> Health and safety. Well-being and wellness. The work environment and organisational culture. Employee equity. Remuneration and compensation packages. Skills development and empowerment. Benefit packages. 	<ul style="list-style-type: none"> Human Financial Social and Relationships
 Investors and Shareholders	<p>Our investors, especially institutional investors, are formally engaged regularly throughout the year for financial updates, performance reviews and projections. This typically occurs through one-on-one earnings calls, investor presentations and quarterly reports.</p> <p>We engage with our shareholders during our annual general meeting.</p>	<ul style="list-style-type: none"> The macroeconomic environment. Increased competition. Profits and dividends. Social and environmental constraints. 	<ul style="list-style-type: none"> Financial Social and Relationships
 Community	<p>We engage with the community on a needs basis through events, citizenship initiatives, one-on-one interactions and on our social media pages.</p>	<ul style="list-style-type: none"> The social and environmental impact of our operations and activities Accessibility to financial products and services Achieve some of our adopted SDG's 	<ul style="list-style-type: none"> Social and Relationships



Customers

Customers include individuals, businesses and organisations that use the Group's financial products and services, such as savings accounts, loans, credit cards and investment solutions. Their trust, satisfaction and loyalty are critical to the Group's success. DTB prioritises the customer in all our decision-making and strategic planning. Rather than having a separate customer experience initiative, we weave customer-centric principles into the fabric of our entire business.

Quality of relationship indicators

We have adopted global customer service metrics to evaluate customer satisfaction:

- ④ **Net promoter score (NPS)** measures customer loyalty based on one survey question, namely, the degree to which a customer would recommend the organisation to others.
- ④ **Customer effort score (CES)** evaluates the user experience of our digital channels.
- ④ **Retention rate and churn rates** are used as an indicator of how successful the Bank is at keeping customers engaged and loyal.
- ④ **Customer satisfaction score (CSAT)** is a measure of how satisfied customers are with the organisation's products or services.
- ④ **New customer acquisition rate (NCA)** is the rate at which new customers are signing up, particularly in targeted segments (e.g., businesses, millennials).

Concerns and expectations

- ④ Customers want intuitive, fast and customer-friendly experiences. Customers want intuitive, fast and customer-friendly experiences.
- ④ Customers expect banks to understand their individual financial needs and preferences, and they demand tailored products and services.
- ④ Customers expect frictionless experiences across mobile apps, websites and digital service channels. Some of our early digital services had low engagement because they were not fully optimised for ease of use, or customers struggled with navigation.
- ④ Customers expect frictionless experiences across mobile apps, websites and digital service channels. Some of our early digital services had low engagement because they were not fully optimised for ease of use, or customers struggled with navigation.

Our response:

As customer behaviour shifts toward digital platforms, DTB is prioritising digital channels to meet customer expectations for convenience, speed and accessibility.

Providing robust digital banking experiences has become a core component of extending reach, especially among younger, tech-savvy customers and underserved populations:

- ④ Launch new features on mobile apps.
- ④ Expand online loan application services.
- ④ Increased investment in digital banking infrastructure.

As competition increases, DTB focuses on creating deeper, more personalised relationships with customers:

- ④ Customer loyalty programmes and enhanced customer service touchpoints.
- ④ Develop innovative products that meet the needs of new customer segments.
- ④ Redefine roles in DTB branches to reflect new customer engagement strategy, e.g., front officers become personal and business bankers or customer service officers.
- ④ AI-powered recommendations for personalised loan products, savings plans and investment services.
- ④ Expand branch network to acquire more customers while serving them digitally.
- ④ Develop innovative products that meet the needs of new customer segments and demographics.
- ④ Redefine roles in DTB branches to reflect new customer engagement strategy, e.g., front officers become personal and business bankers or customer service officers.

Value created or preserved

Embracing digital transformation to enhance customer accessibility and convenience:

DTB is accelerating its digital transformation efforts to provide customers with seamless and convenient banking experiences across multiple channels. Our focus on mobile banking, online services and innovative digital tools wants to ensure that customers can access and manage their finances anytime, anywhere, with ease and security.

Driving financial inclusion with tailored solutions for underserved communities:

DTB is deeply committed to extending banking services to traditionally underserved individuals, small businesses and entrepreneurs in emerging markets. We are proud to offer innovative solutions that help bridge the financial divide and empower more customers to achieve their financial goals.

Providing personalised and customer-centric solutions:

Our customers are at the heart of everything we do. We are focused on delivering personalised solutions that meet the unique needs of each individual and business we serve. By leveraging advanced data analytics and customer insights, we can offer products and services that are tailored to the diverse financial needs of our customer segments.

Sustainability and social responsibility:

DTB is committed to making a positive impact on both the financial ecosystem and the environment. Our efforts to expand customer reach include providing sustainable finance options and supporting initiatives that promote social and environmental wellbeing. Through our citizenship initiatives, we support community development, social welfare programmes and economic empowerment projects.

Fostering economic development through partnerships:

DTB has supported infrastructure development banks to help build socioeconomic relevance by financing infrastructure projects, such as, schools and hospitals, which directly contribute to improving living standards and community wellbeing.



Employees

The tellers, advisors, analysts, IT staff and executives in our operations contribute their expertise and skills to deliver services, drive innovation and achieve organisational goals.

Quality of relationship indicators

The quality of the relationship with our workforce is assessed by evaluating the following metrics:

- ④ **Performance reviews** through key performance indicators
- ④ **The diversity and inclusion of our workforce.**
- ④ Trainings and professional development courses completed by employees.
- ④ Feedback from the engagement sessions organised by the Human Resources team.
- ④ The diversity and inclusion of our workforce.
- ④ **Number of staff** members who are part of the staff union (BIFU).
- ④ **Customer satisfaction score**

Concerns and expectations

- ④ Continuous professional development and recognition of success.
- ④ **Constructive feedback** from senior management for their continuous professional development.
- ④ **Remuneration** and benefits
- ④ **A healthy and inclusive** organisational culture across the Group.

Our response:

Professional development and growth of our employees through:

- ④ Professionalism and best-in-class customer experience training
- ④ Leadership and wellness trainings
- ④ Training on compliance to regulatory and statutory requirements
- ④ Mentorship programmes.

Succession planning through training of potential leaders. All branches and departments must have at least one trained next-in-line person.

Value created or preserved

Job creation and employment opportunities.

Total no. of new employees hired: 392

Equal opportunity employment

- ④ Group wide
Female: Male ratio - 47:53
- ④ Group wide EXCO
Female: Male ratio - 23:77

15 financial and wellness programmes

Professional development and competency building

- ④ 20.5 hours per employee annually

Retirement preparation and will writing awareness through the employee assistance programme.

Management encouraged staff to join in community engagements like planting trees and participating in running events, with employees investing 3,729 hours in citizenship initiatives.



Investors and Shareholders

Investors include shareholders, bondholders and other stakeholders who provide financial capital to the Group in exchange for returns. Their interests are tied to the Group's profitability, growth and risk.

Quality of relationship indicators

The quality of the relationship with our investors and shareholders is assessed through the following metrics:

- ⦿ **The benefits** and dividend payments to shareholders.
- ⦿ **Our performance** and a strong balance sheet.

Concerns and expectations

- ⦿ **Competent and efficient** management team and governance structure.
- ⦿ **Regular and transparent** reporting and disclosure.
- ⦿ **Sound ESG and sustainability practices**, measured through shareholder feedback, AGM outcomes and ESG standards.

Our response:

- ⦿ **It is our vision and mission to create value** for our investors and shareholders, in a sustainable and impactful way.
- ⦿ **To ensure timely, consistent reporting**, we are promoting a culture of collaboration between senior leadership teams and data owners to streamline data collection for consolidation.

Value created or preserved

Improved earnings per share and returns to shareholders with an RoE of 9.8%.

Strong balance sheet growth despite tough operating landscape with our total assets worth Shs. 573.9 Bn and total deposits worth Shs. 447.2 Bn.

Accelerate sustainable and impactful investments.

Gain traction in new ecosystems adding impetus to customer and balance sheet growth.

Strong profitability in a tough operating environment with a profit before tax of Shs. 11.2 Bn.

Regulators and Government

Regulators oversee and enforce banking laws and regulations to ensure financial stability, protect customers and maintain trust in the financial system. Financial regulators in the countries where we operate include the central banks, tax revenue authorities and capital markets authorities. Non-financial regulators include organisations that uphold standards within the banking industry, offering accreditation, certifications and training for professionals.

The governments of the countries we operate in influence our operations through fiscal and monetary policies, taxation and regulations. They often rely on banks to facilitate economic growth, distribute subsidies and manage public finances.

Quality of relationship indicators

The quality of the relationship with our regulators is assessed by considering:

- ⦿ **Our contribution** to new regulatory developments.
- ⦿ **Alignment with regulatory** requirements (and metrics and ratios that are well above the minimum).
- ⦿ **Remedial action** where required, including fines paid
- ⦿ **Timely tax payments**.

Concerns and expectations

- ⦿ **Compliance with all** legal and regulatory requirements (meeting minimum regulatory requirements).
- ⦿ **Being a responsible taxpayer** in the countries in which we operate.
- ⦿ **Active participation** in and contribution to industry and regulatory working groups.

Our response:

We maintain integrity

⦿ of financial reporting and adherence to all relevant regulations by regularly training employees on the Bank's regulatory obligations, ethical standards and steps for implementing ethical business conduct.

To prevent non-compliance, our 1st line of defence has been equipped with mechanisms and tools to monitor the following aspects on a continuous basis in all areas of our operations:

⦿ Changes in laws and regulations.	⦿ Screening against sanctions list.
⦿ Customer due diligence.	⦿ Regulatory submissions.
⦿ Reporting on politically exposed persons (PEPs).	

Full and complete adherence to tax laws and regulations as stated in the respective countries' constitutions.

Value created or preserved

Through our timely and reliable reporting and adherence to regulatory requirements, we have built trust with regulatory bodies and fostered collaboration with other stakeholder groups to ensure timely reporting

Playing an active role in cascading policy and legislative requirements to our upstream and downstream partners in our capacity as tax agents, influential purchasers, and financial intermediaries through, for example, enforcement of registration of partners for tax liabilities.



Suppliers and business partners

Suppliers provide goods and services that support the Group's operations, such as IT systems, office supplies, maintenance services and security infrastructure. We rely on these partners for efficient and reliable support.

Business partners include other financial institutions, FinTech companies and service providers that we collaborate with to develop new products, expand market reach or enhance operational efficiency.

Quality of relationship indicators

The quality of the relationship with our suppliers and business partners is assessed using the following metrics:

- ⌚ **Number of suppliers** and business partners we work with.
- ⌚ **Length of time we have had relationships with our suppliers and business partners.**
- ⌚ **Amount of procurement** spend on local suppliers.

Concerns and expectations

Timely payments.

- ⌚ Suppliers expect us to honour agreed-upon payment terms and pay invoices on time. Failure will damage the working relationship and may lead to service disruption.

Fair treatment

- ⌚ Suppliers and partners want to be treated fairly and with respect. This includes non-discriminatory practices, and ensuring they are not taken advantage of due to their position or size.

Transparency.

- ⌚ Business partners expect clear, honest and open communication from us. This includes transparency in decision-making processes, financial reporting and any changes that might impact the partnership.

Our response:

- ⌚ **We are committed to supporting** local suppliers and business. We have enhanced the supplier code of conduct and roll out commenced in February 2024.

- ⌚ **89% of procurement spend on local and East African suppliers.**

- ⌚ **We are working closely with suppliers** and end user departments to establish quality standards, provide the necessary support and conduct regular quality checks.

- ⌚ **We ensure fair treatment of suppliers** through transparent procurement processes and competitive bidding.

Value created or preserved

Sourcing goods and services from local suppliers, including special focus on women, youth and persons with disabilities.

100% sign up for our enhanced supplier code with our new suppliers, 60% for our existing contract.

Improved waste management through waste separation and recycling. We have established partnerships with WEEE Kenya Ltd for recycling of Electronic Waste and Taka Taka Solutions Ltd for Paper and Organic Waste.



Community

We strive to create positive social impact for the communities in which we operate through our community development initiative and in collaboration with key civil society groups.

Quality of relationship indicators

The quality of our relationship with the community is assessed by evaluating:

- ⌚ **The impact of our business on the environment and society.**
- ⌚ **Our commitment to the UN Sustainable Development Goals.**

Concerns and expectations

Accessibility to financial products and services, especially for those in marginalised areas.

Financial literacy, i.e., understanding the products and services offered and how customers can use them to improve their lives.

Opportunities for employment, social empowerment and economic growth.

How the Group can contribute positively to the development of the local community and its people.

The environmental impact of our operations and activities.

⌚ Develop and roll out financial products and services that contribute to social and economic development.

⌚ Commit to sustainability practices that minimise the environmental impact of our operations, e.g., supporting climate related initiatives, reducing carbon footprint and promoting renewable energy.

⌚ Membership of or signatory to relevant organisations:

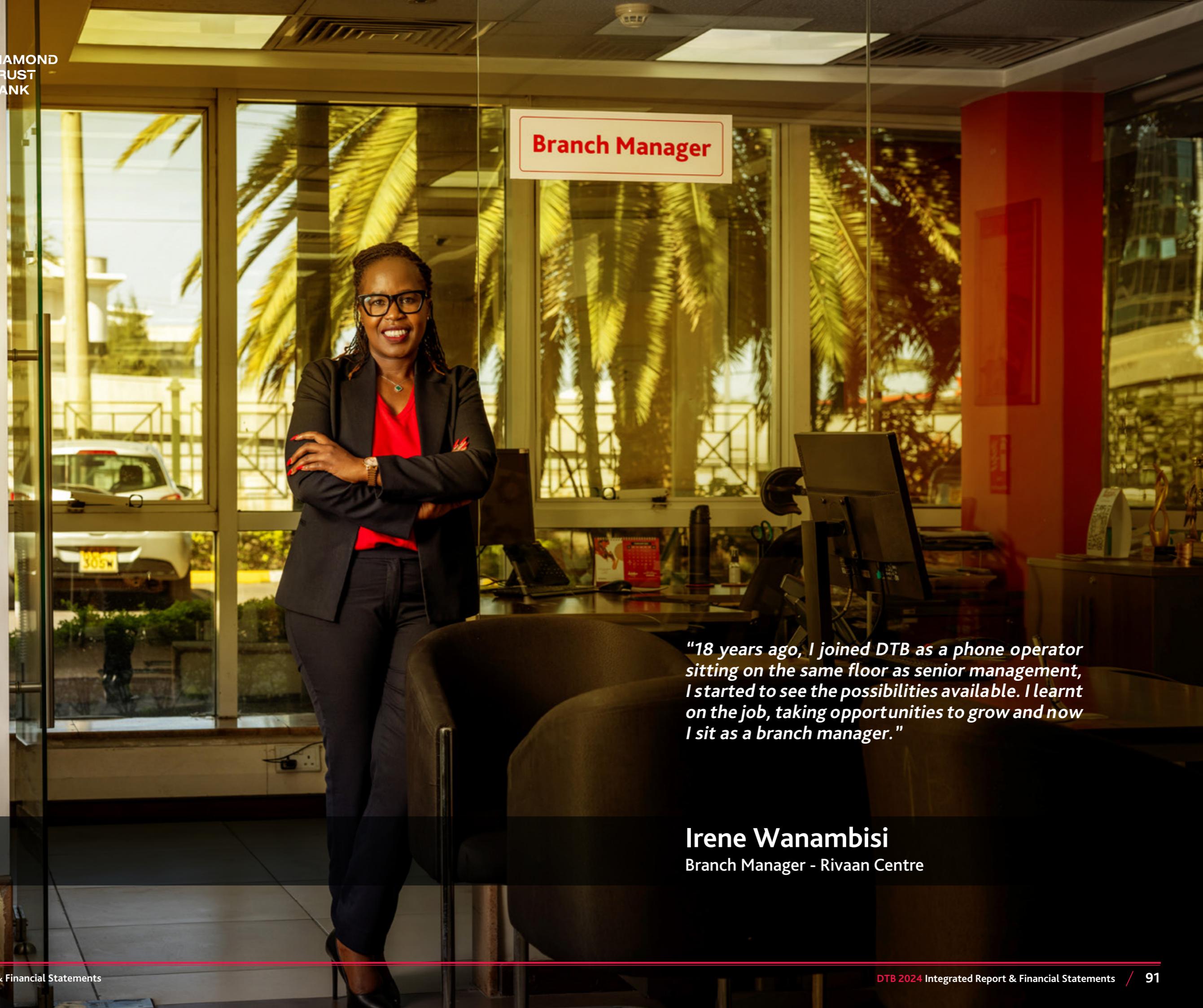
- **Principles for Responsible Banking**
- **ABLC Climate Statement**
- **UNGC Principles**
- **UN Women Empowerment Principles**

Our response:

Value created or preserved

We have significant investments and activities that support the socioeconomic development of the local communities we operate in.

Citizenship initiatives such as tree planting and #AchieveMoreGirl, that address social issues can enhance brand perception and demonstrate commitment to socioeconomic development.



Branch Manager

"18 years ago, I joined DTB as a phone operator sitting on the same floor as senior management, I started to see the possibilities available. I learnt on the job, taking opportunities to grow and now I sit as a branch manager."

Irene Wanambisi

Branch Manager - Rivaan Centre

6

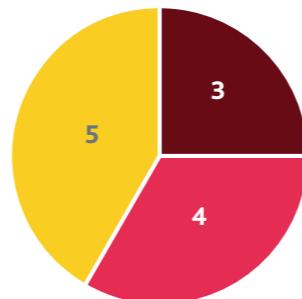
How we are led

We introduce and present information on our leadership team, governance, control structures and reflect on our leadership ethos and shareholder engagement.

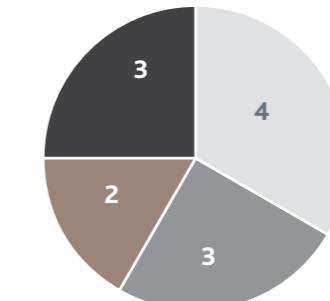
Our board of directors	94
Our senior leadership	98
Governance framework and structure	100

How we are led

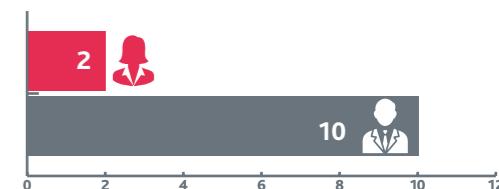
Directors' designation



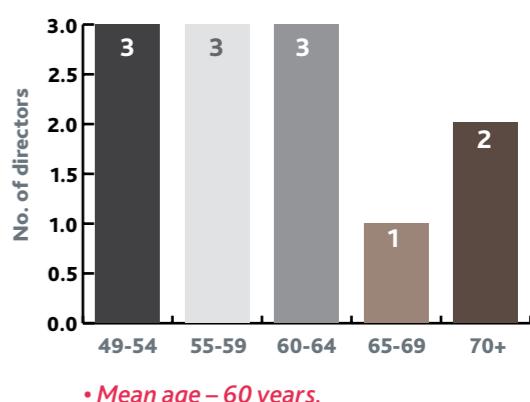
Directors' length of service



Directors' gender distribution



Directors' age distribution



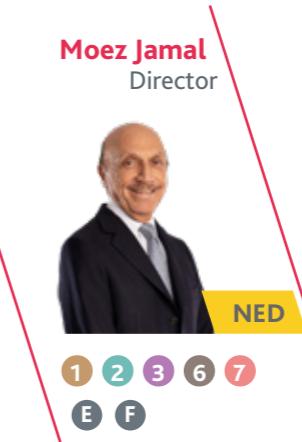
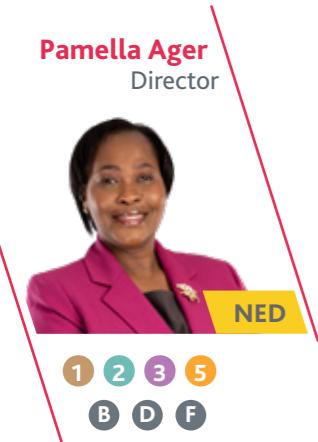
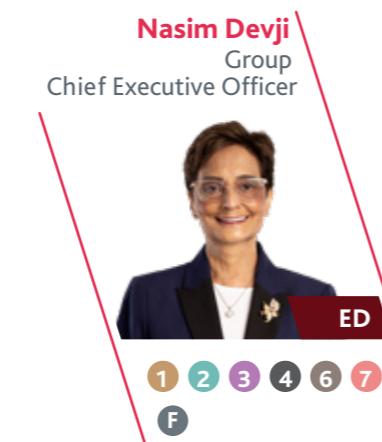
Skills mix



Committee memberships

- ⌚ Board Audit & Compliance Committee (BACC)
- ⌚ Board Credit Committee (BCC)
- ⌚ Board Innovation and Technology Committee (BITC)
- ⌚ Board Nomination and Human Resource Committee (BNHRC)
- ⌚ Board Risk Management Committee (BRMC)
- ⌚ Board Strategy Committee (BSC)

Board of directors



Key

Skills

- 1 Strategy
- 2 Governance Leadership
- 3 Credit/Treasury/Risk Management
- 4 Accounting, Audit & Tax Advisory
- 5 Legal
- 6 Financial Services
- 7 Business & Management Consultancy

Committee memberships

- A Board Audit & Compliance Committee (BACC)
- B Board Credit Committee (BCC)
- C Board Innovation & Technology Committee (BITC)
- D Board Nomination & Human Resource Committee (BNHRC)
- E Board Risk Management Committee (BRMC)
- F Board Strategy Committee (BSC)

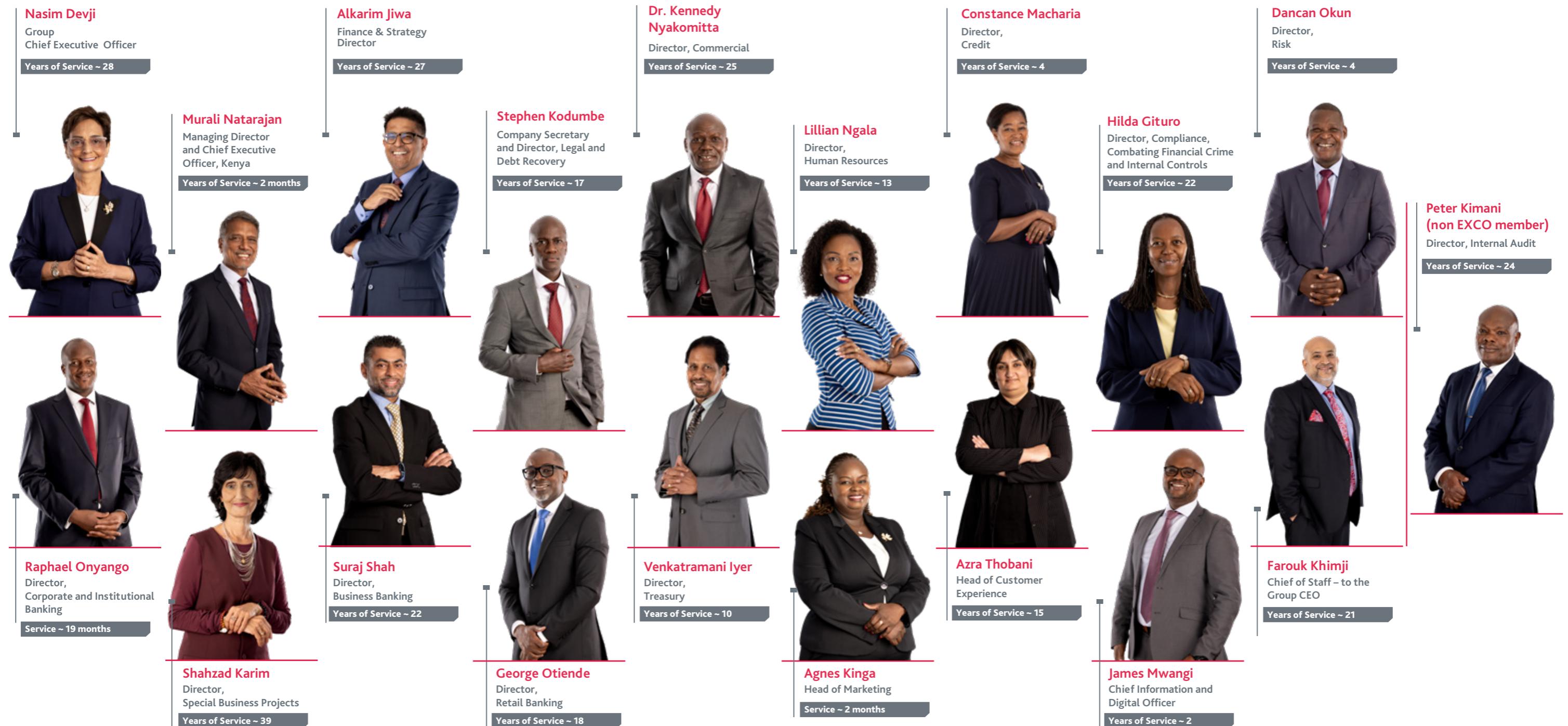
■ Executive Director

■ Independent Non-executive Director

■ Non-executive Director



Senior leadership



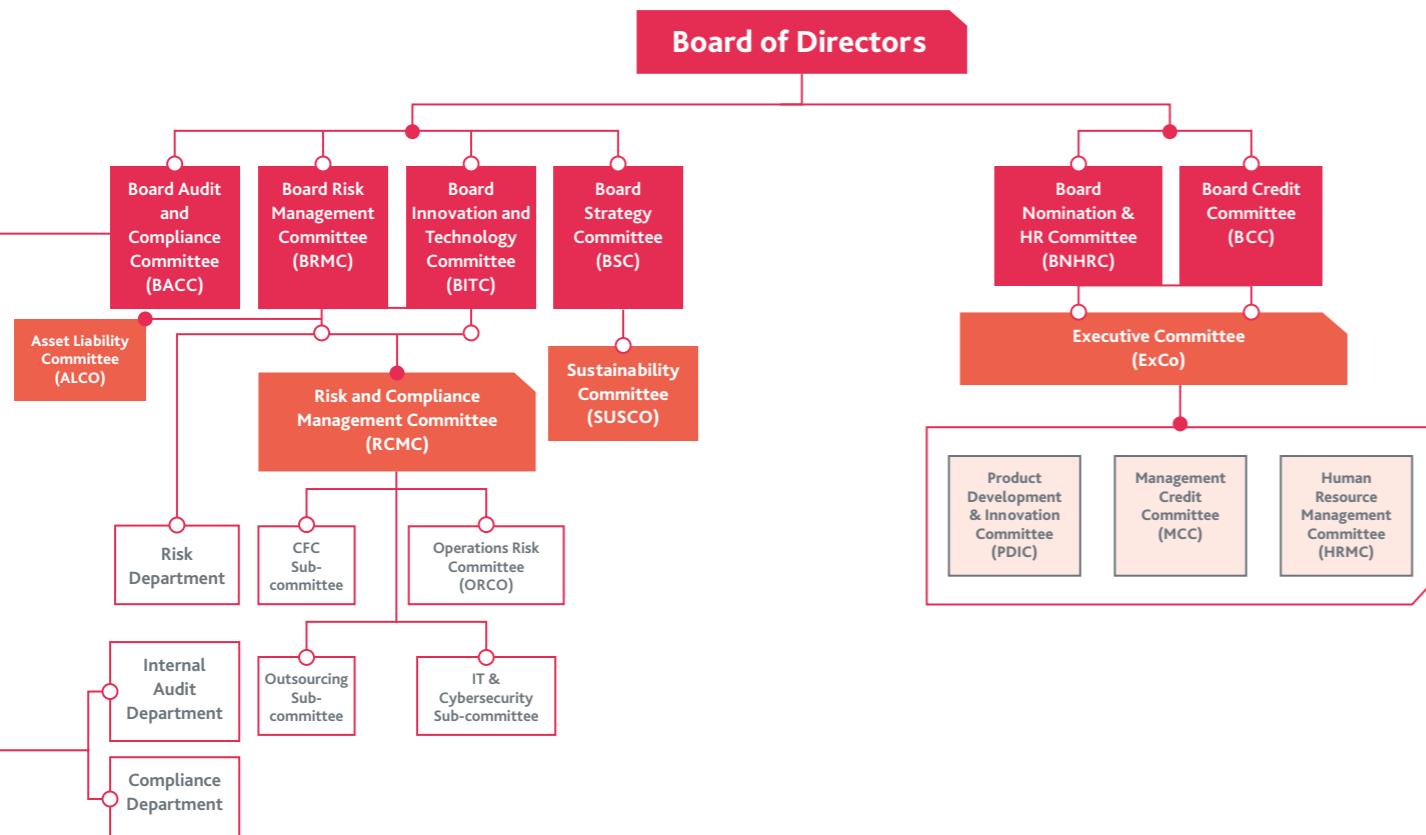
Governance Framework & Structure

DTB Kenya's Board of Directors steers the Group toward long-term success by directing management in setting the Group's strategy and overseeing its execution, while ensuring that risks and rewards are well-balanced. The Board also oversees social and environmental matters, including climate-related risks and opportunities.

In undertaking its duties, the Board is guided by a corporate governance framework that comprises the Corporate Governance policy, Board Charter and Code of Ethics and Conduct. These documents outline the functions of the Board, detailing how its powers and responsibilities are exercised. They also describe the roles of the Chairman and the Managing Director & Chief Executive Officer, while emphasising adherence to the principles of good corporate governance, international best practices and relevant legislation.

Our corporate governance practices comply with the requirements of the Banking Act, the Central Bank of Kenya's (CBK) prudential guidelines, the Capital Markets Authority (CMA) code and the CMA Regulations. The Board discharges its mandate and duties through these policies and frameworks and with the support of six Board committees.

The governance structure is illustrated below:



To comply with both current and emerging regulations in the countries where we operate, we continuously monitor the regulatory landscape. This helps us adopt best practices in corporate governance and risk management in a rapidly changing environment.

Compliance status for the year under review

CMA Code

Directors are satisfied that the Bank complies with the corporate governance principles and spirit of the CMA Code. An extract of the CMA's corporate governance reporting template is available on our website (<https://dtbk.dtbafrika.com>).

Going concern

Having reviewed the information at its disposal, including facts and assumptions on which it has relied, the Board views DTB as a going concern for the foreseeable future.

Board composition, responsibilities, and functioning

The Board comprises 12 directors who are duly elected, highly competent and have diverse skillsets. It is accountable to all DTB shareholders and fulfils its fiduciary obligations by providing direction and guidance on strategic and general policy matters. Directors establish and maintain internal controls over the financial, operational and compliance requirements of the Group, while the Managing Director and Chief Executive Officer, Kenya, Finance and Strategy Director and the Company Secretary jointly set the agenda for the meetings. Board members receive all the necessary documents in advance of the meetings and may request additional information in the interest of informed decision-making. Directors are also entitled to independent professional advice, at the Bank's expense, to better perform their duties.

Appointment and tenure

The Board Nomination and Human Resources Committee (BNHRC) nominates potential directors for consideration and appointment by the Board, subject to a letter of no objection from CBK. Newly appointed directors are required to retire at the annual general meeting (AGM) that immediately follows their appointment and being eligible, offer themselves for re-election by shareholders to ensure shareholder participation in all appointments.

All new directors participate in a formal induction programme to familiarise themselves with the Group's operations, management and operating environment,

as well as their fiduciary duties and responsibilities. Continuous professional development is ensured through access to tailored training programmes and the Chairman's reviews of the professional development needs of each Board member, as part of the annual performance evaluation process.

The Board Charter limits the tenure of an independent non-executive director to six years. However, the person may continue in office as a non-independent member. Non-executive directors are required to retire at the AGM that immediately follows their 70th birthday. Shareholders may vote to retain the member in office.

At every AGM, at least one-third of the non-executive directors retire from the Board. Directors appointed to fill casual vacancies or serve as additional non-executive directors must be elected by shareholders at the AGM immediately following their appointment.

Board meetings

The Board has a work plan that sets out its activities for the year and meets at least once every quarter. The Chairman, Group Chief Executive Officer, Managing Director and Chief Executive Officer, Kenya, Finance and Strategy Director and the Company Secretary jointly set the agenda for the meetings. Board members receive all the necessary documents in advance of the meetings and may request additional information in the interest of informed decision-making. Directors are also entitled to independent professional advice, at the Bank's expense, to better perform their duties.

Annual performance evaluation

As per regulatory requirements, the Board evaluates its own performance as well as that of the Chairman, committees, individual directors, executive directors and the Company Secretary every year.

Facilitated by the Institute of Directors (Kenya), the 2024 evaluation considered:

- Group strategic objectives
- Risk governance
- Board constitution and skills

- Executive management and succession
- Board interaction and support

The evaluation concluded that the Board had the right mix of skills and experience and was well positioned to achieve the Bank's objectives and address any emerging challenges. The results of the evaluation are submitted to CBK in the first quarter of the year in line with regulatory requirements.

Board remuneration

In terms of the Board remuneration policy, each non-executive director receives a fixed monthly fee as a member of the Board and a sitting allowance for every meeting attended. They are not covered by the Group's incentive programmes and do not receive any performance-based remuneration. The fees and sitting allowances are determined by the Board and approved by shareholders at the AGM on a pre- or post-facto basis.

Details of the fees for the non-executive directors and remuneration of the executive directors, paid in 2024, are set out in the Directors' Remuneration Report on page 133.

Separation of functions

As part of DTB's commitment to good corporate governance, the functions of the Chairman and of the Managing Director & Group Chief Executive Officer are vested in different individuals. Their roles and responsibilities are distinct with the Chairman being primarily responsible for overseeing policy direction, while the Managing Director & Group Chief Executive Officer leads the operational day-to-day business of the Group.

Board independence

The Bank's corporate governance policy, which is aligned with the CBK Prudential Guidelines and the CMA Code, states that at least one-third of Board members should be independent and at least two-thirds non-executive directors. The Bank complies with these requirements.

The Board reviews its independent members every year against CBK Prudential Guidelines and the CMA Code, which define an independent director as a person who:

- Is not part of management.
- Has not served on the Board for more than six years.
- Does not have any relationships that could materially affect their ability to objectively assess matters presented before the Board or generally act in the best interests of the Group and its stakeholders.

At the end of 2024, none of the directors held shares in their individual capacity that were more than one percent (1%) of the Group's total equity. The details of the directors' shareholding, in DTB are disclosed in the Directors' Report on page 132.

The Company Secretary

This position is filled by someone who is a member, in good standing, of the Institute of Certified Public Secretaries of Kenya. Accessible to all directors, the Company Secretary facilitates communication between the Group and its shareholders.

Board Committees

Board Audit and Compliance Committee (BACC)

Meetings held: 4



Uday Bhasin
Chair

Role of the committee

Raises the standards of corporate governance by reviewing:

- The external reporting of financial information, including the correct application of accounting standards.
- The internal control environment of the Group, including the governance of financial and accounting risks.
- The internal and external audit functions, including an assessment of their independence, adequacy and effectiveness.
- The compliance management framework.

Committee members

- Guedi Ainache
- Sagheer Mufti
- Irfan Keshavjee

Board Credit Committee (BCC)

Meetings held: 4



Jeremy Ngunze
Chair

Role of the committee

- Oversees the Group's credit function and credit risk management framework.
- Ensures the overall credit framework is robust and enables business growth in compliance with internal policy and statutory regulations.

Committee members

- Pamella Ager
- Shaffiq Dharamshi
- Irfan Keshavjee
- Uday Bhasin

Board Innovation and Technology Committee (BITC)

Meetings held: 4



Sagheer Mufti
Chair

Role of the committee

- Ensures the quality, integrity, effectiveness and reliability of the Group's IT risk management framework.
- Monitors implementation of the Group's innovation-related initiatives.

Committee members

- Guedi Ainache
- Irfan Keshavjee
- Jeremy Ngunze
- Uday Bhasin

Board Nomination and Human Resource Committee (BNHRC)

Meetings held: 4



Guedi Ainache
Chair

Role of the committee

- Proposes nominees for director positions.
- Assesses Board performance and effectiveness.
- Ensures the Board composition reflects an appropriate mix of skills and expertise.
- Oversees all human resource matters on behalf of the Board.
- Recommends remuneration and incentives for executive directors and senior management.

Committee members

- Pamella Ager
- Shaffiq Dharamshi
- Irfan Keshavjee
- Jeremy Ngunze

Board Risk Management Committee (BRMC)

Meetings held: 4



Guedi Ainache
Chair

Role of the committee

- Ensures the quality, integrity, effectiveness and reliability of the Group's risk management framework.
- Sets out the nature, role, responsibility, scope and authority of the Group's risk management function.
- Ensures that adequate risk policies and strategies are in place.
- Ensures that ESG and climate-related risks are integrated into the Group's risk management process and managed proactively.

Committee members

- Moez Jamal
- Shaffiq Dharamshi
- Sagheer Mufti
- Jeremy Ngunze

Board Strategy Committee (BSC)

Meetings held: 4



Sagheer Mufti
Chair

Role of the committee

- Oversees and monitors the implementation of the Group's sustainability strategy and climate-related initiatives.
- Oversees and monitors the implementation of new strategic initiatives.
- Reviews alliances required for the successful implementation of strategy initiatives.

Committee members

- Nasim Devji
- Uday Bhasin
- Irfan Keshavjee
- Pamella Ager
- Jeremy Ngunze
- Moez Jamal
- Shaffiq Dharamshi
- Guedi Ainache

Meetings attendance record

Director	AGM	BACC	BCC	BITC	BNHRC	BRMC	BSC	Board
Linus Gitahi	1/1	-	-	-	-	-	-	4/4
Shaffiq Dharamshi	1/1	-	4/4	-	4/4	4/4	4/4	4/4
Nasim Devji (Mrs)	1/1	-	-	-	-	-	4/4	4/4
Alkarim Jiwa	1/1	-	-	-	-	-	-	4/4
Pamella Ager (Mrs)	1/1	1/1	4/4	-	4/4	-	2/2	4/4
Jeremy Ngunze	1/1	-	4/4	4/4	4/4	4/4	4/4	4/4
Guedi Ainache	1/1	4/4	-	4/4	1/2	4/4	2/2	3/4
Sagheer Mufti	1/1	3/4	-	4/4	-	3/4	4/4	3/4
Moez Jamal	1/1	-	-	2/2	-	4/4	2/2	4/4
Irfan Keshavjee	1/1	4/4	4/4	4/4	4/4	-	4/4	4/4
Uday Bhasin (Appointed 15 July 2024)	-	2/2	2/2	2/2	-	-	2/2	2/2
Ismail Mawji (Retired 15 Nov 2024)	1/1	3/3	3/3	-	3/3	-	-	3/3
Murali Natarajan (Appointed 1 Nov 2024)	-	-	-	-	-	-	-	1/1

Internal control systems

DTB's internal control systems comprise policies and procedures that prescribe and govern its structures and systems, an organisational structure that ensures segregation of duties, and various committees that support management and ensure compliance with policies and procedures.

Executive Committee (Exco)

- Reporting: **Board**
- **Meets monthly.**

Strategy planning, implementation, monitoring and reporting; and capital allocation proposals on material ventures, strategic projects and any other new business lines.

Asset Liability Committee (ALCO)

- Reporting: **BRMC**
- **Meets monthly.**

Oversees the Group's balance sheet development and capital adequacy.

Management Credit Committee (MCC)

- Reporting: **BCC**
- **Meets monthly.**

Monitors the implementation of the Credit Risk Management framework, and reviews and approves credit applications, credit strategy, policies, procedures, monitoring and reporting.

Sustainability Committee (SUSCO)

- Reporting: **BSC**
- **Meets once every two months.**

In 2024, the committee focused on operationalising the Sustainability and Citizenship Master Plan. It also identified material risks and opportunities across the Group.

Combating Financial Crimes (CFC) Sub-committee

- Reporting: **RCMC**
- **Meets monthly.**

Oversees the implementation of the Combating of Financial Crime (CFC) policy and related procedures and process flows.

IT and Cybersecurity Sub-committee

- Reporting: **RCMC and BITC**
- **Meets monthly.**

Oversees the IT and Cybersecurity Risk Management framework, policies, procedures, processes and change management processes.

Human Resource Management Committee (HRMC)

- Reporting: **BNHRC**
- **Meets monthly.**

Reviews and recommends policies regarding staff incentives, remuneration, compensation and benefits, promotions, recruitment, training and development, succession planning and staff appraisals.

Product Development and Innovation Committee (PDIC)

- Reporting: **ExCo**
- **Meets monthly.**

Supports the development and implementation of new products.

Risk and Compliance Management Committee (RCMC)

- Reporting: **BRMC**
- **Meets every six weeks.**

Implements the risk management framework and oversees the effectiveness of policies, procedures, systems, controls and assurance arrangements.

Operations Risk Committee (ORCO)

- Reporting: **RCMC**
- **Meets monthly.**

Oversees the Operational Management framework and policy and monitors the implementation of related procedures and process flows.

Outsourcing Subcommittee

- Reporting: **RCMC**
- **Meets at least once a quarter.**

Reviews the outsourcing business case and operational risks associated with outsourcing arrangements.

Ethical Culture and Leadership

With financial crimes on the rise globally and the lines between right and wrong being blurred to a concerning degree, DTB purposefully strengthens its culture of ethical leadership and conduct through various structures and policies.

Conflict of Interest policy and related party transactions

The Board, leadership, management and employees must avoid any real or perceived conflict between their personal interests and those of the Group. Business transactions involving directors or parties related to them are disclosed on [page 263](#).

Code of Ethics and Conduct

Guides the Board, management and employees on acceptable behaviour and ethical standards in all the Group's activities and engagements.

Whistleblowing policy

Defines a whistleblower and highlights the protections and remedies available to them. It covers dispute resolution mechanisms, a voluntary disclosure programme, reporting channels and procedures, timely disclosure of findings and resolutions, and data retention.

Data privacy and protection of personal information

DTB processes personal data responsibly, ethically and in compliance with Kenya's Data Protection Act, 2019 and the General Data Protection Regulation (GDPR). A data protection policy framework exists for internal use.

Anti-bribery and anti-corruption policy

Complies with legislation in all our markets and draws on recommendations contained in the Kenyan Bribery Act, 2016, the anti-bribery guidelines of the Organisation for Economic Cooperation and Development (OECD) and the UN Convention against Corruption (2003).

Procurement policy

Subscribes to the principles of transparency, integrity and fairness to protect the Group and its suppliers.

As part of our CFC procedures, all suppliers are screened for adverse media mentions and against regulatory and law enforcement sanction watchlists on human trafficking, drug trafficking, arms dealings and organised crime, among others.

IT and cybersecurity policy framework

Ensures the confidentiality, integrity and availability of the Group's information assets.

Share trading policy

Prohibits directors, management and employees from dealing in the Group's shares when they have or may be perceived as having unpublished price-sensitive information. No known or identified instances of insider trading occurred in 2024.

Relationship With Shareholders

Our shareholders are one of our most important stakeholder groups and we invest particular care in our relationships with them.

Communication

 Investor briefings

 The AGM

 Shareholder circulars

 Integrated reports and financial statements

 Correspondence with the Company Secretary and the Shares Registrar

 News media

 Digital platforms, including the Group's website

 Shares registry: Shareholder applications, registration queries, transfers, immobilisation and dividend payouts.

Shareholding ranges as at 31 December 2024

Range	No. of members	Total no. of shares	Percent
1 - 500	3,800	726,830	0.2600
501 - 1,000	730	555,260	0.1986
1,001 - 5,000	3,509	7,946,874	2.8422
5,001 - 10,000	1,519	9,922,364	3.5487
10,001 - 50,000	1,659	31,015,271	11.0926
50,001 - 100,000	187	13,015,935	4.6552
100,001 - 500,000	131	26,981,261	9.6499
500,001 - 1,000,000	14	8,489,963	3.0364
1,000,001 - 999,999,999,999	26	180,948,462	64.7164
	11,575	279,602,220	

Detailed ownership statement as at 31 December 2024

No. of members	Group	Total quantity	Percent
2,192	Foreign individuals	27,303,960	9.765
15	Foreign institutions	116,512,095	41.671
6,168	Local individuals	42,097,626	15.056
637	Local institutions	81,254,894	29.061
2,549	E.A individuals	11,897,543	4.255
14	E.A institutions	536,102	0.192
		279,602,220	100

DIAMOND TRUST BANK KENYA LIMITED

Top ten shareholders as at 31 December 2024

	NAME	NO OF SHARES	% HOLDING
1	Aga Khan Fund For Economic Development S.A.	46,130,236	16.50
2	Habib Bank Limited	45,159,849	16.15
3	Jubilee Life Insurance Limited	16,496,412	5.90
4	Jubilee Holdings Limited	11,312,727	4.05
5	Stanbic Nominees Ltd A/C Nr1031461	8,218,539	2.94
6	Acacia Partners L.P.	7,369,920	2.64
7	Standard Chartered Nominee A/C Ke004667	7,100,900	2.54
8	Standard Chartered Nominee RESD A/C Ke11443	4,677,008	1.67
9	The Diamond Jubilee Investment Trust (U) Limited	3,838,436	1.37
10	Investment & Mortgages Nominees Ltd A/C 003745	3,100,000	1.11
11	Investment & Mortgages Nominees Ltd A/C 003746	3,100,000	1.11





"As a supplier for DTB I can say that they are patient and willing to walk the mile with us."

Joe Ocholla
Founder & Creative Director - Evensis

7

Risk management at DTB

A comprehensive view of how risks are identified, assessed, and managed within the context of our operating environment, taking into account our focus on ensuring socio-economic relevance, while aligning with our risk appetite and culture.

Risk governance and oversight	114
DTB risk management approach	114
Environmental and social risk assessment	116
Our key risks	118

Risk management at DTB

Events of the previous years continued to greatly affect the risk landscape during 2024. A once-in-a-century pandemic, eruption of geopolitical conflicts and extreme weather events have disrupted supply chains, caused energy and food crises, and prompted governments to take unprecedented actions to protect lives and livelihoods. Economic uncertainty across the world brought tighter monetary policies, increased inflation and interest rates and exchange rate volatility that damped consumer and corporate spending power amid an increase in everyday expenses.

Additionally, the influence of environmental, social and governance (ESG) concerns, particularly climate change and social issues, remained high. This was driven by an increase in the negative economic effects of climate change and a push by stakeholders for the accelerated adoption of sustainable and ethical

business practices that create social and environmental value.

As a result, the banking sector faced a heightened confluence of risks, the most elevated being credit risk due to macroeconomic factors. Other key risks including market, credit, liquidity, strategic, operational, cyber and ICT, regulatory, and ESG and climate-related risks were also aggravated by a series of internal and external events. The Group responded by implementing several measures to mitigate these risks, including:

- Increasing focus on strategic credit risks and ESG and climate-related risks.
- Enhancement of cybercrime, fraud, and theft mitigation strategies to proactively detect and manage potential threats or exposures as the Group continued to execute its digital transformation strategy.

- Enhancement of management information system (MIS) and data analytics capabilities.
- Roll out of an operational risk management (ORM) system.

Regulators continued their proactive approach of issuing prudential guidance, enforcing new laws and conducting on-site reviews focused on financial crime, ESG, market transparency, data protection and operational resilience. In response, the Group continued to enhance our governance structures, policies and procedures.

Changes in laws and regulations.

The Group carried out a regulations/legislation mapping exercise, and applicable policies and procedures were updated to incorporate legislative/regulatory requirements.

Report on politically exposed persons (PEPs).

Continuous improvement of the due diligence process that informs the review of PEPs as part of our risk assessment criteria.

Regulatory submissions.

No exceptions were noted during the period under review.

Consolidated money transfer services (MTS) combating financial crime.

100% of all MTS transactions across the Group and our sub-agent network were reviewed and no exceptions were noted.

Customer due diligence.

A system-driven review was undertaken to test the efficacy of the maintenance of customer information in the Group's database.

Screening against sanctions list.

Actively monitor sanction lists

CFC risk appetite monitoring.

No exceptions were noted during the period under review.

We are constantly updating our enterprise risk management process to keep up with the Group's strategy, regulatory requirements, best practices and industry trends. The Group's digital growth strategy, coupled with new initiatives targeting the agricultural and education sectors, is expected to de-risk the single-borrower concentration ratio in the loan portfolio.

To drive this growth, the Group has invested in artificial intelligence and advanced credit scoring tools, and will continue its practice of prudent underwriting of risks to capitalise on borrowers with good credit ratings, high-quality transactions, proper collateral management and investments in safe and efficient operational systems.

Looking ahead, heightened geopolitical risks, the need to accelerate the decarbonisation of the economy to address the rise in climate-related risks, and the ongoing technology revolution will increasingly shape the future of credit.

Risk governance and oversight

DTB has documented policies and procedures that are aligned to the laws, regulations and compliance requirements of all our operating markets, as well as internal control standards. The policies and procedures provide a framework to guide the day-to-day activities of staff and act as a benchmark for internal and external audit reviews. It is the responsibility of the senior management team to ensure formulation and implementation of policies and procedures. Our effective risk management approach entails robust governance structures at the Board and management level across the Group.

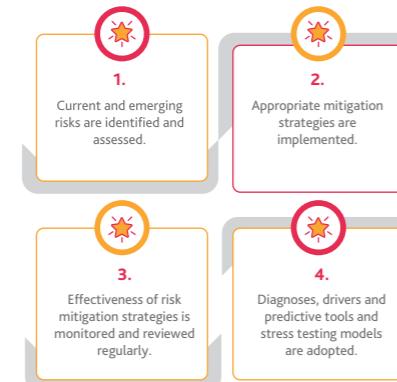
DTB adopts the three lines of defence model, which provides independent, aligned and coordinated assurance in the risk and control environment across the Group and domiciles risk ownership with every member of staff. Collaboration between the Risk, Compliance and Internal Audit departments is entrenched in the annual work plans approved by the Board.



DTB risk management approach

The enterprise risk management framework (ERM) formalises and communicates the Group's overall approach to risk management. It also standardises and ensures consistency in risk management processes and outlines the core governing principles for risk management. As such, it provides a framework to identify, assess, measure, monitor, report and control risks in the Group in a consistent manner.

The Group's framework ensures that:



Ensuring that key roles, responsibilities and authority relating to risk management are clearly defined and delineated within the Group, in addition to an effective system of controls congruent with its size and complexity.

Challenging the quality of risk models such as stress testing, credit scoring and hedging models, and the level of accuracy of the data.

The ability of the available tools to measure risks correctly, justify the taking of risks and monitor any violation of limits and divergence from established policies.

Cultivating integrity, transparency and proactive disclosure and management of all risk types in adherence to the Group's values as set out in the code of ethics and conduct.

Proportionate disciplinary proceedings for violations, as necessary.

To enhance this culture, the Group has implemented initiatives such as:

Training & Risk Awareness:

Bank-wide training on risk management principles, GRC system usage, stress testing, and climate risk management, along with regular meetings with the subsidiaries' risk team to promote a proactive risk culture and enhance risk awareness.

GRC System Implementation:

Centralised risk data management platform with real-time dashboards implemented across DTB Kenya, DTB Uganda, and DTB Tanzania, improving data visibility and decision-making for better risk management.

Cyber Security Enhancements:

Comprehensive assessment and evaluation of cybersecurity risk posture, along with SOC monitoring, ensuring resilience against cyber threats and improving overall cybersecurity defences.

Policy & Procedure Reviews:

Periodic review of policies and procedures to ensure alignment with regulatory requirements and best practices, enhancing compliance and minimizing regulatory risks.

Risk Culture

The risk governance and oversight framework has created a robust risk culture that ensures all employees contribute to the identification, measurement, mitigation and escalation of risks affecting the Group.

Management and employees alike understand the Group's approach to risks and take personal responsibility for the management of risks in everything they do. The Board, in its oversight role, ensures that the Group makes the right risk-related decisions and exhibits appropriate risk management behaviour.

Risk culture emphasises the importance of:

Responsibility and accountability of all employees for risks that they take within their authority.

Achieving a proper balance between risk and reward, subject to the Group's risk appetite stipulations.

A common definition of risk, which addresses both value creation and preservation consistently throughout the Group.

A common risk framework supported by appropriate standards throughout the Group.

Incident Reporting & Loss Management:

Encouraged incident reporting, Risk Control Self-Assessment and Key Risk Indicators through the GRC system, ensuring transparency, strengthening risk mitigation, and minimising financial losses.

Risk Assessments for New Products & Strategic Initiatives:

Conducted due diligence for new products and strategic decisions, ensuring informed risk management and supporting successful business growth.

DTB Risk Appetite & Tolerance

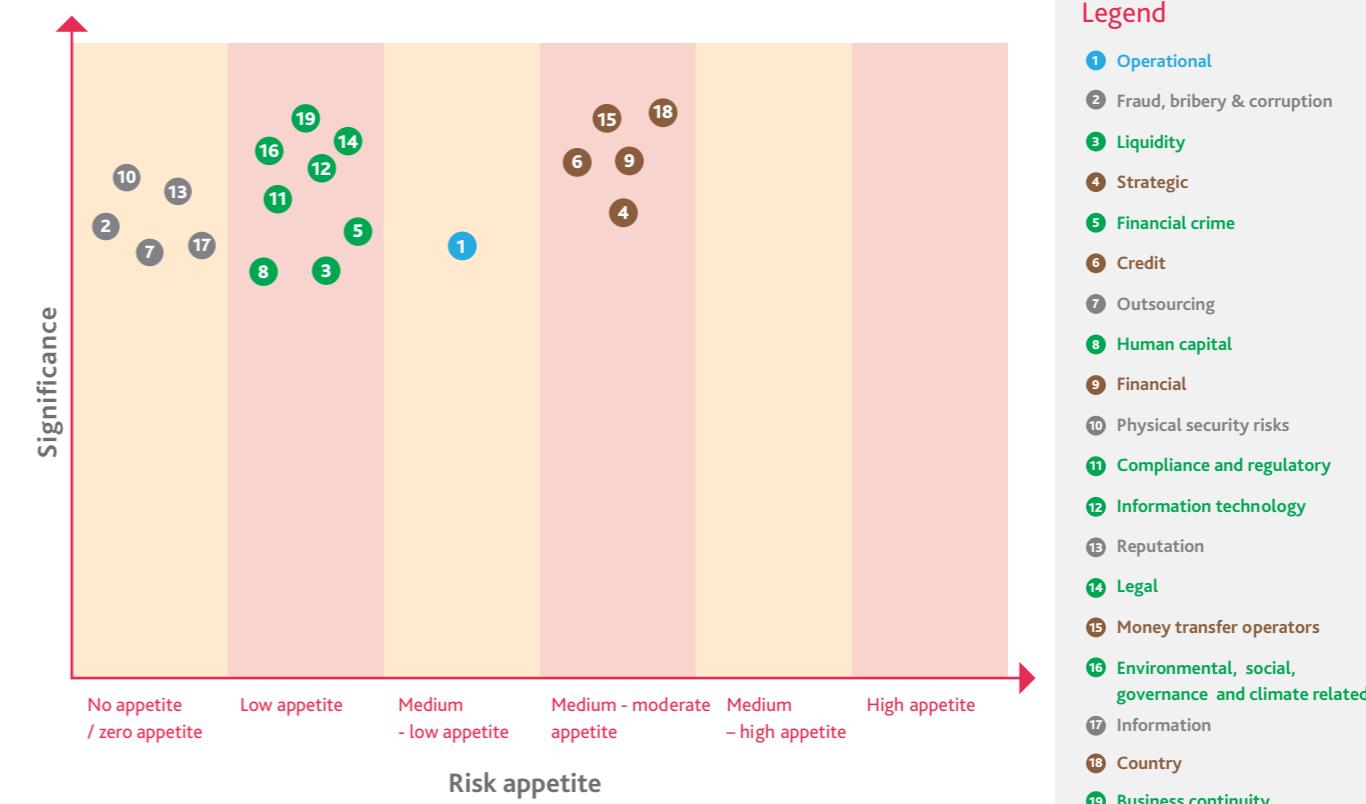
The Board has set risk appetite and tolerance levels that is a core consideration in the enterprise risk management approach.

Our risk appetite statement (RAS) is articulated in quantitative and qualitative terms and considers the expectations of multiple stakeholders. The RAS is complemented by several specific risk metrics, such as ratios for capital adequacy, liquidity and non-performing loans (NPLs), which assist management in assessing whether outcomes are consistent with the Group's risk appetite. Performance against these metrics is tracked and reported to the Board Risk Management Committee (BRMC) every quarter.

The RAS and tolerance limits are reviewed whenever there is a significant change in strategy, operating environment or regulatory requirements with any changes approved by the Board. In 2024, there were no changes that necessitated a review of the RAS and tolerance limits.

The Group has a well-defined and documented reporting and escalation matrix to provide assurance that the risk appetite is effectively incorporated into management decisions.

The Group's 2024 appetite for the different risk categories is depicted in the table below. In line with the Group's prudent approach to managing its risks, we had no high or medium-high appetite for risks.

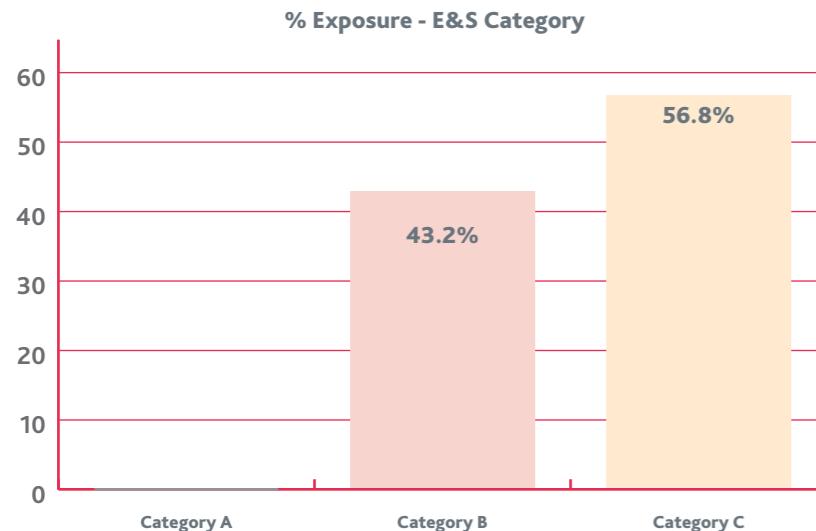


Assessing and screening E&S risks

In line with our sustainability excellence strategic pillar, environment and social (E&S) risks are a key risk category for the Group. DTB's Environmental and Social Management System (ESMS), which is aligned with the IFC performance standards and exclusion lists, is used to screen and assess E&S risks across the GROUP.

The ESMS tool classifies projects as either category A, B or C based on the expected magnitude of their adverse E&S impacts as per the IFC's Environmental and Social categorisation process. The categorisation determines the level and detail of the due diligence required to assess the E&S risk of the client's activities, focus areas for investigation and whether to involve an independent specialist /technical expert. The ESMS tool also captures potential positive impact activities underlying risk identification and management.

All category A and B projects are reviewed by the Environment and Social Risk Management (ESRM)/Risk team. The table depicts a high-level classification of our loan portfolio across the Group as at 31st December 2024:

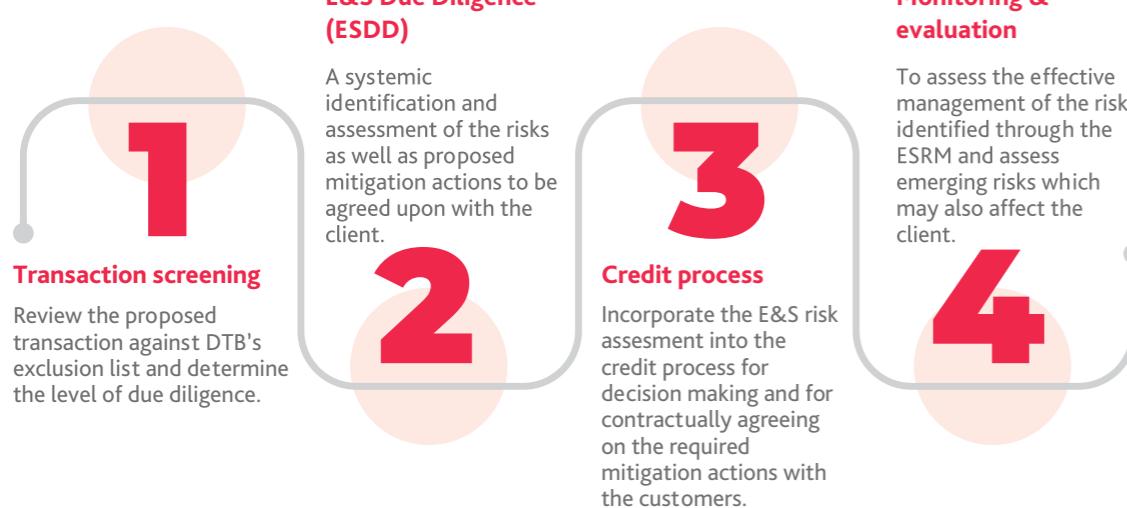


Comments:-

- No exposures on Category A.
- Category B exposure is Shs. 130.4 Bn accounting for 43.2% of the on-balance sheet exposure.
- The high concentration on Category C depicts a lower level of E&S risk as it bears projects with no adverse environmental or social impacts.
- Highest exposure noted in category C contributing 56.8% (Shs. 171.8 Bn) of the total exposure.

E&S Screening

Our ESRM procedures involve the following components to screen for E&S and climate risks:



Climate-related risk management

Climate change poses a significant risk to the entire Group's operations, our customers and their supply chains. The pace of climate-related regulatory changes and expectations is increasing, as the world focuses on formalising climate risk management, stress testing, scenario analysis and disclosures. We are committed to partnering with our customers to help them adapt to the changing climate and reduce the risks associated with climate change. This proactive approach helps to safeguard the quality of our loan book

Description		Industries sensitive to climate risk										
Physical Risk <table border="1"> <tr> <td>Chronic</td> <td>Acute</td> </tr> <tr> <td> Sea level rise</td> <td> Precipitation / flooding</td> </tr> <tr> <td> Heatwaves</td> <td> Extreme wind</td> </tr> <tr> <td> Drought</td> <td> Wildfire</td> </tr> </table>		Chronic	Acute	 Sea level rise	 Precipitation / flooding	 Heatwaves	 Extreme wind	 Drought	 Wildfire	 Agriculture  Forestry  Real estate		
Chronic	Acute											
 Sea level rise	 Precipitation / flooding											
 Heatwaves	 Extreme wind											
 Drought	 Wildfire											
Transition Risk <table border="1"> <tr> <td> Policy & legal risks</td> <td> Technology risk</td> </tr> <tr> <td> Reputation risk</td> <td> Market risk</td> </tr> </table>		 Policy & legal risks	 Technology risk	 Reputation risk	 Market risk	Transition risks are driven by: <ul style="list-style-type: none"> Advances in technology (emergence of low carbon alternatives). Government policies (promotion of firms that perform highly on ESG metrics). Market shifts (increased consumer demand for green products). Legal (litigation related to failure to manage or disclose climate risks). Reputation concerns (changes in customer expectations of a firm's environmental practices). 						
 Policy & legal risks	 Technology risk											
 Reputation risk	 Market risk											
		 Mining & metals  Oil & gas  Utilities										
		 Automotive  Transportation  Industrial products										

Physical risks can arise through increasing severity and/or frequency of severe weather or other climatic events, such as rising sea levels and flooding, which can affect the bank's operations directly or indirectly. These have the potential to cause both idiosyncratic and systemic risks, resulting in potential financial and non-financial impacts for DTB.

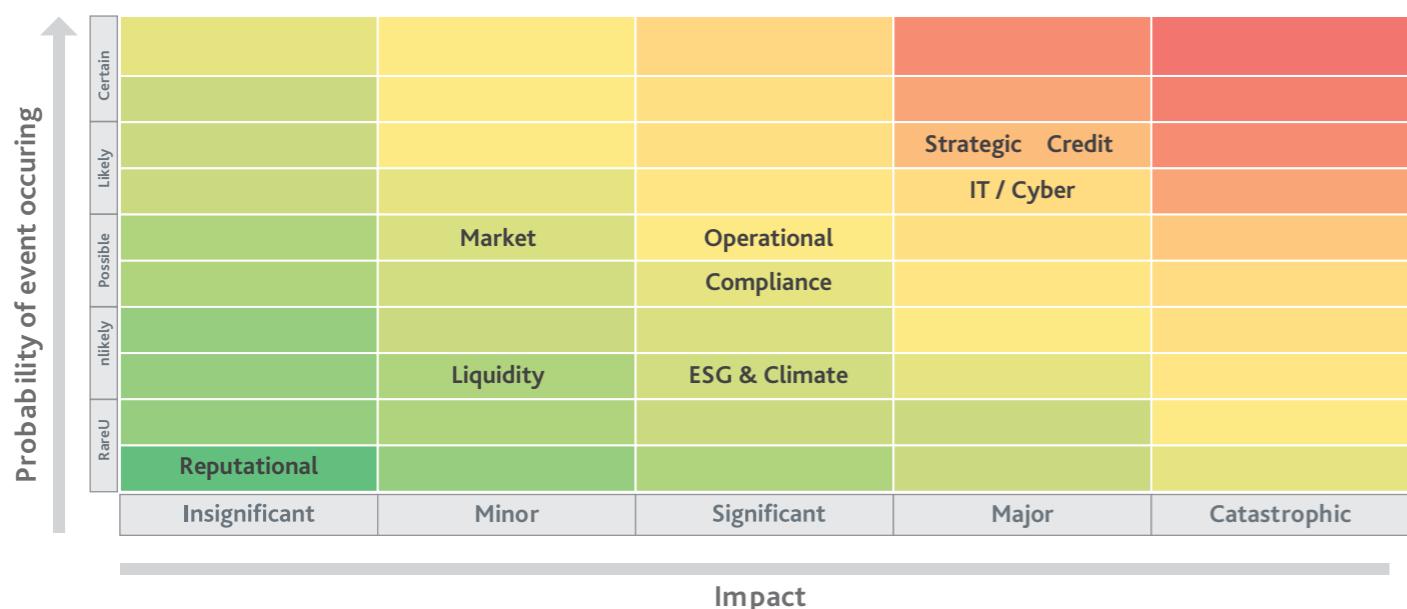
Transition risks are business-related risks that follow societal and economic shifts toward a low-carbon and more climate-friendly future. These risks can include policy and regulatory risks, technological risks, market risks, reputational risks, and legal risks.

Since 2023, the Group has conducted an annual climate risk exposure assessment to identify the loan portfolio at risk of potential future climate hazards and inform the prioritisation of climate action and investment in adaptation. As of December 2024, our exposure to transition and physical risks increased/ decreased as shown below:

No.	Metric category	Actual metric reviewed	2023		2024	
			Risk exposure	Risk exposure	Risk exposure	Risk exposure
1.	Transition risk	1. Oil and gas sector 2. Coal-related activities	2.1% (Shs. 4.8 Bn)	5.8% (Shs. 17.6 Bn)		
2.	Physical risk	1. Number and value of mortgage loans in flood zones 2. Number and value of wastewater treatment plants financed and exposed to or located in flood zones 3. Water projects in regions of high or extremely high baseline water stress 4. Property, infrastructure or alternative asset portfolios in areas subject to flooding, heat stress or water stress	4.4% (Shs. 9.2 Bn)	6.0% (Shs. 18.1 Bn)		

Our Key Risks

In 2024, our risk profile evolved as a result of internal and external factors. As the Group started operationalising the 2022-2031 business growth strategy, it was critical that our risk profile remained stable. The ERMF identifies nine principal risk categories that the Group continuously monitors to ensure appropriate mitigation measures are in place.



In addition to the major traditional risks associated with banking, such as credit, liquidity and capital risks, various emerging risks such as cyber and climate risk, have continued to grow in importance. We remain vigilant to their potential impacts and are continuously monitoring global and local environments for root causes that could impact value creation.

Managing our key risks

Principal risk	Key mitigations	Capitals impacted
1.CR	<p>Credit risk</p> <p>Credit risk is one of our material risks that we monitor on an ongoing basis. In 2024, credit risk remained high, largely driven by economic factors such as high interest rates and inflationary pressures. Non-performing loans (NPLs) remained above the targeted threshold. However, we have in place NPL reduction and containment strategies which are expected to bring the NPL level well below the targeted threshold.</p> <p>The regulatory capital allocation required for credit risk remains significantly higher than the capital allocation required for other pillar I risks. As a result, credit risk will remain a key area of focus in our risk management framework.</p>	 <p>Effective governance and oversight through the Risk Management and Credit committees, with support from Risk, Compliance, and Audit.</p> <p>Rigorous credit assessment and continuous monitoring to ensure continued creditworthiness.</p> <p>Defined credit and exposure limits for individual borrowers and sectors and portfolio diversification to spread risk.</p> <p>Early identification of loans at risk, followed by timely intervention and recovery efforts.</p> <p>Internal and regulatory thresholds for monitoring NPLs and corresponding strategies to address them.</p> <p>Periodic credit risk stress testing to identify vulnerabilities and assess the ability of the bank to withstand shocks.</p>
2.OR	<p>Operational risk</p> <p>DTB encounters significant operational risks tied to cyber threats, technological failures and third-party dependencies. Each of these risks has the potential to impact our financial performance, service quality, and regulatory compliance.</p> <p>With DTB's ongoing digital transformation and branch expansion strategy, our exposure to operational risk is evolving, driven by the need for system resilience and the challenge of integrating new and legacy systems. Additionally, our reliance on third-party providers, especially within our online and mobile banking platforms, presents unique operational challenges as we enhance and scale these services to meet customer demands.</p> <p>Within the banking industry, prevalent and emerging trends are centred on business enterprise scams, loan fraud, mobile banking fraud and embezzlement. For mobile banking fraud, individual customers proved to be the vulnerable link, inadvertently sharing confidential information with fraudsters posing as representatives of banks or mobile service providers.</p>	 <p>Revised Operational Risk Management Framework to be consistent and rigorous across the Group.</p> <p>Operational Risk Management tool for proactive identification and mitigation of risks.</p> <p>Expanding and continually upskilling the Risk and Compliance teams.</p> <p>Stronger oversight of third-party service providers, including stricter service level agreements and performance assessments.</p> <p>Sensitising customers on secure mobile banking practices to prevent fraud.</p> <p>Automated fraud monitoring system for real-time detection and prevention of fraud.</p> <p>Periodic BCM tests to ensure continuity of systems and to minimise disruptions.</p>

Principal risk	Key mitigations	Capitals impacted
3.MR Market risk Our assets and investments are exposed to various market risks arising from changes in exchange rates, interest rates and market liquidity. 2024 was characterised by rising inflation, falling currencies and slow economic growth. These were exacerbated by socioeconomic shocks experienced in the region, including drought, Gen Z protests, rising commodity prices and tightened global financial conditions. There was an increase in the central bank rates (CBR) across the region at the beginning of the year, increasing the pressure on commercial borrowing with businesses having to pay more to access credit from banks. Despite the rising interest rate risk in the market, the Group's interest rate exposures were within the Board-approved limit in the period under review. Local currencies across the region depreciated due to high global interest rates and reported dollar shortages with some countries experiencing exchange rate volatility within the year. We continue to monitor the trends and ensure that market changes do not adversely affect the Group's bottom line by maintaining the quality of our loan book and investing in a mix of long-term and short-term securities.	Strict policies and defined trading limits to guide investment and trading. Diversification of investments to avoid concentration risk. Aligning investments with the timing of future obligations. Investment in financial instruments like swaps and forwards to mitigate market fluctuations and secure funding. Research team to analyse market trends and inform strategic decisions. Monitoring political and economic developments to manage risks and ensure compliance. Regular stress testing to assess foreign exchange risk.	 Financial
4.CIR Cyber/ IT risk Cyber/technology insecurity has been recognised as a global risk, with increased cases of ransomware attacks, deep-fakes, system outages and misinformation threatening supply chains and financial stability. We are further impacted by the implementation of our digital transformation strategy, which involves providing technology and digital solutions to improve operational efficiencies and enhance customer experience. DTB has maintained a low risk appetite towards IT risk with the exception of security and confidentiality where we have adopted a zero tolerance towards unauthorised-access usage of systems and breach to confidentiality of data/information.	Established the Security Operation Centre (SOC) with advanced tools for proactive monitoring of cyber threats. Implement AI-powered fraud management solution. Staff and customer awareness campaigns to prevent phishing and social engineering attacks. Business continuity initiatives to enhance cyber and system resilience. Enhanced monitoring of third-party and outsourced services risk. Enhanced IT security, including stronger access controls, device management and regular security assessments. Comprehensive training and skilling of staff.	 Intellectual  Manufactured  Financial  Human

Principal risk	Key mitigations	Capitals impacted
5.SR Strategic risk In 2024, the Group accelerated the execution of its business growth strategy with significant progress across the customer reach, digital transformation and sustainability excellence pillars. As such, we adopted a proactive risk management approach to ensure that we remain vigilant in managing both external and internal risks that could impede the achievement of our strategy.	Assessed potential risks to the Group's business, including governance, operations, competition, finances and reputation, and the effectiveness of mitigation strategies. Culture of continuous innovation to enhance strategic muscle. Robust governance structures, policies and procedures. Regularly checking performance against targets and monitoring key risks like capital adequacy and market position. Benchmarking performance against competitors.	 Financial  Intellectual  Human  Social and relationship
6.LR Liquidity risk Liquidity remains tight in the market driven by fiscal and monetary policy and the economic slowdown. Management continues to monitor the trends in the market to ensure that the Group does not get exposed by over-reliance on interbank short-term sources of funds against long-term investment in assets like loans and securities.	Regular liquidity stress testing to assess resilience and enhance the contingency funding plan. Current and savings deposit mobilisation to reduce reliance on fixed deposits. Daily tracking of liquidity levels for early identification of potential issues. Maintenance of liquid assets to serve as a cushion in case of a possible shortfall. Constant review and monitoring of liquidity risk tolerance limits.	 Social and relationship  Financial
7.CRR Compliance and Regulatory risk Banks today face a proliferation of regulatory requirements, with associated risks and compliance challenges, as they continue to adapt. The regulatory landscape in 2024 featured a more proactive approach by the regulators, evidenced by prudential guidance, enactment of various pieces of legislation and on-site reviews to ensure that financial institutions implement strategies that focus on combating financial crime, environmental, social and governance issues, market transparency, data protection and operational resilience.	Formal compliance framework with comprehensive policies, automated compliance monitoring and regular reviews by the Compliance department. Regular staff training and awareness campaigns to promote a culture of compliance and ethics. Established reporting mechanisms, including anonymous channels and non-retaliation policy. Effective third-party management through due diligence and contracts and agreements. Incident Management and Response Plan to manage compliance incidents. Continuous monitoring of penalties and sanctions by regulatory authorities.	 Social and relationship

Principal risk	Key mitigations	Capitals impacted
8.RR Reputational risk Reputational risk remains a focus for the Group due to the risk of exposure it carries. In Kenya, especially in 2024, there were increased incidents of reputation risk exposures related to cybersecurity and fraud, particularly around social engineering and ransomware attacks. We continue to monitor any such incidents in Kenya as well as other markets.	<p>Timely and effective resolution of customer complaints.</p> <p>Monitoring of customer feedback and sentiments across our communication channels and media.</p> <p>Comprehensive crisis management and response plan to guide incident management.</p> <p>Transparent communication with all stakeholders to maintain trust and confidence.</p> <p>Research team to analyse market trends and inform strategic decisions.</p> <p>Transparent communication with all stakeholders to maintain trust and confidence.</p>	 Social and relationship  Financial  Human
9.ESC ESG/ Climate risk ESG risks are environmental, social and governance related and include the potential impact on the Group's operations and strategy, reputation and financial performance. ESG risks and opportunities are key matters for financial institutions to consider, ensuring sustainability and value creation. Stakeholders increasingly expect financial institutions to integrate sustainability risk management practices within business activities. DTB remains committed to playing a leading role in addressing climate change in ways that are sensitive to the local socio-economic context and climate vulnerability.	<p>All DTB operations have a Sustainability and Citizenship Master Plan with defined ESG policies and procedures.</p> <p>Annual impact assessment and mitigation of climate-related risks on the bank's portfolio.</p> <p>Incorporating ESG criteria in lending decisions to ensure environmentally and socially responsible projects.</p> <p>Developed a framework to manage climate-related risks, including governance, risk assessment, stress testing and reporting.</p> <p>Climate stress testing on climate risk related scenarios.</p> <p>ESG and sustainability training programmes tailored to the Board, management and staff.</p>	 Social and relationship  Natural

Looking ahead

The East Africa region is projected to have significant economic growth in 2025 but faces a complex web of risks that threaten its economic recovery and growth. The funding squeeze persists as the region's governments continue to grapple with financing shortages, high borrowing costs, and escalating sovereign debt burdens that place significant fiscal strain on governments, limiting their capacity for essential public investments.

Climate change continues to disrupt the agricultural sector, a cornerstone of regional economies, and increasing political instability in certain areas further exacerbate these economic vulnerabilities, deterring investment and disrupting trade. Additionally, the region remains vulnerable to global external shocks, including tight global financing conditions, volatile commodity prices and geopolitical risks and policies, which create further uncertainty.

Despite a downward trend in central bank benchmark interest rates, bank lending rates remain high and are not expected to come down rapidly in the near term. Borrowers will have to contend with high debt service costs, which could be further impacted by the slowing down of revenues due to slower economic growth, increasing the credit risk. However, banks will also face increased pressure from central banks to reduce their lending rates to encourage credit uptake in light of recent cuts to the benchmark rates. However, such reductions could squeeze profitability for banks, particularly if the cost of funds does not decrease correspondingly. Fraud activity is also expected to persist within the industry, affected by economic volatility.

DTB has adopted a digital strategy, making the bank susceptible to elevated technology/cyber risk from disruptive technology failures, data breaches, cyber incidents, and dependence on third-party service providers. The risk is exacerbated by a shortage of technical talent, particularly in technology roles, which are critical to supporting key strategic pillars.

The financial sector will continue to face a raft of regulatory and policy changes and manage the associated risks and compliance challenges, with a focus on cybersecurity, data privacy, anti-money laundering and counter-terrorism financing, climate risk and credit risk.

DTB will continue to enhance the risk management framework to identify, assess and mitigate risks across its operations effectively and review its risk appetite and tolerance limits to take on appropriate risk for appropriate reward in line with the bank's strategic objectives and evolving risk landscape. In addition, DTB will further invest in reinforcing its risk culture. This includes empowering all employees to understand and take ownership of risk management and consistently integrating risk management into strategic or operational business decisions.

"Our partnership with DTB has enabled us to employ locals in every place where we plant our micro forests, thus ensuring that these trees are nurtured to maturity and local communities are trained on environmentally sustainable practices."



Daniel Mwero
Founder - Furaha & Baraka Farms

Financial performance highlights

Financial performance highlights

	2024	2023	2022	2021	2020
	Shs '000				
Net interest income	28,391,448	27,574,589	22,887,097	19,992,573	19,307,871
Non-fund-based income	11,750,955	11,435,245	8,622,283	6,194,779	5,834,799
Gross operating income	40,142,403	39,009,834	31,509,380	26,187,352	25,142,670
Net operating profit before provisions	18,610,599	18,604,316	16,236,170	14,138,702	11,705,089
Charge for impairment of loans	(7,425,241)	(9,600,856)	(6,711,237)	(7,513,045)	(7,036,818)
Profit before income tax	11,185,358	9,003,460	9,524,933	6,625,657	4,668,271
Profit after tax and non-controlling interest	7,642,442	6,879,176	6,061,017	3,908,411	3,247,534
Total assets	573,886,914	635,040,842	526,983,269	456,842,717	425,054,034
Advances to customers (net)	285,296,663	308,454,062	253,674,906	220,425,335	208,592,888
Total deposits (customers and banks)	464,359,970	498,404,109	414,241,417	346,246,247	328,135,605
Shareholders' funds	81,778,872	74,888,755	68,962,487	67,294,138	61,970,587
Dividends for the year	1,957,216	1,677,613	1,398,011	838,807	-
Performance ratios					
Earnings per share - basic	27.33	24.60	21.68	13.98	11.61
Earnings per share - diluted	27.33	24.60	21.68	13.98	11.61
Dividend per share - basic	7.00	6.00	5.00	3.00	-
Dividend per share - diluted	7.00	6.00	5.00	3.00	-
Net loans to deposits	61.44%	61.89%	61.24%	63.66%	63.56%
Non-performing loans to total loans (before provisions)	12.34%	13.05%	11.44%	12.29%	10.06%
Return on average assets	1.46%	1.34%	1.38%	1.00%	0.87%
Return on average shareholders' funds	9.76%	9.56%	8.90%	6.05%	5.84%
Non-fund-based income to total income	29.27%	29.31%	27.36%	23.66%	23.20%
Number of branches	158	152	134	129	134
Number of employees	2,886	2,777	2,534	2,156	2,231
Expenditure on property and equipment	2,463,183	3,006,431	679,537	234,099	1,621,240
Other indicators (Bank only)					
Core capital to customer deposits	16.65%	17.32%	21.14%	22.05%	22.85%
Core capital to total risk weighted assets	15.70%	16.30%	19.84%	19.86%	20.75%
Total capital to risk weighted assets	17.27%	16.95%	20.72%	21.15%	22.48%

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Directors and statutory information

Board of Directors

Name	Position	
Linus Gitahi	Chairman	
Shaffiq Dharamshi	Vice Chairman	
Nasim Devji	Group Chief Executive Officer	
Murali Natarajan	Managing Director and Chief Executive Officer, Kenya	Appointed 1 November 2024
Pamella Ager	Non Executive Director	
Guedi Ainache*	Non Executive Director	
Uday Bhasin	Non Executive Director	Appointed 15 July 2024
Moez Jamal**	Non Executive Director	
Alkarim Jiwa	Finance & Strategy Director	
Irfan Keshavjee	Non Executive Director	
Ismail Mawji	Non Executive Director	Resigned 1 November 2024
Sagheer Mufti***	Non Executive Director	
Jeremy Ngunze	Non Executive Director	

*French **Swiss ***Pakistani

Company Secretary

Stephen Kodumbe

Registered Office

DTB Centre
Mombasa Road
P.O. Box 61711 - 00200
NAIROBI



Auditor

KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers
Waiyaki Way
PO Box 40612-00100
NAIROBI



Directors' report

The Directors submit their report together with the audited financial statements for the year ended 31 December 2024 in accordance with section 22 of the Banking Act and the Kenyan Companies Act, 2015 which discloses the state of affairs of consolidated Diamond Trust Bank Kenya Limited (the "Group" or "DTB") and of Diamond Trust Bank Kenya Limited (the "Bank" or "Company").

Incorporation and registered office

The Bank is incorporated in Kenya under the Kenyan Companies Act, 2015 and is domiciled in Kenya. The address of its registered office is as disclosed on page 129.

Principal activities

The Group is engaged in the business of providing banking, insurance agency and other related services to the general public.

Results and dividend

The results of the Group and Bank for the year are set out on page 141 and summarised below.

	Group		Bank	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
Profit before income tax	11,185,358	9,003,460	6,556,307	5,433,590
Income tax expense	(2,365,949)	(1,208,488)	(1,245,820)	(449,249)
Profit for the year	8,819,409	7,794,972	5,310,487	4,984,341
Non controlling interests	(1,176,967)	(915,796)	-	-
Profit attributable to owners of the Bank	7,642,442	6,879,176	5,310,487	4,984,341
Proposed dividends	(1,957,216)	(1,677,613)	(1,957,216)	(1,677,613)
Retained profit for the year	5,685,226	5,201,563	3,353,271	3,306,728

The Directors recommend the approval of a final dividend of Shs 1,957,215,540 (2023: Shs 1,677,613,320).

Equity and reserves

The authorised issued share capital and reserves of the Group and Bank at 31 December 2024 and matters relating thereto are set out in Note 32 to 33 to the financial statements. No additional shares were issued in the year. Full details of the Group and Bank reserves and movements therein during the year are shown on pages 144 to 147 and pages 254 to 255.

Property and equipment

Details of the movements in property and equipment are shown on Note 20 to the financial statements.

Directors

The present membership of the Board is listed on page 129. Mr Ismail Mawji retired on 1 November 2024. Messrs Uday Bhasin and Murali Natarajan were appointed as Directors on the Board on 15 July 2024 and 1 November 2024 respectively. In accordance with articles No. 101 of the Bank's Articles of Association, Mr. Jeremy Ngunze and Mrs Pamella Ager retire by rotation and, being eligible, offer themselves for re-election.

In accordance with articles No. 102 of the Bank's Articles of Association, Mr. Uday Bhasin, this being his first Annual General Meeting following his appointment as Director, retires by rotation and, being eligible, offers himself for re-election.

In accordance with the Board Appointment and Diversity Policy, Mr. Moez Jamal, who will have attained the age of 70 years as at the date of the Annual General Meeting, retires and, being eligible, offers himself for re-election as a Director.

Directors' report (continued)

Business review

Kenya's financial sector continued to demonstrate resilience in 2024 amid various challenges, including global economic uncertainties, domestic fiscal and liquidity pressures and public dissent over proposed tax reforms. The revision of Central Bank Rate (CBR) from the third quarter of 2024 has resulted in lowering of rates as the sector grappled with the uncertainty of rising bad debts and operational cost. Additionally, the strengthening of the Kenyan Shilling against major currencies from March 2024 has adversely impacted the reporting of foreign currency denominated assets and liabilities portfolios.

Despite the headwinds across the region i.e tight liquidity, narrow interest margins and rising operating costs, the bank has adopted an agile and robust strategy execution methodology to deliver positive results. This resulted in, *inter alia* a significant growth in the customer base to 3.1 million up from 1.3 million a year earlier.

The decline in total assets (2024-Shs 574 billion, 2023-Shs 635 billion) has been impacted by foreign currency translation following the strengthening of Kenya shilling in 2024. The Group's significant investment in new tech-driven platforms, partnerships and product revamp across the group is anticipated to anchor growth trajectory in future even as the non digital bank continues to expand.

At Shs 18.6 billion, the 2024 Group operating profit before provisions recorded a modest improvement of 1% over the previous year, a reflection of tight liquidity, constraining credit growth and reduced foreign exchange margins. Going forward, DTB shall continually leverage its expanding branch network and customer base to grow and diversify its revenue base.

DTB strategy

The DTB Business Growth Strategy, first rolled out in 2022, and whose gradual implementation has seen the Group embark on among others; vigorous customer acquisition, branch network expansion, fintechs and other digitally anchored partnerships and sustainability excellence is underpinned on the over-arching objective to be 'socio- economically relevant' in East Africa.

- a. Customer reach across East Africa. DTB remains on course to its 10 million customers by 2026. In 2024, customer base across the Group stood at 3.1 million up from 1.3 million customers in 2023. The aggressive acquisition is driven by the expanding branch network, online and mobile digital channels and products through digital-enabled partnerships and distinctive ecosystems business approach as well as a revamped sales force team.
- b. Digital transformation strategy. The Bank rolled out a comprehensive digital transformation strategy to pivot DTB into a leading digital bank. The tech-driven strategy is underpinned by the acquisition of specialised digital, tech, data & analytics and cyber related competencies, capabilities, technologies and digital partnerships.
- c. Leading practitioner of Sustainability / ESG excellence in East Africa. DTB Sustainability and Citizenship Master Plan was approved in 2023, paving way for its operationalisation following a robust stakeholder engagement process targeting employees, customers, suppliers and partners. The plan is anchored on six key pillars namely: climate action and net zero in own operations, sustainable financing, responsible supply chain, employee well-being and development, partnerships, and citizenship. To drive thought leadership, the Bank is working with leading practitioners in the development finance and sustainability area to design innovative, high impact programmes with a tangible and demonstrable effect on the key stakeholders, including customers, partners, vendors etc.

Principal risks and uncertainties

The Bank's activities expose it to a variety of financial risks including credit, liquidity, and market risks. The Bank's overall risk management policies are set out by the Board and implemented by management. These policies involve analysis, evaluation, acceptance and management of some degree of risk or a combination of risks. These risk management objectives and policies are outlined in detail in Note 4, from pages 175 to 228.

As the Bank continues to scale up its operations, it ensures that the resultant commercial and operational risks are mitigated through the enforcement of appropriate policies and procedures governing various aspects of its commercial activities and operations.

Sustainability and citizenship

As a responsible corporate citizen, Diamond Trust Bank Kenya Limited (DTB) seeks to undertake initiatives which benefit the communities and environment it operates in. The sustainability report under pages 54 to 60 details the activities the Group has undertaken in the year.

Directors' report (continued)

Relevant audit information

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

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

Substantial shareholding

The Directors are aware of the following interests which amount to 5% or more of the issued share capital of the Bank:

	2024	2023
	Shareholding %	
Aga Khan Fund For Economic Development S.A.	16.50%	16.50%
Habib Bank Limited	16.15%	16.15%
The Jubilee Life Insurance Limited	6.55%	6.55%
	39.20%	39.20%

Directors' interests

Directors' interest in the shares of the Bank were as follows:

	2024		2023	
	No of shares	Shareholding %	No of shares	Shareholding %
Nasim Devji	263,022	0.1%	263,022	0.1%
Irfan Keshavjee	1,143	0.0%	1,143	0.0%
Alkarim Jiwa	474,000	0.2%	76,260	0.0%

Terms of appointment of the auditor

The Bank's auditor, KPMG Kenya, express its willingness to continue in office in accordance with the Kenyan Companies Act, 2015 and the Banking Act.

The Directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

Approval of the financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 25 March 2025.

By order of the Board



Stephen Kodumbe
Company Secretary
25 March 2025
Nairobi

Directors' remuneration report

This Directors' remuneration report sets out the remuneration arrangements for Diamond Trust Bank Kenya Limited Directors for the year ended 31 December 2024.

Information not subject to audit

Information not subject to audit comprise the following with respect to directors:

- Policy on Directors' remuneration
- Contract of service
- Statement of voting at general meeting on Directors' remuneration
- Any substantial changes to Directors' remuneration during the year.

Details of Directors

The remuneration report details the remuneration arrangements for Directors who served during the year. The executive and non-executive Directors listed below are collectively referred to as Directors.

Name	Position
Linus Gitahi	Chairman, Non-executive Director
Shaffiq Dharamshi	Vice Chairman, Non-executive Director
Nasim Devji	Group Chief Executive Officer
Murali Natarajan *	Managing Director and Chief Executive Officer, Kenya
Pamella Ager	Non-executive Director
Guedi Ainache	Non-executive Director
Uday Bhasin **	Non-executive Director
Moez Jamal	Non-executive Director
Alkarim Jiwa	Finance & Strategy Director
Irfan Keshavjee	Non-executive Director
Ismail Mawji ***	Non-executive Director
Sagheer Mufti	Non-executive Director
Jeremy Ngunze	Non-executive Director

* Appointed on 1 November 2024

** Appointed on 15 July 2024

*** Resigned on 1 November 2024

Remuneration policy for the Non-Executive Chairman and Non-Executive Directors

The remuneration of the Non-Executive Chairman and Non-Executive Directors is approved by the shareholders at the Annual General Meeting. These Board members receive annual fees and allowances for attending meetings. Non-executive Directors are not entitled to any performance related pay or pension.

The Non-executive Chairman and Non-executive directors do not have service contracts. The initial appointments and any subsequent reappointments by rotation are subject to annual election and re-election by shareholders.

Fees are paid in cash, net of applicable income tax and other statutory deductions. The amount of fees reflects the attached responsibility and time commitment. Additional fees are paid for further responsibilities such as chairing committees and sitting on appointed board committees.

Directors' remuneration report (continued)

Executive Directors remuneration policy

The remuneration of Executive Directors including, but not limited to, the related contract terms and monthly pay are set by the Board Nomination and Human Resource Committee. The salary for the Executive Directors is set at a level which is considered appropriate to attract individuals with the necessary experience and ability to oversee the business. The salary is paid in cash, net of applicable income tax and other statutory deductions. This is subject to annual review. Judgement is used but consideration is given to a number of internal and external factors including responsibilities, market positioning, inflation and company performance. Other benefits provided include medical cover and other non-cash benefits such as group life cover, motor vehicle and telephone benefits. Travel and other reasonable expenses incurred in the course of performing their duties are reimbursed. These ensure the package is competitive.

Changes to remuneration for non-executive Directors

The increase in director's emoluments in the year reflects a review of the Directors fees and allowances to align their remuneration package with market levels.

Statement of voting at the general meeting on Directors' remuneration

In the last AGM held on 21 June 2024, the shareholders unanimously passed a resolution to approve the Directors' remuneration report and the Directors' remuneration policy.

Information subject to audit (auditable part)

Information subject to audit comprise of the amounts of each Directors' emolument and compensation in the relevant years. The Group has paid all emoluments due-there are no unpaid amounts due to Directors.

Directors' remuneration paid during the year

Non -executive Directors

Name	2024			2023		
	Fees	Sitting Allowance	Total	Fees	Sitting Allowance	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Linus Gitahi*	8,275	4,572	12,847	5,362	2,250	7,612
Shaffiq Dharamshi	Waived	Waived	Waived	Waived	Waived	Waived
Pamella Ager	2,670	2,140	4,810	1,440	1,830	3,270
Guedi Ainache	3,120	2,200	5,320	1,440	1,320	2,760
Uday Bhasin**	3,126	4,876	8,002	-	-	-
Moez Jamal	2,520	960	3,480	1,440	780	2,220
Irfan Keshavjee	2,520	2,400	4,920	1,440	1,860	3,300
Ismail Mawji***	2,040	1,480	3,520	1,440	1,500	2,940
Sagheer Mufti	3,120	1,840	4,960	1,440	1,845	3,285
Jeremy Ngunze	3,120	2,700	5,820	1,440	2,250	3,690
Jamaludin Shamji****	-	-	-	1,440	1,380	2,820
	30,511	23,168	53,679	16,882	15,015	31,897

* The remuneration disclosed above includes fees earned by Linus Gitahi in Diamond Trust Bank Tanzania PLC.

** Appointed on 15 July 2024. The remuneration disclosed above includes fees earned by Uday Bhasin in Diamond Trust Bank Tanzania PLC.

*** Resigned on 1 November 2024

**** Resigned on 14 December 2023

Directors' remuneration report (continued)

Contract of service – Executive Directors

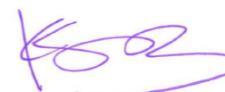
	Gross Pay	Bonus	Retirement benefits	Non Cash Benefits	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
2024					
Nasim Devji	61,109	-	25	1,831	62,965
Murali Natarajan	15,243	-	-	659	15,902
Alkarim Jiwa	58,254	-	4,951	1,438	64,643
	134,606	-	4,976	3,928	143,510
2023					
Nasim Devji	61,109	-	12	4,636	65,757
Alkarim Jiwa	54,560	-	4,627	1,336	60,523
	115,669	-	4,639	5,972	126,280

Approval of the Directors' Remuneration report

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

By order of the Board

Stephen Kodumbe



Company Secretary

25 March 2025

Nairobi

Statement of Directors' responsibilities

The Directors are responsible for the preparation and presentation of the consolidated and separate financial statements of Diamond Trust Bank Kenya Limited set out on pages 141 to 265 which comprise the Group and Bank statements of financial position as at 31 December 2024, and the Group and Bank statements of profit or loss, Group and Bank statements of other comprehensive income, the Group and Bank statements of changes in equity and the Group and Bank statements of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information and the information identified as subject to audit in the Directors' Remuneration Report.

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

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

The Directors accept responsibility for the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS® Accounting Standards and in the manner required by the Kenyan Companies Act, 2015. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Group and the Bank and of the Group's and Bank's profit or loss.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Approval of the financial statements

The financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on 25 March 2025.

Linus Gitahi
Chairman

25 March 2025

Murali Natarajan
Managing Director and Chief Executive Officer, Kenya

Independent auditor's report to the members of Diamond 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 Diamond Trust Bank Kenya Limited (the "Group" and the "Bank") set out on pages 141 to 265, which comprise the group and bank statements of financial position as at 31 December 2024, and the group and bank statements of profit or loss, the group and bank statements of other comprehensive income, the group and bank statements of changes in equity and the group and bank statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policies.

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

Basis for opinion

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

Key Audit matters

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

Provisions for impairment of loans and advances to customers in the consolidated and separate financial statements

The disclosure associated with the loss allowances on loans and advances to customers is set out in the consolidated and separate financial statements in the following notes:

- Note 2 (i) – Financial instruments: Impairments of financial assets, measurement of ECL and significant increase in credit risk (SICR)
- Note 3 (b) (ii) – Assumptions and estimation uncertainties, determination of significant increase in credit risk (SICR)
- Note 4 (a) – Financial risk management, credit risk management
- Note 17 – Loans and advances to customers

**Independent auditor's report to the members of Diamond Trust Bank Kenya Limited
(continued)****Report on the audit of the consolidated and separate financial statements (continued)****Key audit matters (continued)****Provisions for impairment of loans and advances to customers in the consolidated and separate financial statements (continued)**

The key audit matter	How the matter was addressed
<p>The measurement of loss allowances for expected credit losses (ECL) on loans and advances to customers, involves significant judgement and estimates. The key areas where we identified greater levels of management judgement in the Group's and Bank's loss allowance assessment and therefore increased levels of audit focus are the following:</p> <ul style="list-style-type: none"> Model estimations. Inherently judgemental modelling is used to estimate the ECL which involves determining the probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD"). The PD model is a key driver of complexity in the Group's and Bank's loss allowance modelling approach. Significant increase in credit risk ("SICR") – the criteria selected to identify a significant increase in credit risk is a key area of judgement within the Group's and Bank's loss allowance calculation as these criteria determine whether a 12-month or lifetime credit loss is recorded. The criteria include considering qualitative factors such as days past due and quantitative factors such as negative operating cashflows and breaches of loan agreements. Macroeconomic scenarios – IFRS 9, Financial Instruments ("IFRS 9") requires the Group and Bank to measure loss allowance on an unbiased forward-looking basis reflecting a range of future economic conditions. Management judgement is applied in determining the forward-looking information in the economic scenarios used as input to calculate the loss allowance and the probability weightings applied in estimating the loss allowance, especially when considering prevailing economic/market conditions. 	<p>Our procedures in this area included:</p> <ul style="list-style-type: none"> Obtaining an understanding of the credit management processes and the key systems, applications and controls used in the determination of the loss allowance and assessing the relevant general IT and applications controls. This included assessing the design and implementation and operating effectiveness of the key controls over the ECL process. Selecting a sample of outstanding loans from the Group's and Bank's loan book and evaluating whether significant facilities are correctly staged based on IFRS 9 principles as well as regulatory considerations. Challenging the accuracy of the key inputs and assumptions into the ECL models. This was performed by: <ul style="list-style-type: none"> Selecting a sample of outstanding loans from the Group's and Bank's loan book and evaluating whether significant facilities are correctly staged based on IFRS 9 principles as well as regulatory considerations. For a sample of key data inputs and assumptions applied in the determination of the loss allowance, assessing the accuracy of economic forecasts and challenging PD assumptions applied by involving our internal specialists in the reperformance of the economic forecasts and PDs. Evaluating the appropriateness of the Group's and Bank's assessment of SICR criteria used by assessing qualitative factors such as days past due by re-aging sampled loans and quantitative factors such as negative operating cashflows, breaches of loan agreements by inspection of historical performance of facilities and comparing with management's evaluation of the classification of the loans and advances into stages 1, 2, and 3. Evaluating management's basis for establishing the loss allowances in terms of the Group's and Bank's policies and in terms of the requirements of IFRS 9. This included challenging the reasonability of management's assumptions on cashflow projections and the recovery periods for collateral for a sample of the facilities by comparing the assumptions with historical realisation experience. <p>Making use of our internal financial risk modelling specialists to:</p> <ul style="list-style-type: none"> Assess the appropriateness of the Group's and Bank's methodology for determining the economic scenarios used in the forward-looking information and the probability weightings applied to the base, best and worst cases economic scenarios. Assess the key economic indicators used in the determination of the loss allowance such as GDP, foreign exchange rates, total expenditure, total revenues and money supply. This included agreeing a sample of these economic indicators to external sources, as well as the overall reasonableness of the economic forecasts by comparing the Group's and Banks' forecasts to reputable, external sources of macroeconomic forecasts
<p>Disclosures related to credit risk</p> <ul style="list-style-type: none"> Credit risk disclosures are significant as they rely on material data inputs and disclose management's judgement applied, estimates and assumptions used in determining the ECL, including management adjustments and sensitivity analyses. Due to the extensive nature of these disclosures which are non-routine and very specific to the economic conditions, this required significant audit effort. 	<p>Assessing the adequacy of the disclosures related to the loss allowances on loans and advances to customers in the financial statements in accordance with IFRS 7, Financial instruments disclosures.</p>

**Independent auditor's report to the members of Diamond Trust Bank Kenya Limited
(continued)****Report on the audit of the consolidated and separate financial statements (continued)****Other information**

The directors are responsible for the other information. The other information comprises the information included in the 2024 Integrated Report and financial statements but does not include the consolidated and separate financial statements, and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 the Bank or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

Independent auditor's report to the members of Diamond Trust Bank Kenya Limited (continued)

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

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

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

We communicate with 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.

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

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

Report on other legal and regulatory requirements

As required by the Kenyan Companies Act, 2015, we report to you, solely based on our audit of the consolidated and separate financial statements, that in our opinion:

- The information given in the report of the directors on pages 130 to 132 is consistent with the consolidated and separate financial statements; and
- The auditable part of the directors' remuneration report on pages 134 to 135 has been prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Jacob Gathecha - P/1610.



for and behalf of;

KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers
Waiyaki Way
P.O Box 40612-00100
NAIROBI
25 March 2025

Group and Bank statements of profit or loss

For the year ended 31 December 2024

	Note	Group		Bank	
		2024	2023	2024	2023
		Shs '000	Shs '000	Shs '000	Shs '000
Interest income calculated using effective interest method	5	59,695,347	53,311,533	40,936,903	34,884,715
Interest expense	6	(31,303,899)	(25,736,944)	(23,880,558)	(18,419,398)
Net interest income		28,391,448	27,574,589	17,056,345	16,465,317
Fee and commission income	7 a)	6,436,798	5,139,972	3,934,513	2,873,324
Fee and commission expense		(128,116)	(100,917)	(119,361)	(86,956)
Net fee and commission income		6,308,682	5,039,055	3,815,152	2,786,368
Foreign exchange income		4,747,371	5,586,977	2,965,189	3,970,312
Other operating income	7 b)	694,902	809,213	346,902	355,451
Operating income		40,142,403	39,009,834	24,183,588	23,577,448
Operating expenses	8	(21,447,069)	(20,548,717)	(11,681,353)	(10,639,807)
Net impairment charge on loans and advances	17	(7,425,241)	(9,600,856)	(5,963,153)	(7,768,646)
Profit from operations		11,270,093	8,860,261	6,539,082	5,168,995
Share of results of associate after tax	26(b)	14,837	30,010	-	-
(Loss)/gain on modification of loans	4 (a)	(99,572)	113,189	17,225	264,595
Profit before income tax		11,185,358	9,003,460	6,556,307	5,433,590
Income tax expense	10	(2,365,949)	(1,208,488)	(1,245,820)	(449,249)
Profit for the year		8,819,409	7,794,972	5,310,487	4,984,341
Profit attributable to					
Owners of the Bank		7,642,442	6,879,176	5,310,487	4,984,341
Non controlling interests	26(e)	1,176,967	915,796	-	-
		8,819,409	7,794,972	5,310,487	4,984,341
Earnings per share (Shs per share)					
Basic and diluted	11	27.33	24.60		

The notes on pages 149 to 265 are an integral part of these financial statements

Group and Bank statements of other comprehensive income

For the year ended 31 December 2024

		Group		Bank	
		2024	2023	2024	2023
		Note	Shs '000	Shs '000	Shs '000
Profit for the year		8,819,409	7,794,972	5,310,487	4,984,341
Other comprehensive income					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Exchange differences on translating foreign operations		(6,259,900)	5,321,483	-	-
Net gain/(loss) from changes in fair value of government securities		4,756,204	(2,929,702)	5,211,585	(3,170,632)
Income tax relating to the fair value of government securities		367,038	(98,920)	-	-
Other comprehensive income for the year, net of tax		(1,136,658)	2,292,861	5,211,585	(3,170,632)
Total comprehensive income for the year		7,682,751	10,087,833	10,522,072	1,813,709
Total comprehensive income attributable to:					
Owners of the Bank		8,567,730	7,324,279	10,522,072	1,813,709
Non controlling interests	26(e)	(884,979)	2,763,554	-	-
		7,682,751	10,087,833	10,522,072	1,813,709

The notes on pages 149 to 265 are an integral part of these financial statements

Group and Bank statements of financial position

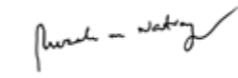
As at 31 December 2024

		Note	Group		Bank	
			2024	2023	2024	2023
Assets						
Cash and balances with Central Banks		14	45,959,773	50,233,669	14,962,662	19,679,004
Government securities		15	173,897,190	201,650,174	126,766,961	120,103,924
Deposits and balances due from banking institutions		16	30,812,392	36,323,394	12,446,574	21,832,443
Loans and advances to customers		17	285,296,663	308,454,062	197,492,660	208,074,672
Derivative assets	35 (b)		506,159	74,362	484,569	72,042
Assets held for sale	24		681,008	-	681,008	-
Other assets	18		3,815,969	4,169,038	1,752,816	2,435,944
Current tax asset	10(c)		2,102,887	2,454,786	2,080,447	2,445,450
Intangible assets - software costs	19		2,219,031	1,468,008	1,481,610	885,353
Property and equipment	20		6,836,490	7,434,515	4,432,049	4,384,971
Intangible assets - goodwill	21		173,372	173,372	-	-
Right of use asset	22		4,762,433	5,823,533	3,186,707	3,633,253
Deferred tax asset	23		16,696,672	16,634,128	9,566,085	10,265,873
Equity investment - at fair value through other comprehensive income (FVOCI)	25		50,000	55,550	50,000	50,000
Investments in subsidiaries	26		-	-	5,752,701	5,752,701
Investments in associates	26		76,875	92,251	1	1
Total assets			573,886,914	635,040,842	381,136,850	399,615,631
Liabilities						
Balances due to Central Banks		27	-	13,026,047	-	13,026,047
Deposits from customers		28	447,216,813	486,090,594	294,072,059	296,727,294
Deposits and balances from banking institutions		29	17,143,157	12,313,515	11,096,569	2,745,794
Derivative liabilities	35 (b)		108,768	436,649	108,768	435,408
Other liabilities	30		8,123,864	7,377,154	3,670,735	3,716,058
Current tax liabilities	10(c)		510,468	370,637	-	-
Borrowings	31		3,667,451	23,980,814	3,366,172	23,268,936
Lease liabilities	22		4,759,731	5,093,908	3,285,308	3,003,314
Total liabilities			481,530,252	548,689,318	315,599,611	342,922,851
Shareholders' equity						
Share capital		32	1,118,409	1,118,409	1,118,409	1,118,409
Share premium		32	9,006,569	9,006,569	9,006,569	9,006,569
Retained earnings	33 (c)		64,017,345	64,370,411	49,438,206	51,864,184
Statutory credit loss reserve	33 (d)		6,318,592	258,083	5,805,096	-
Other reserves	33		(639,259)	(1,542,330)	(1,788,257)	(6,973,995)
Proposed dividend	12		1,957,216	1,677,613	1,957,216	1,677,613
Equity attributable to owners of the Bank			81,778,872	74,888,755	65,537,239	56,692,780
Non controlling interests	26(c)		10,577,790	11,462,769	-	-
Total equity			92,356,662	86,351,524	65,537,239	56,692,780
Total liabilities and equity			573,886,914	635,040,842	381,136,850	399,615,631

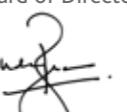
The financial statements on pages 141 to 265 approved and authorised for issue by the Board of Directors on 25 March 2025 and signed on its behalf by:



Linus Gitahi
Chairman



Murali Natarajan
Managing Director and Chief Executive Officer, Kenya



Uday Bhasin
Director



Stephen Kodumbe
Company Secretary



Group statement of changes in equity

For the year ended 31 December 2024

		Share Capital	Share premium	Statutory credit loss reserve	Other reserves	Retained earnings	Proposed Dividends	Attributable to equity holders of the Bank	Non controlling interests	Total
	Note	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
At 1 January 2024		1,118,409	9,006,569	258,083	(1,542,330)	64,370,411	1,677,613	74,888,755	11,462,769	86,351,524
Profit for the year		-	-	-	-	7,642,442	-	7,642,442	1,176,967	8,819,409
Other comprehensive income		-	-	-	925,288	-	-	925,288	(2,061,946)	(1,136,658)
Transfer of excess depreciation		-	-	-	(38,392)	38,392	-	-	-	-
Deferred tax on transfer of excess depreciation		-	-	-	6,956	(6,956)	-	-	-	-
Statutory credit loss reserve	(i)	-	-	6,060,509	-	(6,060,509)	-	-	-	-
Legal and public investment reserve	(ii)	-	-	-	9,219	(9,219)	-	-	-	-
Total comprehensive income		-	-	6,060,509	903,071	1,604,150	-	8,567,730	(884,979)	7,682,751

Transactions with owners in their capacity as owners:

Dividends:

- Final for 2023 paid		-	-	-	-	-	(1,677,613)	(1,677,613)	-	(1,677,613)
- Proposed for 2024	12	-	-	-	-	-	(1,957,216)	1,957,216	-	-
Total transactions with owners, recognised directly in equity		-	-	-	-	(1,957,216)	279,603	(1,677,613)	-	(1,677,613)
At the end of the year		1,118,409	9,006,569	6,318,592	(639,259)	64,017,345	1,957,216	81,778,872	10,577,790	92,356,662

- Where impairment losses required by prudential guidelines issued by the banking regulators exceed those computed under the IFRS® Accounting Standards, the excess is recognised as a statutory reserve and accounted for as an appropriation from revenue reserves.
- The prudential guidelines in Burundi require banks to set aside 5% of their previous year's retained earnings in a reserve that is not distributable to shareholders (legal reserve). Further the law requires all Financial Institutions to set aside a reserve equivalent to 30% of the Bank's profit after tax as investment reserve intended to finance the public infrastructure of large scale after ten years.

The notes on pages 149 to 265 are an integral part of these financial statements



Group statement of changes in equity

For the year ended 31 December 2023

		Share Capital	Share premium	Statutory credit loss reserve	Other reserves	Retained earnings	Proposed Dividends	Attributable to equity holders of the Bank	Non controlling interests	Total
	Note	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
At 1 January 2023		1,118,409	9,006,569	542,996	(2,004,468)	58,900,970	1,398,011	68,962,487	8,699,215	77,661,702
Profit for the year		-	-	-	-	6,879,176	-	6,879,176	915,796	7,794,972
Other comprehensive income		-	-	-	445,103	-	-	445,103	1,847,758	2,292,861
Transfer of excess depreciation		-	-	-	(40,242)	40,242	-	-	-	-
Deferred tax on transfer of excess depreciation		-	-	-	7,511	(7,511)	-	-	-	-
Statutory credit loss reserve	(i)	-	-	(284,913)	-	284,913	-	-	-	-
Legal and public investment reserve	(ii)	-	-	-	49,766	(49,766)	-	-	-	-
Total comprehensive income		-	-	(284,913)	462,138	7,147,054	-	7,324,279	2,763,554	10,087,833

Transactions with owners in their capacity as owners:

Dividends:

- Final for 2022 paid		-	-	-	-	-	(1,398,011)	(1,398,011)	-	(1,398,011)
- Proposed for 2023	12	-	-	-	-	-	(1,677,613)	1,677,613	-	-
Total transactions with owners, recognised directly in equity		-	-	-	-	-	(1,677,613)	279,602	(1,398,011)	-
At end of year		1,118,409	9,006,569	258,083	(1,542,330)	64,370,411	1,677,613	74,888,755	11,462,769	86,351,524

- Where impairment losses required by prudential guidelines issued by the banking regulators exceed those computed under the IFRS® Accounting Standards, the excess is recognised as a statutory reserve and accounted for as an appropriation from revenue reserves.
- The prudential guidelines in Burundi require banks to set aside 5% of their previous year's retained earnings in a reserve that is not distributable to shareholders (legal reserve). Further the law requires all Financial Institutions to set aside a reserve equivalent to 30% of the Bank's profit after tax as investment reserve intended to finance the public infrastructure of large scale after ten years.

The notes on pages 149 to 265 are an integral part of these financial statements



Bank statement of changes in equity

For the year ended 31 December 2024

		Share capital	Share premium	Statutory credit loss reserve	Other reserves	Retained earnings	Proposed dividend	Total
	Note	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
At 1 January 2024		1,118,409	9,006,569	-	(6,973,995)	51,864,184	1,677,613	56,692,780
Profit for the year		-	-	-	-	5,310,487	-	5,310,487
Net gain from changes in fair value of government securities		-	-	-	5,211,585	-	-	5,211,585
Transfer of excess depreciation		-	-	-	(30,408)	30,408	-	-
Deferred tax on transfer of excess depreciation		-	-	-	4,561	(4,561)	-	-
Statutory credit loss reserve	(i)	-	-	5,805,096	-	(5,805,096)	-	-
Total comprehensive income		-	-	5,805,096	5,185,738	(468,762)	-	10,522,072
Transactions with owners in their capacity as owners:								
Dividends:								
- Final for 2023 paid	12	-	-	-	-	-	(1,677,613)	(1,677,613)
- Proposed for 2024	12	-	-	-	-	(1,957,216)	1,957,216	-
Total transactions with owners, recognised directly in equity		-	-	-	-	(1,957,216)	279,603	(1,677,613)
At end of year		1,118,409	9,006,569	5,805,096	(1,788,257)	49,438,206	1,957,216	65,537,239

i. Where impairment losses required by prudential guidelines issued by the banking regulators exceed those computed under the IFRS® Accounting Standards, the excess is recognised as a statutory reserve and accounted for as an appropriation from revenue reserves.

on pages 149 to 265 are an integral part of these financial statements



Bank statement of changes in equity

For the year ended 31 December 2023

		Share Capital	Share premium	Other reserves	Retained earnings	Proposed Dividends	Total
	Note	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
At 1 January 2023		1,118,409	9,006,569	(3,777,516)	48,531,609	1,398,011	56,277,082
Profit for the year		-	-	-	4,984,341	-	4,984,341
Net loss from changes in fair value of government securities		-	-	(3,170,632)	-	-	(3,170,632)
Transfer of excess depreciation		-	-	(30,408)	30,408	-	-
Deferred tax on transfer of excess depreciation		-	-	4,561	(4,561)	-	-
Total comprehensive income		-	-	(3,196,479)	5,010,188	-	1,813,709

Transactions with owners in their capacity as owners:

Dividends:

- Final for 2022 paid		-	-	-	-	(1,398,011)	(1,398,011)
- Proposed for 2023	12	-	-	-	(1,677,613)	1,677,613	-
Total transactions with owners, recognised directly in equity		-	-	-	(1,677,613)	279,602	(1,398,011)
At end of year		1,118,409	9,006,569	(6,973,995)	51,864,184	1,677,613	56,692,780

The notes on pages 149 to 265 are an integral part of these financial statements

Group and Bank statements of cash flows

For the year ended 31 December 2024

		Group		Bank	
	Note	2024	2023	2024	2023
		Shs '000	Shs '000	Shs '000	Shs '000
Cash generated from operating activities					
Cash (used in)/generated from operating activities	34	(9,416,116)	22,267,721	(4,278,877)	18,939,864
Interest received		59,391,712	53,048,130	39,550,055	35,207,116
Interest paid on customer and bank deposits		(28,202,306)	(21,917,275)	(20,579,653)	(15,738,819)
Interest paid on borrowings		(1,711,502)	(1,865,625)	(1,662,922)	(1,571,915)
Payments for interest portions of the lease liabilities	22	(520,812)	(513,611)	(364,302)	(337,272)
Income taxes paid	10(c)	(2,535,906)	(6,980,652)	(181,029)	(4,816,942)
Net cash generated from operating activities		17,005,070	44,038,688	12,483,272	31,682,032
Cash flows used in investing activities					
Purchase of property and equipment	20	(1,185,348)	(2,201,837)	(658,883)	(1,145,938)
Purchase of intangible assets - software costs	19	(1,277,835)	(804,594)	(896,370)	(657,735)
Proceeds from sale of investment in Government securities		7,318	193,828	7,318	3,617
Proceeds from sale of property and equipment		17,101	36,242	6,675	30,927
Dividend received	7	-	-	180,000	180,000
Net cash used in investing activities		(2,438,764)	(2,776,361)	(1,361,260)	(1,589,129)
Cash flows used in financing activities					
Proceeds from borrowings		-	9,966	-	-
Payment of principal portion of borrowings		(16,036,683)	(6,841,457)	(15,752,010)	(6,774,971)
Payments for principal portions of the lease liabilities		(441,203)	(489,951)	(87,204)	(77,984)
Dividends paid to equity holders of the bank	12	(1,677,613)	(1,398,011)	(1,677,613)	(1,398,011)
Net cash used in financing activities		(18,155,499)	(8,719,453)	(17,516,827)	(8,250,966)
Net (decrease)/ increase in cash and cash equivalents		(3,589,193)	32,542,874	(6,394,815)	21,841,937
Cash and cash equivalents at start of year		43,279,118	9,267,831	13,352,421	(8,489,516)
Effect of exchange rate fluctuations on cash and cash equivalents		(771,170)	1,468,413	-	-
		42,507,948	10,736,244	13,352,421	(8,489,516)
Cash and cash equivalents at end of year	37	38,918,755	43,279,118	6,957,606	13,352,421

The notes on pages 149 to 265 are an integral part of these financial statements

Notes

1. General information

Diamond Trust Bank Kenya Limited (the "Company"/"Bank") and its subsidiaries (together the "Group") provide banking and other related services to the general public. The Company is incorporated in Kenya under the Kenyan Companies Act, 2015 and is domiciled in Kenya. The address of its registered office is as disclosed on page 129. The shares of the Company are listed on the Nairobi Securities Exchange. Diamond Trust Bank Kenya Limited and its subsidiaries operate in Kenya, Tanzania, Uganda and Burundi through the subsidiaries Diamond Trust Bancassurance Intermediary Limited, Diamond Trust Bank Tanzania PLC, Diamond Trust Bank Uganda Limited and Diamond Trust Bank Burundi S.A. respectively.

2. Material accounting policies

The material 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.

Certain comparative amounts in the statement of cashflows have been reclassified to reflect a more appropriate classification (see note 2 w).

For Kenyan Companies Act, 2015 reporting purposes, the balance sheet is represented by the statement of financial position, and the profit and loss account by the statement of profit or loss in these financial statements. There are no other discrepancies between the requirements of Kenyan Companies Act, 2015 and the IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards).

a. Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with IFRS® Accounting Standards and in the manner required by the Kenyan Companies Act, 2015. The financial statements are presented in Kenya Shillings (Shs), rounded to the nearest thousand. These financial statements are prepared on a going concern basis.

Basis of measurement

The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into three levels of fair value hierarchy based on the degree to which the inputs to the measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 – fair value measurements are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – fair value measurements are derived from inputs other than quoted prices used in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – fair values measurements are derived from valuation techniques that include inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group and Bank at the end of the reporting period during which the change occurred.

Use of estimates

The preparation of financial statements in conformity with IFRS® Accounting Standards requires the use of certain critical accounting estimates. It also requires the Board to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are material to the financial statements, are disclosed in Note 3.

Notes (continued)

2. Material accounting policies (continued)

a. Basis of preparation (continued)

Changes in accounting policy and disclosures

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

In the current year, the Group has applied a number of amendments to IFRS® Accounting Standards that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New amendments or interpretation	Effective for annual periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants - Classification of liabilities as current or non current	1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

Amendments to IAS 1 Presentation of Financial Statements

- The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.
- The International Accounting Standards Board (IASB) has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.
- Similar to existing requirements in IAS 1, the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early.
- The amendments also clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt. When a liability includes a counterparty conversion option that involves a transfer of the company's own equity instruments, the conversion option is recognised as either equity or a liability separately from the host liability under IAS 32 Financial Instruments: Presentation. The IASB has now clarified that when a company classifies the host liability as current or non-current, it can ignore only those conversion options that are recognised as equity.

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

Notes (continued)

2. Material accounting policies (continued)

a. Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

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

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information.

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

The Group has not applied any new or revised standards and interpretations that have been published but are not yet effective for the year ended 31 December 2024, and the directors do not plan to apply any of them until they become effective. The new and revised standards and interpretations have been listed below with their effective dates including reasonably estimable information relevant to assessing the possible impact that application of them will have on the Group's financial statements in the period of initial application.

Standard/ Interpretation	Effective date
Lack of Exchangeability – Amendments 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 – Amendments to: • IFRS 1 First-time Adoption of International Financial Reporting Standards; • IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; • IFRS 9 Financial Instruments; • IFRS 10 Consolidated Financial Statements; and • IAS 7 Statement of Cash flows	1 January 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.	Available for optional adoption/effective date deferred indefinitely

Notes (continued)

2. Material accounting policies (continued)

a. Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

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

Apart from IFRS 18, all the new standards, amendments and interpretations are not expected to have a material impact on the group financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027.

The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss: namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.
- In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.
- The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

b. Consolidation

Subsidiaries are all 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 consolidated financial statements comprise the financial statements of Diamond Trust Bank Kenya Limited and its subsidiaries, Diamond Trust Bank Tanzania PLC, Diamond Trust Bank Uganda Limited, Diamond Trust Bank Burundi S.A, Diamond Trust Bancassurance Intermediary Limited and Premier Savings and Finance Limited, made up to 31 December 2024.

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.

All inter-company transactions, balances and unrealised surpluses and deficits on transactions between the Group companies are eliminated. The accounting policies for the subsidiaries are consistent with the policies adopted by the Bank.

Investment in associates

Associates are undertakings in which the Group has between 20% and 50% of the voting rights, and over which the Group exercises significant influence, but which it does not control. Impairment losses are recorded in the profit or loss.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost in the consolidated and separate financial statements. Equity accounting involves recognising in the statement of profit or loss the Group's share of the associates' profit or loss for the year. The Group's interest in the associates is carried in the statement of financial position at an amount that reflects its share of the net assets of the associates and includes goodwill at acquisition.

Notes (continued)

2. Material accounting policies (continued)

b. Consolidation (continued)

Investment in associates (continued)

Associates are undertakings in which the Group has between 20% and 50% of the voting rights, and over which the Group exercises significant influence, but which it does not control. Impairment losses are recorded in the profit or loss.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost in the consolidated and separate financial statements. Equity accounting involves recognising in the statement of profit or loss the Group's share of the associates' profit or loss for the year. The Group's interest in the associates is carried in the statement of financial position at an amount that reflects its share of the net assets of the associates and includes goodwill at acquisition.

Investment in subsidiaries

Investments in the subsidiaries (details of which are disclosed in Note 26) are stated in the Bank's statement of financial position at cost less provision for impairment loss where applicable. Where there has been impairment in the value of an investment, the loss is recognised as an expense in the period in which the impairment is identified.

Loss of control

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

c. Foreign currency translation

• 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 Bank's functional and groups presentation currency.

• Transactions and balances

Foreign currency transactions are transactions denominated or that require settlement, in a foreign currency. These are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

• 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:

- For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Kenya Shillings using exchange rates prevailing at the end of the reporting period. Income and expenses for each statement of profit or loss 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).

- On consolidation, exchange differences arising from the translation of the net investment in foreign entities are reported as 'exchange differences on translation of foreign operations' and are recognised as other comprehensive income and accumulated in the translation reserve in shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the statement of profit or loss as part of the gain or loss on sale.

Notes (continued)

2. Material accounting policies (continued)

d. Interest income and expense

Effective interest rate

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

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

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

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

Calculation of interest income and expense

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

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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

For information on when financial assets are credit-impaired, see Note 2 (i).

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income (OCI) includes:

- interest on financial assets and financial liabilities measured at amortised cost
- interest on debt instruments measured at fair value through other comprehensive income (FVOCI)
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

Interest expense presented in the statement of profit or loss and OCI includes:

- financial liabilities measured at amortised cost; and
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense.

Notes (continued)

2. Material accounting policies (continued)

e. Fees and commission income

Unless included in the effective interest calculation in (d) above, fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan appraisal fees for loans that have been or are likely to be drawn down are deferred and recognised over the period of the loan using the effective interest method. Fees and commission expense are deferred and recognised on an accrual basis when incurred.

Other fee and commission income – including account servicing fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Foreign exchange income

Trading positions are held at fair value and the resulting gains and losses are included in profit or loss, together with interest and dividends arising from long and short positions and funding costs relating to trading activities. Income arises from both the sale and purchase of trading positions, margins which are achieved through market-making and customer business and from changes in fair value caused by movements in interest and exchange rates, equity prices and other market variables. Gains or losses on assets or liabilities reported in the trading portfolio are included in profit or loss under foreign exchange income together with income arising from long and short positions and funding costs relating to trading activities.

f. Property and equipment

Property and equipment are initially recorded at cost. Land and buildings are subsequently shown at market value, based on valuations carried out every 3 to 5 years by external independent valuers, less subsequent depreciation and accumulated impairment losses. All other property and equipment are stated at historical cost less depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the statement of profit or loss in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are credited in other comprehensive income and accumulated in equity in a revaluation reserve. Decreases that offset previous increases of the same asset are charged in other comprehensive income; all other decreases are charged to the statement of profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statement of profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings. Revaluation surpluses are not distributable.

Depreciation is calculated on a straight line basis by reference to the expected useful lives of the assets concerned. The rates used are as follows:-

Buildings	Period of lease
Leasehold improvements	Period of lease
Motor vehicles	25%
Furniture, fittings and equipment	12.5%, 20% and 25%

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

Property and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus relating to that asset are transferred to retained earnings.

Notes (continued)

2. Material accounting policies (continued)

g. Intangible assets – software costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production or procurement of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software implementation consultancy costs and an appropriate portion of relevant overheads. The costs are amortised on a straight line basis over the expected useful life of five years (at the rate of 20% per year).

Subsequent expenditure on software assets is capitalised only when it increases the future, economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.

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

h. Intangible assets – goodwill

Goodwill is the excess of the cost of an acquisition (including costs directly attributable to the acquisition) over the fair value of the Group's share of net identifiable assets of acquired subsidiaries at the date of acquisition. Goodwill is tested annually for impairment as well as when there are indications of impairment. Goodwill arising on acquisition of subsidiaries is stated at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified in accordance with IFRS 8.

Goodwill is tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cash flows from a cash generating unit with the carrying value of its net assets, including attributable goodwill carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

i. Financial instruments

Initial recognition and initial measurement of financial assets

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

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Classification and measurement of financial assets

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

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

Notes (continued)

2. Material accounting policies (continued)

i. Financial instruments (continued)

Classification and measurement of financial assets (Continued)

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

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

Amortised cost

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

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

If the Group's financial asset satisfies both of these conditions, the Group measures the financial asset at amortised cost unless it is designated as at fair value through profit or loss (FVPL) on initial recognition.

Any of the Group's Financial assets that do not meet the conditions stated above, are required to be subsequently measured at fair value through profit or loss except for investments in equity instruments not held for trading that are elected at initial recognition to be measured at fair value through other comprehensive income. Financial assets of the Group that meets the condition in (b) above but do not meet the condition in (a) above, may meet the criteria to be measured at fair value through other comprehensive income.

Because both conditions (the business model test and the contractual cash flows characteristics test) must be met for amortised cost measurement, the order in which the tests are performed is irrelevant for the Group.

The Group classifies its financial assets into the following categories: financial assets at fair value through profit and loss (FVPL); equity investments designated as at fair value through other comprehensive income (FVOCI) and financial assets at amortised cost. Management determines the appropriate classification of its investment at initial recognition. The classification of financial instruments can be seen in the table below:

	Class as defined by IFRS 9 and as determined by the Group	Subclasses
On Balance sheet Financial assets	Financial assets at fair value through profit and loss (FVPL)	<ul style="list-style-type: none"> • Government securities held for trading • Equity investments • Derivative assets
	Investments as at fair value through other comprehensive income (FVOCI)	<ul style="list-style-type: none"> • Equity investments • Government securities acquired for both holding and selling
	Financial assets at amortised cost	<ul style="list-style-type: none"> • Loans and advances to customers • Deposits and balances due from banking institutions • Government securities held to collect contractual cashflows • Cash and balances with Central Banks • Other assets

Notes (continued)

2. Material accounting policies (continued)

i. Financial instruments (continued)

Classification and measurement of financial assets (Continued)

Amortised cost(continued)

	Class as defined by IFRS 9 and as determined by the Group	Subclasses
On balance sheet Financial liabilities	Financial liabilities at amortised cost	<ul style="list-style-type: none"> Deposits from customers Deposits and balances due to banking institutions Other liabilities Borrowings
	Financial liabilities at FVPL	<ul style="list-style-type: none"> Derivative liabilities
Off-balance sheet financial instruments	Off-balance sheet financial instruments	<ul style="list-style-type: none"> Guarantees, acceptances and other financial facilities

Business model assessment for amortised cost measurement

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

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

In determining whether cash flows are going to be realized by collecting the Group's financial assets' contractual cash flows, the Group considers the frequency, value and timing of sales in prior periods, the reasons for those sales and expectations about future sales activity. However sales in themselves do not determine the business model of the Group and therefore cannot be considered in isolation. Instead, information about the Group's past sales and expectations about future sales provide evidence related to how the Group's stated objective for managing the financial assets is achieved and, specifically, how cash flows are realized. The Group considers information about past sales within the context of the reasons for those sales and the conditions that existed at that time as compared to current conditions.

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

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

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

Notes (continued)

2. Material accounting policies (continued)

i. Financial instruments (continued)

Classification and measurement of financial assets (Continued)

Amortised cost(continued)

Designation of equity instruments as at FVOCI

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

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

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

Business model assessment for FVOCI measurement

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

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

For example, the objective of the Group's business model may be to manage everyday liquidity needs, to maintain a particular interest yield profile or to match the duration of the financial assets to the duration of the liabilities that those assets are funding. To achieve such an objective, the Group will both collect contractual cash flows and sell financial assets. Compared to the Group's business model whose objective is to hold financial assets to collect contractual cash flows, this business model will typically involve greater frequency and value of sales. This is because selling financial assets is integral to achieving the business model's objective instead of being only incidental to it. However, there is no threshold for the frequency or value of sales that must occur in this business model because both collecting contractual cash flows and selling the Group's financial assets are integral to achieving its objective.

Fair value through profit or loss (FVPL)

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

The Group may irrevocably elect on initial recognition to designate a financial asset that meets the conditions for amortised cost measurement or FVOCI as at FVPL if that designation eliminates or significantly reduces accounting mismatch that would have occurred if the financial asset had been measured at amortised cost or FVOCI.

Financial assets of the Group classified as at FVPL are measured at fair value. Gains and losses that arise as a result of changes in fair value are recognised in profit or loss, except for those arising on hedging instruments that are designated in effective cash flow hedges or hedges of a net investment in a foreign operation.

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

Notes (continued)

2. Material accounting policies (continued)

i. Financial instruments (continued)

Classification and measurement of financial assets (Continued)

Fair value through profit or loss (FVPL)(continued)

Business model assessment

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

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

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

Contractual cash flows characteristics test

Financial asset of the Group that are debt instruments to be measured at amortised cost or fair value through comprehensive income, contractual terms must give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. For the purposes of applying this requirement, principal is the fair value of the financial asset at initial recognition, however that principal amount may change over the life of the financial asset (for example, if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

The assessment as to whether contractual cash flows are solely payments of principal and interest is made in the currency in which the financial asset is denominated.

Contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

However, in such an arrangement, interest can also include consideration for other basic lending risks (for example, liquidity risk) and costs (for example, administrative costs) associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. In extreme economic circumstances, interest can be negative if, for example, the holder of a financial asset either explicitly or implicitly pays for the deposit of its money for a particular period of time (and that fee exceeds the consideration that the holder receives for the time value of money, credit risk and other basic lending risks and costs).

However, contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. An originated or an acquired or purchased financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

Notes (continued)

2. Material accounting policies (continued)

i. Financial instruments (continued)

Classification and measurement of financial assets (continued)

Fair value through profit or loss (FVPL)(continued)

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

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

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

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

The Group holds a portfolio of fixed rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that makes its consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Measurement at the date of reclassification

When the Group's financial asset is reclassified from amortised cost to FVOCI (or vice versa) the measurement of expected credit losses will not change as both classification categories apply the same impairment approach. However, the presentation and disclosure of the impairment allowance will differ. If the Group's financial asset is reclassified out of FVOCI to amortised cost measurement, for presentation purposes, a loss allowance would be recognised as an adjustment to the gross carrying amount of the financial asset from the reclassification date. If the Group's financial asset is reclassified out of amortised cost to FVOCI measurement, for presentation purposes, a loss allowance would be derecognised (and thus would no longer be recognised as an adjustment to the gross carrying amount) but instead would be recognised as an accumulated impairment amount (of an equal amount) in other comprehensive income and would be disclosed from the reclassification date.

If the Group reclassifies a financial asset from amortised cost to FVPL, it discloses as a separate line item in its statement of comprehensive income any gain or loss arising from a difference between the previous carrying amount and its fair value on reclassification. Similarly, if the Group reclassifies a financial asset from FVOCI to FVPL, it discloses as a separate line in its statement of comprehensive income any gain or loss arising from reclassifying the previously recognised amount in other comprehensive income to profit or loss.

Impairments of financial asset

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 recognised for expected credit losses and is re-measured at each reporting date for changes in those expected credit losses. The only exception is for purchased or credit-impaired financial assets where a different impairment approach applies. 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 of the financial asset since initial recognition.

Notes (continued)

2. Material accounting policies (continued)

i. Financial instruments (continued)

Classification and measurement of financial assets (Continued)

Impairments of financial asset (continued)

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

- Financial assets that are debt instruments;
- Lease receivables;
- Loan and advances to customers
- Other Loans and receivables
- Financial guarantee contracts issued; and
- Loan commitments issued.

No impairment loss is recognised on equity investments.

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

- Debt investment securities that are determined to have low credit risk at the reporting date; and other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.
- Loss allowances for lease and other receivables are always measured at an amount equal to lifetime ECL.

The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. In the case of the Group, debt instruments of AAA, AA, A and BBB grade qualify as low credit risk. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Measurement of ECL

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

Stage 1:	Assets that are performing. If credit risk is low as of the reporting date or the credit risk has not increased significantly since initial recognition, the Group recognise a loss allowance at an amount equal to 12-month expected credit losses. This amount of credit losses is intended to represent lifetime expected credit losses that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.
Stage 2:	Assets that have significant increases in credit risk. In instances where credit risk has increased significantly since initial recognition, the Group measures a loss allowance at an amount equal to full lifetime expected credit losses. That is, the expected credit losses that result from all possible default events over the life of the financial instrument. For these debt instruments, interest income recognition will be based on the Effective Interest Rate (EIR) multiplied by the gross carrying amount.
Stage 3:	Credit impaired. For debt instruments that have both a significant increase in credit risk plus observable evidence of impairment.

Notes (continued)

2. Material accounting policies (continued)

i. Financial instruments (continued)

Measurement of ECL (continued)

The Group's policy for classification of financial assets into stages 1, 2 and 3 are shown below:

Stage	Description	Criteria (Quantitative)	Criteria (Qualitative)	Criteria (Others)
Stage 1: Performing	12-Month ECL	i. Interest and principal repayment up to date. ii. Repayment of principal and interest is less than 30 days past due on loans and advances. iii. Significantly positive loan to value and solvency ratio.	i. If credit risk is low as of the reporting date or the credit risk has not increased significantly since initial recognition.	
Stage 2: (Watch Lists)	Lifetime ECL – Loans that have witnessed significant increase in credit risk	i. Repayment of principal and interest is past due for more than 30 days, but less than 90 days. ii. Consistent drop in turnover figures for 2 months. iii. Drop in ratings (internal or external) by 2 notches. iv. Significant decline in the value of the collateral, third party guarantees or credit enhancements. v. Significant changes in internal price, external market indicators (e.g. credit default swaps prices for the borrower), rates or terms of existing financial instrument, credit and affordability scores. vi. Decrease in estimated future cash flows of the instrument/ cash flow difficulty of the customer. vii. Underperforming instruments.	i. Negative/Bad report from Credit Risk Management System (CRMS) and Credit Bureaus. ii. Failure to submit Audited Financial Statement more than a year after the reporting date. iii. Report of management squabbles /trade union dispute /issues of unpaid salaries. iv. Adverse changes in business, financial and economic conditions. v. Breaches of covenant/ contract. vi. Delay by customer in providing perfection documents. vii. Underperforming instruments.	i. Evidences of misapplication of loan proceeds by customer. ii. Litigations likely to have material impact. iii. Profit warnings.

Notes (continued)

2. Material accounting policies (continued)

i. Financial instruments (continued)

Measurement of ECL (continued)

Stage	Description	Criteria (Quantitative)	Criteria (Qualitative)	Criteria (Others)
Stage 3: Substandard Doubtful Loss	Lifetime ECL - default	i. Past due for more than 90 days. ii. Significant deterioration of loan to value ratio. iii. Significant financial difficulty of the customer. iv. Breaches in financial covenants.	i. Events such as adverse circumstances of the obligor such as: death, unemployment, bankruptcy. ii. Restructuring of the facility. Liquidation and rebooking of new loan. iii. Refusal by customer in providing perfection documents. iv. Credit-impaired /Non-performing instruments.	i. Evidences of misapplication of loan proceeds by customer. ii. Adverse changes in business, financial or economic conditions. iii. Macro-economic forward looking information.

Credit-impaired financial assets

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

Evidence that the Group's financial asset is credit-impaired includes the following observable data:

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

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

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

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Notes (continued)

2. Material accounting policies (continued)

i. Financial instruments (continued)

Credit impaired assets (Continued)

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

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

General approach to collective or individual assessment

The Group's measurement of expected credit losses is based on the weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis although measurement on a collective basis is accepted by the Group if more practical for large portfolios of items.

When it comes to the assessment of whether there has been a significant increase in credit risk it may be necessary to perform the assessment of significant increases in credit risk on a collective basis. Where the Group is not able to identify significant changes in credit risk on individual financial instruments before the financial instrument becomes past due (e.g. there may be little or no information for an individual retail loan until a customer fails to pay), the Group assesses significant increase in credit risk on a collective basis. This is because loss allowance based only on credit information at an individual financial instrument level would not faithfully represent the changes in credit risk since initial recognition.

When assessing for significant increases in credit risk and recognizing a loss allowance on a collective basis, financial instruments are grouped on the basis of shared credit risk characteristics to enable significant increases in credit risk to be identified on a timely basis. The Group uses the following for segmentation based on shared credit risk characteristics:

- Product type;
- Industry;
- Economic sectors

Collateral

The Group obtains collateral where appropriate, from customers to manage their credit risk exposure to the customer. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for both existing and future customer in the event that the customer defaults.

The Group may also use other credit instruments, such as stock borrowing contracts, and derivative contracts in order to reduce their credit risk.

Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from Group or other counterparties.

Financial liabilities and equity

(i) A financial liability is any liability that is a contractual obligation:

- to deliver cash or another financial asset to another entity (e.g. a payable); or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group (e.g. a financial option written by the Group); or

Notes (continued)

2. Material accounting policies (continued)

Financial liabilities and equity (Continued)

(ii) a contract that will or may be settled in the Group's own equity instruments and is:

- a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments (e.g. an instrument that is redeemable in own shares to the value of the carrying amount of the instrument); or
- a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments (e.g. a net-share settled written call over own shares). For this purpose, rights, options or warrants to acquire a fixed number of the Group's own equity instruments for a fixed amount of any currency are equity instruments if the Group offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Also for these purposes, the Group's own equity instruments do not include puttable financial instruments that are classified as equity instruments, the instruments that impose on the Group an obligation to deliver to another party a pro rata share of the net assets of the Group only on liquidation and are classified as equity instruments in accordance with, or instruments that are contracts for the future receipt or delivery of the Group's own equity instruments.

The Group's equity instrument is any contract that represents a residual interest in the assets of the Group after deducting all of its liabilities.

The Group classifies all financial liabilities at amortised cost with the exception of derivative liabilities which are FVPL or where fair value option is elected provided specific criteria are met. Where the Group measures any financial liability at FVPL, fair value gains or losses related to credit risk are presented separately in other comprehensive income while all other fair value gains or losses are presented in profit or loss.

Contractual obligation to deliver cash or another financial asset

The key feature in determining whether a financial instrument of the Group is a liability is the existence of a contractual obligation of one party (the issuer) to deliver cash or another financial asset to another party (the holder), or to exchange financial assets or liabilities under conditions that are potentially unfavorable. In contrast, in the case of an equity instrument (e.g. ordinary shares) the right to receive cash in the form of dividends or other distributions is at the issuer's discretion and, therefore, there is no obligation to deliver cash or another financial asset to the holder of the instrument. There is an exception to this rule for certain puttable instruments and instruments with an obligation to deliver a pro rata share of net assets only at liquidation.

Items such as deferred revenue and warranty obligations require delivery of goods or services rather than an obligation to deliver cash or another financial asset and, therefore, are not financial liabilities.

Classification of financial liabilities

All financial liabilities of the Group are classified and subsequently measured at amortised cost using the effective interest rate method except for:

- financial liabilities at fair value through profit or loss (FVPL);
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach;
- financial guarantee contracts not designated as at FVPL that are not accounted for under IFRS 4- Insurance Contracts; and
- Commitments to provide a loan at a below-market interest.

Dividends

Dividends of the Bank are recognised in profit or loss only when:

- a. the Bank's right to receive payment of the dividend is established;
- b. it is probable that the economic benefits associated with the dividend will flow to the Bank; and
- c. the amount of the dividend can be measured reliably.

However, if the dividend income clearly represents a recovery of part of the cost of investment, the dividend is not recognised in profit or loss.

Notes (continued)

2. Material accounting policies (continued)

i. Financial instruments (continued)

Investment equity securities

Model adopted and the rationale

Investment in equity instruments are usually FVPL or elected to be designated at FVOCI at initial recognition.

Quoted equity

Whenever the Group has investment in quoted equities, these are usually measured at fair value each reporting date.

Other Policies

Written loan commitment

For written loan commitments of the Group that are not measured at FVPL the impairment requirements form part of a 'higher of' test with regard to the measurement of the instrument. For example, loan commitments below-market interest rates are measured subsequent to initial recognition at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9 and
- The amount initially recognised less, when appropriate, cumulative amount of income recognised in accordance with the principles of IFRS 15- Revenue from Contracts with Customers.

Financial guarantee contracts

Similar to loan commitments, the impairment requirements are applicable to the subsequent measurement of all written financial guarantee contracts of the Group that are in the scope of IFRS 9 and that are not measured at FVPL. These are measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9 and
- The amount initially recognised less, when appropriate, cumulative amount of income recognised in accordance with the principles of IFRS 15- Revenue from Contracts with Customers.

Derivatives

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward rate agreements, futures, options and combinations of these instruments and primarily affect the Bank's net interest income, net trading income, and derivative assets and liabilities.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

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

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

Modification of loans

(a) Modifications leading to derecognition

Where the renegotiation or modification of the contractual cash flows of a financial asset lead to the derecognition of the existing financial asset in accordance with IFRS 9 the modified asset is considered a 'new' financial asset for the purposes of IFRS 9. Accordingly, the date of the modification should be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. This typically means measuring the loss allowance at an amount equal to 12-month expected credit losses until the criteria for the recognition of lifetime expected credit losses is met.

Notes (continued)

2. Material accounting policies (continued)

i. Financial instruments (continued)

Other policies (continued)

Modification of loans (continued)

(a) Modifications leading to derecognition (Continued)

However, in some unusual circumstances following a modification that results in derecognition of the original financial asset, there may be evidence that the modified financial asset is credit-impaired at initial recognition, and thus, the financial asset should be recognised as an originated credit-impaired financial asset. This might occur, for example, in a situation in which there was a substantial modification of a distressed asset that resulted in the derecognition of the original financial asset. In such a case, it may be possible for the modification to result in a new financial asset which is credit-impaired at initial recognition.

(b) Modifications not leading to derecognition

If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset is not derecognised, the Group assesses whether there has been a significant increase in the credit risk of the financial instrument by comparing:

- the risk of a default occurring at the reporting date (based on the modified contractual terms); and
- the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

When assessing whether there has been significant increases in credit risk since initial recognition the Group uses all reasonable and supportable information that is available without undue cost or effort. This includes historical and forward-looking information and an assessment of the credit risk over the expected life of the financial asset, which includes information about the circumstances that led to the modification.

If the contractual cash flows on a financial asset have been renegotiated or otherwise modified, but the financial asset is not derecognised, that financial asset is not automatically considered to have lower credit risk. Evidence that the criteria for the recognition of lifetime expected credit losses are no longer met may include a history of up to date and timely payment performance against the modified contractual terms. Typically a customer would need to demonstrate consistently good payment behavior over a period of time before the credit risk is considered to have decreased. For example, a history of missed or incomplete payments would not typically be erased by simply making one payment on time following a modification of the contractual terms.

30 day rebuttable presumption

The Group assumes 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. Consequently, when the Group determines that there have been significant increases in credit risk before contractual payments are more than 30 days past due, the rebuttable presumption does not apply.

90 day rebuttable presumption

The Group assumes a rebuttable presumption that a default does not occur later than when a financial asset is 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Cure definition under IFRS 9

The Group's definition of cure, is the extent to which financial assets return to a performing status from a non-performing status. Payment of amounts in arrears constitutes cure.

Deterioration definition

This is the rate at which modified loans that revert to 12 month expected losses on modification then subsequently move to lifetime expected credit losses.

Notes (continued)

2. Material accounting policies (continued)

i. Financial instruments (continued)

Other policies (continued)

Default definition under IFRS 9

The Group has established its own policy for what it considers a default, and applied a definition consistent with that used for internal credit risk management purposes for the relevant financial instrument. The Group considers qualitative indicators (e.g. financial covenants) when appropriate. The definition of default used for these purposes is applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument. The default point is defined at 90 days.

Recognition of regular way purchases and sales of financial assets

Regular way purchase or/and sale of the Group's financial assets can be recognised (and derecognised) using either trade date or settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category.

When trade date accounting is applied, the Group recognises the financial asset to be received and the corresponding liability to pay for it at the trade date; on disposal, the financial asset is removed from the statement of financial position on the trade date.

When the settlement approach is applied, the asset is recognised on the date on which it is received by the Group; on disposal, the asset is not derecognised until the asset is delivered to the buyer. When the purchase of an asset is accounted for using settlement date accounting, between the trade date and settlement date, although the asset itself is not yet recognised, the Group accounts for changes in its fair value, applying the same measurement basis that will be used to account for the acquired asset once it is recognised; therefore, changes in fair value are recognised in profit or loss for assets classified or designated as at FVPL, in other comprehensive income (OCI) for assets designated as at fair value through other comprehensive income, and not recognised for assets measured at amortised cost.

The Group classifies financial instruments into classes that are appropriate to the nature of the information disclosed and that take into account the characteristics of those financial instruments. The classes reconcile to the line items presented in the statement of financial position.

The classes are determined by the Group and are distinct from the categories of financial instruments. The classes distinguish between those financial instruments that are measured at amortised cost and those that are measured at fair value. Amortised cost financial assets are the financial instrument category that comprise various classes such as term loans, overdraft, unsecured medium-term loans etc.

Categories of financial assets and financial liabilities

The Group discloses the carrying amount for each financial instrument category as defined by IFRS 9 either in the statement of financial position or in the notes to the financial statements. The carrying amounts of each of the following categories are disclosed:

- a. financial assets measured at fair value through profit or loss, showing separately
 - i. those designated as such upon initial recognition or where a credit exposure is subsequently measured at FVPL and
 - ii. those mandatorily measured at fair value in accordance with IFRS 9
- b. financial liabilities at fair value through profit or loss, showing separately
 - i. those designated as such upon initial recognition or where a credit exposure is subsequently measured at FVPL and
 - ii. those that meet the definition of held for trading in IFRS 9;
- c. financial assets measured at amortised cost;
- d. financial liabilities measured at amortised cost; and
- e. financial assets measured at fair value through other comprehensive income, showing separately:
 - i. financial assets that are measured at fair value through other comprehensive income in accordance with (e.g. debt instruments that are held within a business model that is collecting contractual cash flows and selling financial assets); and
 - ii. investments in equity instruments designated as such upon initial recognition.

Notes (continued)

2. Material accounting policies (continued)

i. Financial instruments (continued)

Other policies (continued)

Financial assets at FVPL

If the Group designates certain debt instruments (or a group of debt instruments) as at fair value through profit or loss (FVPL), it provides extensive disclosures.

The Group discloses the following information for financial assets (or groups of financial assets) that have been designated as measured at fair value through profit or loss:

- the maximum exposure to credit risk of the financial asset (or group of financial assets) designated as at fair value through profit or loss, or group of financial assets, at the end of the reporting period;
- the amount by which any related credit derivatives or similar instruments mitigate that maximum exposure to credit risk;
- the amount of change, during the period and cumulatively, in the fair value of the financial asset (or group of financial assets), that is attributable to changes in the credit risk of the financial asset determined either:
 - i. as the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk; or
 - ii. using an alternative method the Group believes more faithfully represents the amount of change in its fair value that is attributable to changes in the credit risk of the asset.
- changes in market conditions that give rise to market risk include changes in an observed (benchmark) interest rate, commodity price, foreign exchange rate or index of prices or rates; and
- the amount of the change in the fair value of any related credit derivatives or similar instruments that has occurred during the period and cumulatively since the financial asset was designated.

In addition, the Group discloses:

- a. the methods used to comply with the requirements in (c) above; and
- b. if the Group believes that the disclosure it has given to comply with the requirements in (c) above does not faithfully represent the change in the fair value of the financial asset attributable to changes in its credit risk, the reasons for reaching this conclusion and the factors it believes are relevant.

Write off

The Group writes off a loan and advance balance (and any related allowance for impairment losses) when Group credit determines that there is no realistic prospect of recovery. This is reached after considering information such as a significant change in the borrower/issuers financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay the bank the entire exposure. The Group shall seek to recover amounts it is legally owed in full but which have been partially written off due to no reasonable expectation of full recovery.

Notes (continued)

2. Material accounting policies (continued)

j. Leases

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

This policy is applied to contracts existent (or changed) on or after 1 January 2019.

(a) Group acting as a lessee

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

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

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

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

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

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

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

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

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

The Group has disclosed the lease liability and right-of-use assets separately in the statement of financial position. The Group has also assessed that the interest payments constitute financing activities in the statement of cashflows.

Short-term leases and leases of low-value assets

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

Notes (continued)

2. Material accounting policies (continued)

j. Leases (continued)

(b) Group acting as a lessor

The group leases out some of its premises. At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

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

k. Sale and repurchase agreements

Reverse repurchase agreements (and stock borrowing or similar transactions) are a form of secured lending whereby the Group provides a loan or cash collateral in exchange for the transfer of collateral, generally in the form of marketable securities subject to an agreement to transfer the securities back at a fixed price in the future. Repurchase agreements are where the Group obtains such loans or cash collateral, in exchange for the transfer of collateral.

The Group purchases securities (under a reverse repurchase agreement) or borrows securities subject to a commitment to resell or return them. The securities are not included on the statement of financial position as the Group does not acquire the risks and rewards of ownership. Consideration paid (or cash collateral provided) is accounted for as a loan asset. The Group may also sell securities (under a repurchase agreement) or lend securities subject to a commitment to repurchase or redeem them. The securities are retained on the statement of financial position since the Group retains substantially all the risks and rewards of ownership. Consideration received (or cash collateral provided) is accounted for as a financial liability.

Securities sold subject to repurchase agreement (reverse repos) are classified in the financial statements as pledged assets when the transferee has a right by contract to resell the collateral: the counter liability is included in amounts due to other banks, deposits from banks or balances due to Central Bank as appropriate.

l. Statutory loan loss reserve

Where impairment losses required by the regulators exceed those computed under IFRS® Accounting Standards, the excess is recognised as a statutory loan loss reserve and is accounted for as an appropriation of retained earnings. The statutory loan loss reserve is not distributable.

m. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property and equipment are no longer amortised or depreciated.

Notes (continued)

2. Material accounting policies (continued)

n. Income tax expense

Current income tax is the amount of income tax payable on the profit for the year determined in accordance with the Kenyan Income Tax Act and in accordance with the tax legislation for the respective subsidiaries. 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.

Deferred 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 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 substantively enacted at 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 recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

o. Share capital and premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

p. Earnings per share

Basic and diluted earnings per share (EPS) data for ordinary shares are presented in the financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

q. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with maturities of three months or less from the date of acquisition, including: cash and balances with the Central Banks and amounts due from other banks. Cash and cash equivalent exclude the cash reserve requirement held with the Central Banks. These are restricted and are not available for use in the Group's day to day operations. Cash and cash equivalents are carried at amortised cost on the statement of financial position.

r. Employee benefits

(i) Defined contribution plan

The Group operates a defined contribution retirement scheme, the assets of which are held in a separate trustee-administered fund. The Group's contributions to the defined contribution scheme are charged to the statement of profit or loss in the year to which they relate. The Group has no further payment obligation once the contributions have been paid. The Group and all its employees also contribute to the National Social Security Fund, operating in the respective countries, which is a defined contribution scheme.

(ii) Other short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

s. Proposed dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until approved by the shareholders at the Annual General Meeting.

Notes (continued)

2. Material accounting policies (continued)

t. Acceptances, guarantees and letters of credit

Acceptances, guarantees and letters of credit are accounted for as off-balance sheet transactions and disclosed as contingent liabilities.

u. Related party transactions

The Group discloses the nature, volume and amounts outstanding at the end of each financial year from transactions with related parties, which include transactions with the directors, executive officers and Group or related companies. All transactions with related parties are at commercial terms in the normal course of business, and on terms and conditions similar to those applicable to other customers.

v. Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment which is subject to risks and rewards that are different from those of other segments (Geographic segments). Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker is the person or Group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Board of Directors as its chief operating decision-maker. All transactions between business segments are conducted on commercial terms basis with intra-segment revenue and costs being eliminated at Group level.

w. Modification in classification

In the cashflow statement, cashflows relating to interest on borrowings and lease liabilities that were inaccurately classified in financing activities in 2023, are now shown under operating activities.

	Group			Bank		
	As previously stated	Adjustment	As restated	As previously stated	Adjustment	As restated
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Net cash used in financing activities						
Interest paid on borrowings	(1,865,625)	1,865,625	-	(1,571,915)	1,571,915	-
Payments for interest portions of the lease liabilities	(513,611)	513,611	-	(337,272)	337,272	-
	(2,379,236)	2,379,236	-	(1,909,187)	1,909,187	-
Cash used in operating activities						
Interest paid on borrowings	-	1,865,625	(1,865,625)	-	(1,571,915)	(1,571,915)
Payments for interest portions of the lease liabilities	-	513,611	(513,611)	-	(337,272)	(337,272)
	-	2,379,236	(2,379,236)	-	(1,909,187)	(1,909,187)

3. Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes (continued)

3. Critical accounting estimates and judgements in applying accounting policies (continued)

a. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements includes the following:

- Note 2 (i) and 4 (a) Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.
- Note 2 (i) & 4 (a): Impairment of financial assets classified as amortised cost and FVOCI: The most significant judgements relate to defining what is considered to be a significant increase in credit risk, determining lifetime expected credit losses and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. A high degree of uncertainty is involved in making assumptions that are highly subjective and sensitive to risk factors.
- Note 2(i): Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.
- Note 2(i): Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.

b. Assumptions and estimation uncertainties

(i) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Disclosures relating to income taxes have been made in note 10 and 23.

(ii) Determination of Significant Increase in Credit Risk (SICR)

The Bank assesses SICR by incorporating all relevant, reasonable and supportable information, including forward-looking information. These include qualitative information, non-statistical quantitative information and information from statistical models or credit rating processes. The setting of precise trigger points to move a financial asset from 'Stage 1' to 'Stage 2' and vice versa requires judgement which may have a material impact upon the size of the ECL allowance. The Group monitors the effectiveness of SICR criteria on an ongoing basis. Disclosures relating to SICR have been made in note 2(i) and 4(a).

4. Financial risk management

Introduction

Effective risk management is fundamental to the business activities of the Group. Whilst we remain committed to the objective of increasing shareholder value by developing and growing our business in a way that is consistent with our board-determined risk appetite, we are also cognisant of the need to balance this objective with the interests of depositors, debt holders and our regulators. We seek to achieve an appropriate balance between risk and reward in our business, and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment. Risk management is at the core of the operating structures of the Group. The Group seeks to limit adverse variations in earnings and equity by managing the risk exposures and capital within agreed levels of risk appetite.

Managing and controlling risks, minimising undue concentrations of exposure and limiting potential losses from stress events are all essential elements of the Group's risk management and control framework. The risks are managed through a framework, organisational structure, risk management and monitoring processes that are closely aligned with the activities of the Group and in line with the guidelines given by the Central Bank of Kenya (CBK) or the regulators under which it is operating in other countries.

The Group defines risk as an event or events of uncertainty which can be caused by internal or external factors resulting in the possibility of losses (downside risk). However, the Group appreciates that some risk events may result into opportunities (upside risk) and should therefore be actively sought and enhanced.

Notes (continued)

4. Financial risk management (continued)

The Group operates in an environment of numerous risks as shown below that may cause financial and non-financial results to differ significantly from anticipated objectives. The Group has an enterprise-wide approach to the identification, measurement, monitoring and management of risks faced across the organisation. These risks are classified as follows;

- Credit risk
- Liquidity risk
- Market risks that fall within:
 - Interest rate risk
 - Price risk
 - Foreign exchange risk

The main pillars of the Group's risk management framework are set out below:

a) Active board and senior management oversight

The Board and the Senior management bear the responsibility of implementing strategies in a manner that limits risks associated with each strategy. Management is therefore fully involved in the activities of the bank and possess sufficient knowledge of all major business lines to ensure that appropriate policies, procedures, controls and risk monitoring systems are in place and that accountability and lines of authority are clearly delineated.

b) Adequate policies, procedures and limits

The Group's policies, procedures and limits provide for adequate and timely identification, measurement, monitoring, control and mitigation of the risks posed by its lending, investing, trading, off balance sheet and other significant activities at the business/functional line and bank-wide levels. These clearly delineate accountability and lines of authority across the Bank's various business activities, and ensure there is a clear segregation between business/ functional lines and the risk function as well as escalate and address breaches of limits.

c) Adequate risk monitoring and management information systems

The Group maintains an effective MIS system that facilitates the Bank's risk monitoring practices and avails risk reports that address all of its material risks for both management and board purposes.

d) Internal controls

The Group maintains a system of internal controls consistent to the type and level of risks posed by the nature and scope of its business activities. This also includes clearly delineated lines of authority and responsibility for monitoring adherence to policies, procedures, and limits.

Risk management principles

The following key principles form part of our approach to risk management.

- The Board of directors provides overall risk & capital management supervision of the bank. The Board, through its comprehensive sub-committee structure, oversees risk management, reviews and approves enterprise- wide risk policies and procedures and sets tolerance limits wherever required. The procedures describe the facility types, aggregate facility exposures and conditions under which the Group is prepared to do business.
- The risk management function is independent of the Group's business and operating units. This function, which is headed by the Head of Risk , manages Credit, Market, Reputational, Strategic and Regulatory risks on an integrated basis.
- Various committees at functional levels oversee the implementation of risk management policies and procedures. These committees are closely aligned with the structure of the Group's business and operating units.
- Market and liquidity risks are overseen by the Board Risk Management Committee (BRMC) and managed by a well-represented Asset and Liabilities Committee (ALCO). The members of ALCO are the Chief Executive Officer and the Heads of Risk, Treasury, Finance and business units.

Notes (continued)

4. Financial risk management (continued)

d) Internal controls (continued)

Risk management principles (continued)

- The risk function is independent of the Group's business and operating units, reporting to the Board Risk Management Committee on a quarterly basis. The function, on a pro-active basis, identifies and assesses the operational risks associated with the Group's business. It helps management accomplish its objectives by addressing the current and prospective risk to earnings or capital arising from violations or on non-conformance with laws, rules, regulations, prescribed practice or ethical standards issued by the Board and the regulator from time to time.
- The Credit and Operational Risk Management committees are responsible for defining and implementation of their respective policies and procedures. The work of these two management committees is overseen by the Board Credit Committee and Board Risk Management Committee respectively.
- Independent review of the effectiveness of the overall risk framework is undertaken by the internal audit function which reports directly to the Board Audit & Compliance Committee. The Internal audit department independently monitors the effectiveness of the risk management programs and internal controls through periodic testing of the design and operations of processes related to identification, measurement or assessment, monitoring, controlling and reporting of risks.
- External audit has a statutory duty to report its independent opinion on the Group's financial statements to shareholders and acts as a third line of defence.

a. Credit risk management

Credit risk is the risk of loss due to the failure of a borrower to meet its credit obligations in accordance with agreed contract terms. It arises principally from, but is not limited to, commercial loans and advances, commitments from forward foreign exchange contracts , financial guarantees, letters of credit and acceptances, investments in debt securities and other exposures arising from trading and settlement activities with market counterparties.

Credit risk makes up the largest part of the Group's risk exposures. The Group's credit process is governed by centrally established credit policies and procedures, rules and guidelines with an aim to maintain a well-diversified credit portfolio.

Credit risk policies and procedures are reviewed by the management and are approved by the Board. The Group has a system of checks and balances in place around the extension of credit that comprise of:

- an independent credit risk management function;
- multiple credit approvers; and
- independent audit, risk review and compliance functions.

The Group's Credit Policy reflects the Groups' tolerance for risk i.e. credit risk appetite. This, as a minimum, reflects the Groups' strategy to grant credit based on various products, economic sectors, client segments, target markets giving due consideration to risks specific to each target market.

Salient features of the Group's risk approval process include:

- Every extension of credit to any counterparty requires approval by various pre-defined levels of approving authorities as defined in the Credit Policy manual.
- All business units must apply consistent standards in arriving at their credit decisions.
- Every material change to a credit facility requires approval at the appropriate/pre-defined level.

The disbursement of credit facilities at each Group's bank is managed by a centralised Credit Administration Department (CAD), reporting to the respective Credit Management function. CAD is also responsible for collateral/documents management including safe-keeping.

The Group monitors its credit portfolio on a continuing basis. Procedures are in place to identify, at an early stage, credit exposures for which there may be a risk of loss. The objective of an early warning system is to address potential problems while various options may still be available. Early detection of problem loans is a tenet of our credit culture and is intended to ensure that greater attention is paid to such exposure. The Bank has an established Debt Recovery Unit to focus on expediting recoveries of problem credits. The Unit negotiates with problem borrowers and recommends restructuring and rescheduling of stuck up loans to the Management, the Board Credit Committee and the full Board. For cases where the possibilities of economically viable means of recovery are exhausted, legal proceedings are initiated.

Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Significant increase in credit risk

As explained in note 2 under the policies, the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group applies qualitative and quantitative criteria for stage classification and for its forward and backward migration. Significant increase in credit risk may include indications of a financial asset experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise. As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. The Group has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due.

Definition of default

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Group;
- overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations

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

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and based on data developed internally and obtained from external sources. Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of expected credit loss (ECL). The Group sources macroeconomic information from a reputable data vendor that sources and forecasts using information from World Bank, International Monetary Fund (IMF), Economist Intelligence Unit (EIU), Central Bank of Kenya (CBK), Kenya National Bureau of Statistics (KNBS) among others. These sources have invested in statistical modelling tools and procedures that over the years has made them reputable and reliable. The base case scenario is the single most-likely outcome.

Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Incorporation of forward-looking information (continued)

The table below summarises the principal macroeconomic indicators included in the economic scenarios used at 31 December 2024 for the years 2025 to 2029, for Kenya which is the country where the parent operates and therefore is the country that has a material impact in ECLs.

Macroeconomics variables	2025	2026	2027	2028	2029
Money supply- M3_LCU_chg_yoy					
- Base case	0.090	0.090	0.090	0.090	0.090
- Best case	0.095	0.095	0.095	0.095	0.095
- Worst case	0.085	0.085	0.085	0.085	0.085
Total_expenditure_USD_chg_yoy					
- Base case	0.056	0.121	0.103	0.092	0.107
- Best case	0.061	0.133	0.113	0.102	0.118
- Worst case	0.050	0.109	0.092	0.083	0.096
Nominal_GDP_USD_chg_yoy					
- Base case	0.136	0.096	0.089	0.086	0.086
- Best case	0.144	0.102	0.094	0.092	0.091
- Worst case	0.127	0.090	0.083	0.081	0.081
Foreign Exchange (LCU_USD_eop_chg_yoy)					
- Base case	0.029	0.020	0.020	0.020	0.020
- Best case	0.031	0.021	0.021	0.021	0.021
- Worst case	0.027	0.019	0.019	0.019	0.019
Total_revenue_LCU_chg_yoy					
- Base case	0.079	0.205	0.148	0.124	0.130
- Best case	0.084	0.217	0.156	0.131	0.138
- Worst case	0.075	0.193	0.139	0.117	0.123
Imports_of_goods_and_services_per_capita_LCU_chg_yoy					
- Base case	0.019	0.059	0.055	0.055	0.055
- Best case	0.021	0.064	0.060	0.060	0.060
- Worst case	0.018	0.054	0.050	0.050	0.050
Foreign Exchange (LCU_USD_ave_chg_yoy)					
- Base case	(0.028)	0.024	0.020	0.020	0.020
- Best case	(0.027)	0.023	0.019	0.019	0.019
- Worst case	(0.030)	0.026	0.021	0.021	0.021
Balance_of_goods_and_services_USD_chg_yoy					
- Base case	0.093	0.056	0.052	0.048	0.052
- Best case	0.088	0.053	0.049	0.046	0.049
- Worst case	0.098	0.059	0.055	0.051	0.055

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 10 years.

Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Probability weightings

Probability weighting of each scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario.

	2024	2023
Base case	40%	40%
Best case	20%	20%
Worst case	40%	40%

ECL - Sensitivity analysis

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

The table below illustrates the sensitivity of collectively assessed ECL as at 31 December 2024:

	ECL	Impact
	Shs'000	Shs'000
100% upside scenario	19,367,534	203,330
100% base scenario	19,531,871	38,993
100% downside scenario	19,718,437	(147,573)

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer.

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

- its remaining lifetime probability of default (PD) at the reporting date based on the modified terms; with
- the remaining lifetime probability of default (PD) estimated based on data on initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time). The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms. The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

The Group Credit Committee regularly reviews reports on forbearance activities. For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators. Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 2). A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to Stage 1.

Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Measurement of ECL

The key inputs used for measuring ECL are:

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

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. PD parameter is calculated for each non-defaulted risk group within given risk portfolio. For each risk portfolio separate migration matrix is constructed. The method of PD parameter estimation was based on the migrations of principal balance.

Calculation of transition matrices under transaction approach will be applied to different segments such as trade, manufacturing, tourism, real estate etc. The transaction approach is applied in order to reflect the significant differences in respect of risk profile between particular segments. Therefore, risk parameters are calculated for each risk portfolio (segment) separately.

Under this method, migrations are weighted with principal and thus the quarterly migration matrix presents the probabilities that 1 unit of exposure (e.g. 1 Shs) will migrate to defined statuses over a month or year within a given risk portfolio.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account, time to realisation of collateral, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery and recovery rates. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original effective interest rate (EIR) of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Group uses EAD models that reflect the characteristics of the portfolios.

The Group measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period.

Loan modifications

The Group has granted flexible but reasonable modification terms to support its clientele who may have cashflow constraints. The terms on modifications includes; temporary deferral of principal and interest repayments, replacing principal and interest with interest only repayments, and extension of loan maturity dates. Taking cognisance of the impact the Group has duly computed and recognised the gain/losses arising from these modifications as per the dictates of IFRS 9 standards.

The impact on financial statements is summarised below:

	Group		Bank	
	2024	2023	2024	2023
(Loss)/gain on modification of loans	(99,572)	113,189	17,225	264,595

Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Amounts arising from ECL

The following tables show reconciliations from the opening to the closing balance of the gross carrying amount and the loss allowance by class of financial instruments.

Group

On Balance Sheet

Loans and advances to customers at amortised cost

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Shs'000	Shs'000	Shs'000	Shs'000
Gross carrying amount as at 31 December 2023 and as at 1 January 2024	203,294,564	84,141,454	43,131,500	330,567,518

Changes in the gross carrying amount

– Transfer to stage 1	(2,430,660)	1,983,695	446,965	-
– Transfer to stage 2	(5,099,439)	4,562,880	536,559	-
– Transfer to stage 3	(284,424)	(9,629,140)	9,913,564	-
New financial assets originated or purchased	87,280,033	22,023,030	-	109,303,063
Financial assets that have been derecognised	(82,287,423)	(33,443,173)	(22,435,325)	(138,165,921)
Write-offs	-	-	(9,715,896)	(9,715,896)
Foreign exchange and other movements	(3,812,208)	1,428,246	15,811,761	13,427,799
Gross carrying amount as at 31 December 2024	196,660,443	71,066,992	37,689,128	305,416,563
Loss allowance as at 31 December 2024	690,863	4,300,792	14,921,658	19,913,313
Net carrying Amount as at 31 December 2024	195,969,580	66,766,200	22,767,470	285,503,250



Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Amounts arising from ECL (continued)

Group (continued)

Other financial assets

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Shs'000	Shs'000	Shs'000	Shs'000

Deposits and balances due from banks- at amortised cost:

- Gross carrying amount	30,838,000	-	-	30,838,000
- ECL	(25,608)	-	-	(25,608)
Net carrying amount as at 31 December 2024	30,812,392	-	-	30,812,392

Government securities

- Gross carrying amount	173,936,050	-	-	173,936,050
- ECL	(38,860)	-	-	(38,860)
Net carrying amount as at 31 December 2024	173,897,190	-	-	173,897,190

Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Amounts arising from ECL (continued)

Group (continued)

Off balance sheet

	12-month ECL	Stage 1	Stage 2	Stage 3	Total
		Shs'000	Shs'000	Shs'000	
		Shs'000	Shs'000	Shs'000	
Gross carrying amount as at 31 December 2023 and 1 January 2024		99,852,015	5,113,616	494,571	105,460,202
Changes in the gross carrying amount					
– Transfer to stage 1		119,068	(215,338)	96,270	-
– Transfer to stage 2		(1,665,341)	766,493	-	(898,848)
– Transfer to stage 3		(167,528)	-	167,528	-
New financial assets originated or purchased		64,950,083	71,869	282,474	65,304,426
Financial assets that have been derecognised		(70,662,061)	(575,153)	(4,938)	(71,242,152)
Foreign exchange and other movements		576,899	(168,663)	(585,065)	(176,829)
Gross carrying amount as at 31 December 2024		93,003,135	4,992,824	450,840	98,446,799
Loss allowance as at 31 December 2024		205,922	665	-	206,587
Net carrying Amount as at 31 December 2024		92,797,213	4,992,159	450,840	98,240,212



Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Amounts arising from ECL (continued)

Group (continued)

On balance sheet facilities

Loss allowance - Loans and advances to customers at amortised cost

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Shs'000	Shs'000	Shs'000	Shs'000
Loss allowance as at 1 January 2024	822,944	3,476,394	17,572,592	21,871,930
Changes in the loss allowance				
– Transfer to stage 1	76,652	(81,341)	4,689	-
– Transfer to stage 2	(1,551)	(35,505)	37,056	-
– Transfer to stage 3	65,193	(475,568)	410,375	-
– Write-offs	-	-	(9,715,896)	(9,715,896)
New financial assets originated or purchased	575,244	1,722,727	3,703,805	6,001,776
Financial assets that have been derecognised	(127,624)	(232,453)	85,966	(274,111)
Changes in models/risk parameters	(15,643)	(77,095)	(19,853)	(112,591)
Foreign exchange and other movements	(704,352)	3,633	2,842,924	2,142,205
Loss allowance as at 31 December 2024	690,863	4,300,792	14,921,658	19,913,313



Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Amounts arising from ECL (continued)

Group (continued)

Off balance Sheet Facilities

Loss allowance – Loans and advances to customers at amortised cost

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Shs'000	Shs'000	Shs'000	Shs'000
Loss allowance as at 1 January 2024	238,647	2,879	-	241,526
Changes in the loss allowance				
– Transfer to stage 1	38,054	(37,816)	-	238
– Transfer to stage 2	(14,036)	14,036	-	-
New financial assets originated or purchased	125,616	(84)	-	125,532
Financial assets that have been derecognised	(562,727)	(272,786)	-	(835,513)
Changes in models/risk parameters	(17,191)	85	-	(17,106)
Foreign exchange and other movements	397,559	294,351	-	691,910
Loss allowance as at 31 December 2024	205,922	665	-	206,587
Total Loss Allowance	896,785	4,301,457	14,921,658	20,119,900

Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Amounts arising from ECL (continued)

Group (continued)

On balance sheet

Loans and advances to customers at amortised cost

		Stage 1	Stage 2	Stage 3	Total	
		12-month ECL	Lifetime ECL	Lifetime ECL		
		Shs'000	Shs'000	Shs'000		
Gross carrying amount as at 31 December 2022 and as at 1 January 2023		161,574,546	78,671,085	31,031,190	271,276,821	
Changes in the gross carrying amount						
– Transfer to stage 1		884,807	(1,093,435)	208,628	-	
– Transfer to stage 2		(25,676,080)	12,418,316	13,257,764	-	
– Transfer to stage 3		(662,108)	(855,004)	1,517,112	-	
New financial assets originated or purchased		94,205,034	28,238,287	-	122,443,321	
Financial assets that have been derecognised		(129,029,045)	(52,011,223)	1,074,047	(179,966,221)	
Write-offs		-	-	(6,467,975)	(6,467,975)	
Foreign exchange and other movements		101,997,410	18,773,428	2,510,734	123,281,572	
Gross carrying amount as at 31 December 2023		203,294,564	84,141,454	43,131,500	330,567,518	
Loss allowance as at 31 December 2023		822,944	3,476,394	17,572,592	21,871,930	
Net carrying Amount as at 31 December 2023		202,471,620	80,665,060	25,558,908	308,695,588	



Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Credit quality analysis (continued)

Amounts arising from ECL (continued)

Group (continued)

Other financial assets

		Stage 1	Stage 2	Stage 3	
		12-month ECL	Lifetime ECL	Lifetime ECL	Total
		Shs'000	Shs'000	Shs'000	Shs'000
Deposits and balances due from banks- at amortised cost:					
	- Gross carrying amount	36,349,806	-	-	36,349,806
	- ECL	(26,412)	-	-	(26,412)
	Net carrying amount as at 31 December 2023	36,323,394	-	-	36,323,394
Government securities					
	- Gross carrying amount	201,676,145	-	-	201,676,145
	- ECL	(25,971)	-	-	(25,971)
	Net carrying amount as at 31 December 2023	201,650,174	-	-	201,650,174

Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Amounts arising from ECL (continued)

Group (continued)

Off balance sheet

		Stage 1	Stage 2	Stage 3	Total
		12-month ECL	Lifetime ECL	Lifetime ECL	
		Shs'000	Shs'000	Shs'000	
Gross carrying amount as at 31 December 2022 and 1 January 2023		46,476,634	3,172,359	377	49,649,370
– Transfer to stage 1		(213,867)	(225,151)	439,018	-
– Transfer to stage 2		(2,895,866)	2,895,866	-	-
– Transfer to stage 3		(137,651)	-	137,651	-
New financial assets originated or purchased		86,767,695	271,880	2,302	87,041,877
Financial assets that have been derecognised		(20,699,881)	(676,882)	(6,648)	(21,383,411)
Foreign exchange and other movements		(9,445,049)	(324,456)	(78,129)	(9,847,634)
Gross carrying amount as at 31 December 2023		99,852,015	5,113,616	494,571	105,460,202
Loss allowance as at 31 December 2023		238,647	2,879	-	241,526
Net carrying Amount as at 31 December 2023		99,613,368	5,110,737	494,571	105,218,676



Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Credit quality analysis (continued)

Amounts arising from ECL (continued)

Group (continued)

On balance sheet facilities

Loss allowance – Loans and advances to customers at amortised cost

		Stage 1	Stage 2	Stage 3	Total	
		12-month ECL	Lifetime ECL	Lifetime ECL		
		Shs'000	Shs'000	Shs'000		
Loss allowance as at 1 January 2023		808,728	2,914,872	13,716,759	17,440,359	
Changes in the loss allowance						
– Transfer to stage 1		95,246	(70,362)	(24,884)	-	
– Transfer to stage 2		(92,782)	(24,409)	117,191	-	
– Transfer to stage 3		(3,586)	(48,747)	52,333	-	
– Write-offs		-	-	(6,467,975)	(6,467,975)	
New financial assets originated or purchased		552,011	1,275,963	5,894,256	7,722,230	
Financial assets that have been derecognised		(231,289)	(886,665)	421,213	(696,741)	
Changes in models/risk parameters		44,809	20,964	(9,208)	56,565	
Foreign exchange and other movements		(350,193)	294,778	3,872,907	3,817,492	
Loss allowance as at 31 December 2023		822,944	3,476,394	17,572,592	21,871,930	



Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Amounts arising from ECL (continued)

Group (continued)

Off balance sheet facilities

Loss allowance – Loans and advances to customers at amortised cost

		Stage 1	Stage 2	Stage 3	
		12-month ECL	Lifetime ECL	Lifetime ECL	Total
		Shs'000	Shs'000	Shs'000	Shs'000
Loss allowance as at 1 January 2023		159,606	1,950	-	161,556
Changes in the loss allowance					
– Transfer to stage 1		2,423	(2,423)	-	-
– Transfer to stage 2		(9,619)	9,619	-	-
New financial assets originated or purchased		100,028	1,969	-	101,997
Financial assets that have been derecognised		(160,017)	(31,731)	-	(191,748)
Changes in models/risk parameters		17,123	231	-	17,354
Foreign exchange and other movements		129,103	23,264	-	152,367
Loss allowance as at 31 December 2023		238,647	2,879	-	241,526
Total Loss Allowance		1,061,591	3,479,273	17,572,592	22,113,456

Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Credit quality analysis (continued)

Amounts arising from ECL (continued)

Group (continued)

The following table sets out a reconciliation of changes in the net carrying amount of credit impaired loans and advances to customers.

	Group	
	2024	2023
		Shs '000
Credit-impaired loans and advances to customers at 1 January	43,131,500	31,031,190
Classified as credit-impaired during the year	16,466,060	17,087,090
Transferred to not credit-impaired during the year	(379,410)	(668,261)
Net repayments	(4,550,958)	(2,088,880)
Disposals	(9,715,896)	(6,467,975)
Foreign exchange and other movements	(7,262,168)	4,238,336
Credit-impaired loans and advances to customers at 31 December	37,689,128	43,131,500

The contractual amount outstanding on financial assets that were written off during the year ended 31 December 2024 and that are still subject to enforcement activity is Shs 9.6 billion (2023-Shs. 6.5 billion).



Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Amounts arising from ECL (continued)

Bank

On Balance Sheet

Loans and advances to customers at amortised cost

		Stage 1	Stage 2	Stage 3	
		12-month ECL	Lifetime ECL	Lifetime ECL	Total
		Shs'000	Shs'000	Shs'000	Shs'000
Gross carrying amount as at 31 December 2023 and 1 January 2024		123,496,602	64,880,728	37,554,254	225,931,584
Changes in the gross carrying amount					
– Transfer to stage 1		2,505,185	(2,505,185)	-	-
– Transfer to stage 2		(4,088,685)	4,102,263	(13,578)	-
– Transfer to stage 3		(211,584)	(8,139,958)	8,351,542	-
New financial assets originated or purchased		60,446,025	17,645,216	8,357,326	86,448,567
Financial assets that have been derecognised		(57,848,830)	(19,026,942)	(19,898,000)	(96,773,772)
Write-offs		-	-	(7,630,304)	(7,630,304)
Foreign exchange and other movements		4,500,227	(5,731,739)	6,991,410	5,759,898
Gross carrying amount as at 31 December 2024		128,798,940	51,224,383	33,712,650	213,735,973
Loss allowance as at 31 December 2024		744,058	1,799,068	13,515,858	16,058,984
Net carrying Amount as at 31 December 2024		128,054,882	49,425,315	20,196,792	197,676,989

Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Credit quality analysis (continued)

Amounts arising from ECL (continued)

Bank (continued)

Other financial assets

	12-month ECL	Stage 1	Stage 2	Stage 3	Total
		Lifetime ECL	Lifetime ECL	Lifetime ECL	
		Shs'000	Shs'000	Shs'000	

Deposits and balances due from banks- at amortised cost:

- Gross carrying amount	12,451,824	-	-	12,451,824
- ECL	(5,250)	-	-	(5,250)
Net carrying amount as at 31 December 2024	12,446,574	-	-	12,446,574

Government securities

- Gross carrying amount	126,805,821	-	-	126,805,821
- ECL	(38,860)	-	-	(38,860)
Net carrying amount as at 31 December 2024	126,766,961	-	-	126,766,961



Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Amounts arising from ECL (continued)

Bank (continued)

Off balance sheet facilities

	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Shs'000	Shs'000	Shs'000	Shs'000
Gross carrying amount as at 31 December 2023 and 1 January 2024	90,053,856	5,215,007	-	95,268,863
Changes in the gross carrying amount				
– Transfer to stage 1	2,018,275	(2,018,275)	-	-
– Transfer to stage 2	(898,848)	-	-	(898,848)
New financial assets originated or purchased	54,167,210	295,446	-	54,462,656
Financial assets that have been derecognised	(60,025,646)	106,530	-	(59,919,116)
Foreign exchange and other movements	307,473	907,417	-	1,214,890
Gross carrying amount as at 31 December 2024	85,622,320	4,506,125	-	90,128,445
Loss allowance as at 31 December 2024	183,901	428	-	184,329
Net carrying Amount as at 31 December 2024	85,438,419	4,505,697	-	89,944,116

Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Credit quality analysis (continued)

Amounts arising from ECL (continued)

Bank (continued)

On balance sheet facilities at amortised cost

Loss allowance – Loans and advances to customers at amortised cost

	12-month ECL	Stage 1	Stage 2	Stage 3	Total
		Shs'000	Shs'000	Shs'000	
		Shs'000	Shs'000	Shs'000	
Loss allowance as at 1 January 2024		706,588	1,993,004	14,967,655	17,667,247
Changes in the loss allowance					
– Transfer to stage 1		131,221	(131,221)	-	-
– Transfer to stage 2		(49,902)	49,902	-	-
– Transfer to stage 3		(2,932)	(368,589)	371,521	-
– Write-offs		-	-	(7,630,304)	(7,630,304)
New financial assets originated or purchased		354,939	868,260	3,250,969	4,474,168
Financial assets that have been derecognised		(356,486)	(1,233,379)	(9,769,929)	(11,359,794)
Changes in models/risk parameters		(16,026)	(79,121)	(26,190)	(121,337)
Foreign exchange and other movements		(23,344)	700,212	12,352,136	13,029,004
Loss allowance as at 31 December 2024		744,058	1,799,068	13,515,858	16,058,984



Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Amounts arising from ECL (continued)

Bank (continued)

Off balance sheet facilities

		Stage 1	Stage 2	Stage 3		
		12-month ECL	Lifetime ECL	Lifetime ECL	Total	
		Shs'000	Shs'000	Shs'000	Shs'000	
Loss allowance as at 1 January 2024		185,099	4,566	-	189,665	
Changes in the loss allowance						
– Transfer to stage 1		37,730	(37,730)	-	-	
– Transfer to stage 2		(12,431)	12,431	-	-	
New financial assets originated or purchased		128,554	63	-	128,617	
Financial assets that have been derecognised		(520,559)	(272,009)	-	(792,568)	
Changes in models/risk parameters		(17,286)	84	-	(17,202)	
Foreign exchange and other movements		382,794	293,023	-	675,817	
Loss allowance as at 31 December 2024		183,901	428	-	184,329	
Total Loss Allowance		927,959	1,799,496	13,515,858	16,243,313	



Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Credit quality analysis (continued)

Amounts arising from ECL (continued)

Bank (continued)

On balance sheet

Loans and advances to customers at amortised cost

		Stage 1	Stage 2	Stage 3	Total	
		12-month ECL	Lifetime ECL	Lifetime ECL		
		Shs'000	Shs'000	Shs'000		
Gross carrying amount as at 31 December 2022 and 1 January 2023		102,027,733	63,249,952	27,094,507	192,372,192	
Changes in the gross carrying amount						
– Transfer to stage 1		2,778,859	(2,645,157)	(133,702)	-	
– Transfer to stage 2		(24,273,420)	12,501,806	11,771,614	-	
– Transfer to stage 3		(322,784)	(665,201)	987,985	-	
New financial assets originated or purchased		64,113,125	21,026,038	(1,161,134)	83,978,029	
Financial assets that have been derecognised		(20,911,189)	(42,749,479)	2,307,193	(61,353,475)	
Write-offs		-	-	(4,656,558)	(4,656,558)	
Foreign exchange and other movements		84,278	14,162,769	1,344,349	15,591,396	
Gross carrying amount as at 31 December 2023		123,496,602	64,880,728	37,554,254	225,931,584	
Loss allowance as at 31 December 2023		706,588	1,993,004	14,967,655	17,667,247	
Net carrying Amount as at 31 December 2023		122,790,014	62,887,724	22,586,599	208,264,337	

Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Amounts arising from ECL (continued)

Bank (continued)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Shs'000	Shs'000	Shs'000	Shs'000

Deposits and balances due from banks- at amortised cost:

- Gross carrying amount	21,834,968	-	-	21,834,968
- ECL	(2,525)	-	-	(2,525)
Net carrying amount as at 31 December 2023	21,832,443	-	-	21,832,443

Government securities

- Gross carrying amount	120,129,895	-	-	120,129,895
- ECL	(25,971)	-	-	(25,971)
Net carrying amount as at 31 December 2023	120,103,924	-	-	120,103,924

Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Credit quality analysis (continued)

Amounts arising from ECL (continued)

Bank (continued)

Off balance sheet facilities

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	Shs'000	Shs'000	Shs'000	
Gross carrying amount as at 31 December 2022 and 1 January 2023	36,242,993	4,285,674	-	40,528,667
Changes in the gross carrying amount				
- Transfer to stage 1	383,500	(383,500)	-	-
- Transfer to stage 2	(2,029,060)	2,029,060	-	-
New financial assets originated or purchased	73,738,488	(367,597)	-	73,370,891
Financial assets that have been derecognised	(19,135,935)	385,501	-	(18,750,434)
Foreign exchange and other movements	853,870	(734,131)	-	119,739
Gross carrying amount as at 31 December 2023	90,053,856	5,215,007	-	95,268,863
Loss allowance as at 31 December 2023	185,099	4,566	-	189,665
Net carrying Amount as at 31 December 2023	89,868,757	5,210,441	-	95,079,198



Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Amounts arising from ECL (continued)

Bank (continued)

On balance sheet facilities

Loss allowance – Loans and advances to customers at amortised cost

		Stage 1	Stage 2	Stage 3	Total
		12-month ECL	Lifetime ECL	Lifetime ECL	
		Shs'000	Shs'000	Shs'000	
Loss allowance as at 1 January 2023		917,327	1,354,488	12,225,797	14,497,612
Changes in the loss allowance					
– Transfer to stage 1		109,041	(82,299)	(26,742)	-
– Transfer to stage 2		(87,350)	99,306	(11,956)	-
– Transfer to stage 3		(3,032)	(33,197)	36,229	-
– Write-offs		-	-	(4,656,558)	(4,656,558)
New financial assets originated or purchased		339,383	780,215	5,103,813	6,223,411
Financial assets that have been derecognised		(560,544)	(1,174,251)	(2,008,762)	(3,743,557)
Changes in models/risk parameters		23,189	(45,066)	(12,945)	(34,822)
Foreign exchange and other movements		(31,426)	1,093,808	4,318,779	5,381,161
Loss allowance as at 31 December 2023		706,588	1,993,004	14,967,655	17,667,247



Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Credit quality analysis (continued)

Amounts arising from ECL (continued)

Bank (continued)

Off balance sheet facilities

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Shs'000	Shs'000	Shs'000	Shs'000
Loss allowance as at 1 January 2023	115,047	1,917	-	116,964
Changes in the loss allowance				
– Transfer to stage 1	2,439	(2,439)	-	-
– Transfer to stage 2	(9,596)	9,596	-	-
New financial assets originated or purchased	70,693	1,214	-	71,907
Financial assets that have been derecognised	(133,774)	(31,400)	-	(165,174)
Changes in models/risk parameters	16,190	190	-	16,380
Foreign exchange and other movements	124,100	25,488	-	149,588
Loss allowance as at 31 December 2023	185,099	4,566	-	189,665
Total Loss allowance	891,687	1,997,570	14,967,655	17,856,912

Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Amounts arising from ECL (continued)

Credit-impaired financial assets

The following table sets out a reconciliation of changes in the net carrying amount of credit impaired loans and advances to customers.

	Bank	
	2024	2023
	Shs '000	Shs '000
Credit-impaired loans and advances to customers at 1 January	37,554,254	27,094,507
Classified as credit-impaired during the year	11,595,624	13,726,311
Transferred to not credit-impaired during the year	-	(201,599)
Net repayments	(4,410,252)	(1,924,009)
Disposals	(7,630,304)	(4,656,559)
Foreign exchange and other movements	(3,396,672)	3,515,603
Credit-impaired loans and advances to customers at 31 December	33,712,650	37,554,254

The contractual amount outstanding on financial assets that were written off during the year ended 31 December 2024 and that are still subject to enforcement activity is Shs. 7.6 billion (2023 - Shs 4.7 billion).

Loans and advances are summarised as follows;

	Group		Bank	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Stage 1	196,660,443	203,294,564	128,798,940	123,496,602
Stage 2	71,066,992	84,141,454	51,224,383	64,880,728
Stage 3	37,689,128	43,131,500	33,712,650	37,554,254
Gross	305,416,563	330,567,518	213,735,973	225,931,584

Less: Provision for impairment of loans and advances

Stage 3 impairment	(14,921,658)	(17,572,592)	(13,515,858)	(14,967,655)
Stage 1 and 2 impairment	(5,198,242)	(4,540,864)	(2,727,455)	(2,889,257)
	285,296,663	308,454,062	197,492,660	208,074,672

The loan and advances categorization in prior year financial statements of neither past due not impaired, Past due not impaired and Impaired were revised stage 1, stage 2 and stage 3 respectively to reflect the appropriate IFRS 9 terminologies.

Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Stage 2 analysis

	Group		Bank	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Past due up to 30 days	34,919,913	47,086,061	27,096,700	42,798,066
Past due 31 - 60 days (Including advances not past due but in stage 2 using qualitative criteria)	15,899,499	22,523,712	9,782,995	14,505,235
Past due 61 - 90 days	20,247,580	14,531,681	14,344,688	7,577,427
Total	71,066,992	84,141,454	51,224,383	64,880,728

Maximum exposure to credit risk before collateral held

Balances with Central Banks	26,917,375	37,984,835	9,360,311	13,804,823
Government securities	173,897,190	201,650,174	126,766,961	120,103,924
Deposits and balances due from banking institutions	30,812,392	36,323,394	12,446,574	21,832,443
Loans and advances to customers	285,296,663	308,454,062	197,492,660	208,074,672
Derivative assets	506,159	74,362	-	-
Other assets	2,156,502	2,531,842	974,656	1,582,692

Credit risk exposures relating to off-balance sheet items:

- Acceptances and letters of credit	48,595,931	44,461,809	44,120,606	39,378,511
- Guarantee and performance bonds	20,635,793	33,527,622	16,288,138	25,435,469
	588,818,005	665,008,100	407,449,906	430,212,534

Collateral, other credit enhancements

The Group holds collateral and other enhancements against its credit exposures mainly loans and advances to customer. The collateral is in the form of cash, properties, motor vehicles and corporate and personal guarantees.

Fair value of collateral	412,921,145	394,035,905	298,740,955	273,304,472
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The Group updates valuation of properties and motor vehicles held against loans and advances at the loan origination stage. Additionally, regular valuations usually every three to five years are carried out to update the collateral values. The values of these collaterals form an input to the ECL model.

There are no significant changes in the quality of that collateral or credit enhancements as a result of deterioration or changes in the collateral policies of the entity during the reporting period.

No ECL allowance is recognised in the instance where there is sufficient or excess collateral held.

Notes (continued)

4. Financial risk management (continued)

a. Credit risk management (continued)

Settlement risk

The Group is exposed to settlement risk in its dealings with market counterparties (predominantly other financial institutions). These risks arise, for example, in foreign exchange transactions when the Group pays away its side of the transaction to another bank or other counterparty before receiving payment from the other side. The risk is that the counterparty may not meet its obligation. The risk is mitigated by setting counterparty limits. These limits are set after assessing the financial strength of the concerned counterparties.

b. Concentration of risk

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The analysis of credit risk concentrations presented below are based on the economic sector in which they are engaged.



Notes (continued)

4. Financial risk management (continued)

b. Concentration of risk (continued)

Economic sector risk concentrations within the customer loan and other financial assets portfolios were as follows:

Group

On balance sheet

	Manufacturing	Wholesale and retail trade	Transport and communications	Business and financial services	Agriculture	Building and construction and real estate	Retail housing	Tourism and hotels	Individuals	Others	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
31 December 2024											
Equity investment - at fair value through OCI	-	-	-	50,000	-	-	-	-	-	-	50,000
Loans and advances to customers (Gross)	50,016,803	52,648,802	25,354,606	40,948,003	15,320,972	52,720,772	1,354,350	40,553,770	20,005,303	6,493,182	305,416,563
Deposits due from banking institutions	-	-	-	30,812,392	-	-	-	-	-	-	30,812,392
Derivative assets	-	-	-	506,159	-	-	-	-	-	-	506,159
Other assets (excluding prepayments & Statutory receivables)	-	132	-	-	-	993	-	-	-	2,155,377	2,156,502
	50,016,803	52,648,934	25,354,606	72,316,554	15,320,972	52,721,765	1,354,350	40,553,770	20,005,303	8,648,559	338,941,616

Off balance sheet

Off balance sheet assets	8,167,775	14,819,088	2,998,352	2,608,880	1,919,830	6,039,674	-	490,553	54,531	32,133,041	69,231,724
Undrawn credit lines	3,948,113	9,290,688	1,114,655	2,561,248	3,111,429	1,794,182	95,300	1,410,147	439,459	8,607,699	32,372,920
	12,115,888	24,109,776	4,113,007	5,170,128	5,031,259	7,833,856	95,300	1,900,700	493,990	40,740,740	101,604,644

31 December 2023

On balance sheet

Equity investment - at fair value through OCI	-	-	-	55,550	-	-	-	-	-	-	55,550
Loans and advances to customers (Gross)	55,620,348	54,058,911	27,106,982	39,155,258	15,404,126	71,042,145	1,026,618	45,854,474	15,836,431	5,462,225	330,567,518
Deposits due from banking institutions	-	-	-	36,323,394	-	-	-	-	-	-	36,323,394
Derivative assets	-	-	-	74,362	-	-	-	-	-	-	74,362
Other assets (excluding prepayments & Statutory receivables)	-	-	-	-	-	-	-	-	-	2,531,842	2,531,842
	55,620,348	54,058,911	27,106,982	75,608,564	15,404,126	71,042,145	1,026,618	45,854,474	15,836,431	7,994,067	369,552,666

Off balance sheet

Off balance sheet assets	11,679,798	13,077,956	3,743,698	674,051	1,883,102	5,600,166	-	598,458	37,798	40,694,404	77,989,431
Undrawn credit lines	3,639,386	6,991,261	1,463,102	1,715,376	48,880	1,591,344	86,460	2,312,955	643,309	1,391,734	19,883,807
	15,319,184	20,069,217	5,206,800	2,389,427	1,931,982	7,191,510	86,460	2,911,413	681,107	42,086,138	97,873,238



Notes (continued)

4. Financial risk management (continued)

b. Concentration of risk (continued)

Bank

On Balance Sheet

	Manufacturing	Wholesale and retail trade	Transport and communications	Business and financial services	Agriculture	Building and construction and real estate	Retail housing	Tourism and hotels	Individuals	Others	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
31 December 2024											
Equity investment - at fair value through OCI	-	-	-	50,000	-	-	-	-	-	-	50,000
Loans and advances to customers (Gross)	22,847,069	37,718,033	18,808,396	37,231,398	10,711,219	39,999,765	1,277,732	31,969,441	12,937,053	235,867	213,735,973
Deposits due from banking institutions	-	-	-	12,446,574	-	-	-	-	-	-	12,446,574
Derivative assets	-	-	-	484,569	-	-	-	-	-	-	484,569
Other assets (excluding prepayments & Statutory receivables)	-	-	-	-	-	-	-	-	-	974,656	974,656
	22,847,069	37,718,033	18,808,396	50,212,541	10,711,219	39,999,765	1,277,732	31,969,441	12,937,053	1,210,523	227,691,772

Off balance sheet

Off balance sheet assets	6,094,671	12,116,808	2,704,465	1,860,423	1,720,929	4,646,344	-	286,760	54,531	30,923,813	60,408,744
Undrawn credit lines	1,248,562	6,848,504	393,335	2,246,000	3,046,502	1,668,289	95,300	879,243	439,459	7,600,800	24,465,994
	7,343,233	18,965,312	3,097,800	4,106,423	4,767,431	6,314,633	95,300	1,166,003	493,990	38,524,613	84,874,738

31 December 2023

On Balance sheet

Equity investment - at fair value through OCI	-	-	-	50,000	-	-	-	-	-	-	50,000
Loans and advances (Gross)	22,646,362	31,206,529	19,867,241	36,979,030	10,765,641	56,034,673	1,026,618	33,832,511	13,366,283	206,696	225,931,584
Deposits due from banking institutions	-	-	-	21,832,443	-	-	-	-	-	-	21,832,443
Derivative assets	-	-	-	72,042	-	-	-	-	-	-	72,042
Other assets (excluding prepayments & Statutory receivables)	-	-	-	-	-	-	-	-	-	1,582,692	1,582,692
	22,646,362	31,206,529	19,867,241	58,933,515	10,765,641	56,034,673	1,026,618	33,832,511	13,366,283	1,789,388	249,468,761

Off balance sheet

Off balance sheet assets	9,678,632	6,780,833	3,211,595	529,164	1,824,332	2,930,933	-	346,787	37,798	39,473,906	64,813,980
Undrawn credit lines	461,880	4,357,485	813,384	1,300,000	-	1,408,298	86,460	1,709,065	643,309	666,200	11,446,081
	10,140,512	11,138,318	4,024,979	1,829,164	1,824,332	4,339,231	86,460	2,055,852	681,107	40,140,106	76,260,061

Notes (continued)

4. Financial risk management (continued)

c. Market risk management

It is the risk of loss due to adverse movements in market rates or prices, such as foreign exchange rates, interest rates and equity prices. It emanates from the trading activities mainly carried out by treasury and structural positions housed in the banking books.

Market risk management is undertaken by the Treasury function under the supervision of ALCO, while Risk department maintains an overall oversight role.

Tolerance limits for market risk are approved by the Board. The limits are further allocated to the banking and trading books that are monitored at pre-defined frequencies. Risk measurement is currently based on sensitivity analysis and stress testing.

(i) Price risk

The Group's exposure to price risk was limited to its investment in Government securities held at fair value through OCI and fair value through P&L. The impact on financial assets and equity from a yield movement of +/-1% in the coupon of the securities would be as follows:

	Group	Bank
	Shs '000	Shs '000
+ 1% movement	2,280,690	2,204,867
- 1% movement	(2,280,690)	(2,204,867)

(ii) Interest rate risk

Interest rate risk is the risk that an investment's value will change due to a change in the absolute level of interest rates, i.e. the spread between two rates, in the shape of the yield curve, or in any other interest rate relationship.

A substantial part of the Group's assets and liabilities are subject to floating rates, hence are re-priced simultaneously. However, the Group is exposed to interest rate risk as a result of mismatches on a relatively small portion of its fixed rate assets and liabilities. The major portion related to this risk is reflected in the banking book owing to investments in fixed rate treasury bonds. The overall potential impact of the mismatches on the earnings in short-term and economic value of the portfolio in the long-term is not material and is being managed within the tolerance limits approved by the Board.

The table below summarises the Group's exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. The Group does not bear an interest rate risk on off-balance sheet items.



Notes (continued)

4. Financial risk management (continued)

c. Market risk management (continued)

(ii) Interest rate risk (continued)

Group

Group	Up to 1 Month	1-3 Months	3-12 Months	1 - 5 Years	Over 5 Years	Non-Interest sensitive	Total
	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000
At 31 December 2024							
Financial assets							
Cash and balances with Central Banks	-	-	-	-	-	45,959,773	45,959,773
Government securities	5,416,194	7,838,802	57,563,600	73,918,880	29,159,714	-	173,897,190
Deposits and balances due from banking institutions	18,713,375	7,027,527	1,318,415	-	-	3,753,075	30,812,392
Loans and advances to customers	53,507,440	206,395,242	1,136,925	1,839,207	-	22,417,849	285,296,663
Derivative assets	-	-	-	-	-	506,159	506,159
Other assets	-	-	-	-	-	2,156,502	2,156,502
Total financial assets	77,637,009	221,261,571	60,018,940	75,758,087	29,159,714	74,793,358	538,628,679
Financial liabilities							
Deposits from customers	229,679,887	60,925,612	113,383,478	7,298,561	-	35,929,275	447,216,813
Deposits and balances due to banking institutions	17,143,157	-	-	-	-	-	17,143,157
Borrowings	-	-	3,660,530	-	-	6,921	3,667,451
Derivative liabilities	-	-	-	-	-	108,768	108,768
Other liabilities	-	-	-	-	-	6,177,471	6,177,471
Lease liabilities	67,389	63,833	338,771	4,289,738	-	-	4,759,731
Total financial liabilities	246,890,433	60,989,445	117,382,779	11,588,299	-	42,222,435	479,073,391
Interest sensitivity gap	(169,253,424)	160,272,126	(57,363,839)	64,169,788	29,159,714	32,570,923	59,555,288



Notes (continued)

4. Financial risk management (continued)

c. Market risk management (continued)

(ii) Interest rate risk (continued)

Group

Group	Up to 1 Month	1-3 Months	3-12 Months	1 - 5 Years	Over 5 Years	Non-Interest sensitive	Total
	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000
At 31 December 2023							
Financial assets							
Cash and balances with Central Banks	-	-	-	-	-	50,233,669	50,233,669
Government securities	15,301,023	27,768,094	37,312,649	104,359,493	16,908,915	-	201,650,174
Deposits and balances due from banking institutions	25,574,680	5,739,594	-	-	-	5,009,120	36,323,394
Loans and advances to customers	67,902,067	221,173,675	711,817	2,374,232	-	16,292,271	308,454,062
Derivative assets	-	-	-	-	-	74,362	74,362
Other assets	-	-	-	-	-	2,531,842	2,531,842
Total financial assets	108,777,770	254,681,363	38,024,466	106,733,725	16,908,915	74,141,264	599,267,503
Financial liabilities							
Balances due to Central Banks	13,026,047	-	-	-	-	-	13,026,047
Deposits from customers	262,537,813	60,999,674	102,939,191	15,912,867	-	43,701,049	486,090,594
Deposits and balances due to banking institutions	12,226,413	-	-	-	-	87,102	12,313,515
Borrowings	-	977,842	22,989,505	-	-	13,467	23,980,814
Derivative liabilities	-	-	-	-	-	436,649	436,649
Other liabilities	-	-	-	-	-	5,164,390	5,164,390
Lease liabilities	42,234	64,875	319,682	4,667,117	-	-	5,093,908
Total financial liabilities	287,832,507	62,042,391	126,248,378	20,579,984	-	49,402,657	546,105,917
Interest sensitivity gap	(179,054,737)	192,638,972	(88,223,912)	86,153,741	16,908,915	24,738,607	53,161,586



Notes (continued)

4. Financial risk management (continued)

c. Market risk management (continued)

(ii) Interest rate risk (continued)

Bank

	Up to 1 Month	1-3 Months	3-12 Months	1 - 5 Years	Over 5 Years	Non-Interest sensitive	Total
	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000
At 31 December 2024							
Financial assets							
Cash and balances with Central Bank of Kenya	-	-	-	-	-	14,962,662	14,962,662
Government securities	-	922,385	39,395,323	57,289,539	29,159,714	-	126,766,961
Deposits and balances due from banking institutions	9,714,314	2,598,705	133,555	-	-	-	12,446,574
Loans and advances to customers	78,403	177,048,020	169,113	332	-	20,196,792	197,492,660
Derivative assets	-	-	-	-	-	484,569	484,569
Other assets	-	-	-	-	-	974,656	974,656
Total financial assets	9,792,717	180,569,110	39,697,991	57,289,871	29,159,714	36,618,679	353,128,082
Financial liabilities							
Deposits from customers	164,746,932	52,223,835	76,993,333	107,959	-	-	294,072,059
Deposits and balances due to banking institutions	11,096,569	-	-	-	-	-	11,096,569
Borrowings	-	1,196,824	1,154,892	1,014,456	-	-	3,366,172
Derivative liabilities	-	-	-	-	-	108,768	108,768
Other liabilities	-	-	-	-	-	3,394,207	3,394,207
Lease liabilities	23,635	34,055	177,731	1,089,133	1,960,754	-	3,285,308
Total financial liabilities	175,867,136	53,454,714	78,325,956	2,211,548	1,960,754	3,502,975	315,323,083
Interest sensitivity gap	(166,074,419)	127,114,396	(38,627,965)	55,078,323	27,198,960	33,115,704	37,804,999



Notes (continued)

4. Financial risk management (continued)

c. Market risk management (continued)

(ii) Interest rate risk (continued)

Bank

	Up to 1 Month	1-3 Months	3-12 Months	1 - 5 Years	Over 5 Years	Non-Interest sensitive	Total
	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000
At 31 December 2023							
Financial assets							
Cash and balances with Central Bank of Kenya	-	-	-	-	-	19,679,004	19,679,004
Government securities	8,948,974	17,750,484	8,038,270	68,457,281	16,908,915	-	120,103,924
Deposits and balances due from banking institutions	21,832,443	-	-	-	-	-	21,832,443
Loans and advances to customers	76,213	185,292,944	118,255	660	-	22,586,600	208,074,672
Derivative assets	-	-	-	-	-	72,042	72,042
Other assets	-	-	-	-	-	1,582,692	1,582,692
Total financial assets	30,857,630	203,043,428	8,156,525	68,457,941	16,908,915	43,920,338	371,344,777
Financial liabilities							
Balances due to Central Bank of Kenya	13,026,047	-	-	-	-	-	13,026,047
Deposits from customers	182,709,301	49,597,969	62,330,254	2,089,770	-	-	296,727,294
Deposits and balances due to banking institutions	2,745,794	-	-	-	-	-	2,745,794
Borrowings	-	2,203,770	16,998,702	4,066,464	-	-	23,268,936
Derivative liabilities	-	-	-	-	-	435,408	435,408
Other liabilities	-	-	-	-	-	3,497,579	3,497,579
Lease liabilities	23,816	31,961	173,156	1,058,394	1,715,987	-	3,003,314
Total financial liabilities	198,504,958	51,833,700	79,502,112	7,214,628	1,715,987	3,932,987	342,704,372
Interest sensitivity gap	(167,647,328)	151,209,728	(71,345,587)	61,243,313	15,192,928	39,987,351	28,640,405

Notes (continued)

4. Financial risk management (continued)

c. Market risk management (continued)

(ii) Interest rate risk (continued)

Interest rate risk sensitivity analysis

The impact on the after tax profit or loss and equity as a result of a 5% increase or decrease in interest rates on financial assets, net of financial liabilities, would be as follows:

	Group	
	2024	2023
	Shs 'million	Shs 'million
+ 5% movement	2,955	2,935
- 5% movement	(2,955)	(2,935)

	Bank	
	2024	2023
	Shs 'million	Shs 'million
+ 5% movement	2,705	2,073
- 5% movement	(2,705)	(2,073)

(iii) Foreign exchange risk

The Group's assets are typically funded in the same currency as the business transacted to eliminate foreign exchange exposure. However, the Group maintains an open position within the tolerance limits prescribed by the Central Banks and approved in the various countries it operates in.

End-of-the-day positions are marked to market daily. The intra-day positions are managed by treasury/dealing room through stop loss/dealers limits.

Notes (continued)

4. Financial risk management (continued)

c. Market risk management (continued)

(iii) Foreign exchange risk (continued)

The table below summarises the Group's and Bank's exposure to foreign currency exchange rate risk at 31 December 2024. Included in the table are the Group's and Bank's financial instruments, categorised by currency.

Group

	USD	GBP	EURO	OTHERS	TOTAL
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 31 December 2024					
Financial assets					
Cash and balances with Central banks	8,511,332	192,907	366,679	10,026	9,080,944
Deposits and balances due from banking institutions	25,805,410	811,265	3,355,543	499,830	30,472,048
Other assets	649,429	3	28	5,735	655,195
Loans and advances to customers	124,833,083	-	3,686,673	1	128,519,757
Total financial assets	159,799,254	1,004,175	7,408,923	515,592	168,727,944
Financial liabilities					
Deposits from customers	136,737,973	4,660,228	7,564,288	338,169	149,300,658
Deposits and balances due to banking institutions	5,294,162	21,331	4,029	95,547	5,415,069
Other liabilities	260,282	3,389	10,529	1,828,755	2,102,955
Borrowings	3,660,530	-	-	6,921	3,667,451
Lease liabilities	933,053	-	-	-	933,053
Total financial liabilities	146,886,000	4,684,948	7,578,846	2,269,392	161,419,186
Net balance sheet position	12,913,254	(3,680,773)	(169,923)	(1,753,800)	7,308,758
Net off balance sheet position	(7,588,346)	5,096,872	(2,717,425)	316,149	(4,892,750)
Overall net position	5,324,908	1,416,099	(2,887,348)	(1,437,651)	2,416,008

Notes (continued)

4. Financial risk management (continued)

c. Market risk management (continued)

(iii) Foreign exchange risk (continued)

Group

	USD	GBP	EURO	OTHERS	TOTAL
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 31 December 2023					
Financial assets					
Cash and balances with Central banks	9,365,058	485,385	489,546	6,013	10,346,002
Deposits and balances due from banking institutions	26,423,766	4,329,780	3,917,926	594,101	35,265,573
Other assets	816,289	2	36	145	816,472
Loans and advances to customers	177,934,796	-	5,298,085	1	183,232,882
Total financial assets	214,539,909	4,815,167	9,705,593	600,260	229,660,929
Financial liabilities					
Deposits from customers	176,819,676	6,393,242	8,756,358	391,395	192,360,671
Deposits and balances due to banking institutions	734,803	26,090	5,227	120,381	886,501
Other liabilities	547,117	1,895	8,719	5,197	562,928
Borrowings	23,967,347	-	-	13,467	23,980,814
Lease liabilities	1,193,918	-	-	-	1,193,918
Total financial liabilities	203,262,861	6,421,227	8,770,304	530,440	218,984,832
Net balance sheet position	11,277,048	(1,606,060)	935,289	69,820	10,676,097
Net off balance sheet position	(7,588,346)	5,096,872	(2,717,425)	316,149	(4,892,750)
Overall net position	3,688,702	3,490,812	(1,782,136)	385,969	5,783,347

Notes (continued)

4. Financial risk management (continued)

c. Market risk management (continued)

(iii) Foreign exchange risk (continued)

Bank

	USD	GBP	EURO	OTHERS	TOTAL
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 31 December 2024					
Financial assets					
Cash and balances with Central bank of Kenya	1,035,108	96,368	192,083	-	1,323,559
Deposits and balances due from banking institutions	10,832,464	596,344	521,637	431,800	12,382,245
Other assets	48,091	-	-	-	48,091
Loans and advances to customers	80,938,304	-	3,625,880	-	84,564,184
Total financial assets	92,853,967	692,712	4,339,600	431,800	98,318,079
Financial liabilities					
Deposits from customers	70,886,387	4,292,626	4,588,948	308,676	80,076,637
Deposits and balances due to banking institutions	6,947,324	21,331	4,029	95,546	7,068,230
Other liabilities	235,020	42	1,025	1,822,368	2,058,455
Borrowings	3,366,172	-	-	-	3,366,172
Lease liabilities	251,092	-	-	-	251,092
Total financial liabilities	81,685,995	4,313,999	4,594,002	2,226,590	92,820,586
Net balance sheet position	11,167,972	(3,621,287)	(254,402)	(1,794,790)	5,497,493
Net off balance sheet position	(13,034,519)	3,618,861	456,881	112,270	(8,846,507)
Overall net position	(1,866,547)	(2,426)	202,479	(1,682,520)	(3,349,014)

Notes (continued)

4. Financial risk management (continued)

c. Market risk management (continued)

(iii) Foreign exchange risk (continued)

Bank

	USD	GBP	EURO	OTHERS	TOTAL
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 31 December 2023					
Financial assets					
Cash and balances with Central Bank of Kenya	2,187,867	224,092	246,197	-	2,658,156
Deposits and balances due from banking institutions	16,346,811	3,787,307	1,139,164	490,919	21,764,201
Other assets	9,606	-	-	-	9,606
Loans and advances to customers	114,605,351	-	5,214,350	-	119,819,701
Total financial assets	133,149,635	4,011,399	6,599,711	490,919	144,251,664
Financial liabilities					
Deposits from customers	94,689,622	5,590,936	5,765,064	310,003	106,355,625
Deposits and balances due to banking institutions	2,594,097	26,090	5,227	120,380	2,745,794
Other liabilities	203,096	384	51	2,150	205,681
Borrowings	23,268,936	-	-	-	23,268,936
Lease liabilities	262,557	-	-	-	262,557
Total financial liabilities	121,018,308	5,617,410	5,770,342	432,533	132,838,593
Net balance sheet position	12,131,327	(1,606,011)	829,369	58,386	11,413,071
Net off balance sheet position	(8,698,527)	5,101,349	(2,708,616)	281,749	(6,024,045)
Overall net position	3,432,800	3,495,338	(1,879,247)	340,135	5,389,026

Notes (continued)

4. Financial risk management (continued)

c. Market risk management (continued)

(iii) Foreign exchange risk (continued)

Currency risk sensitivity analysis

At 31 December 2024, if the local currency in each country the Group operates in, had strengthened or weakened by 5% against the major trading currencies, with all other variables held constant, the impact on the after-tax profit and equity would have been as shown below:

2024	USD	GBP	EURO	OTHERS	TOTAL
	Shs ' million				

Group	USD	GBP	EURO	OTHERS	TOTAL
	Shs ' million				
+ 5% movement	186.4	49.6	(101.1)	(50.3)	84.6
- 5% movement	(186.4)	(49.6)	101.1	50.3	(84.6)
Bank					
+ 5% movement	(65.0)	-	7.0	(59.0)	(117.0)
- 5% movement	65.0	-	(7.0)	59.0	117.0

2023	USD	GBP	EURO	OTHERS	TOTAL
	Shs ' million				
Group					
+ 5% movement	1,581.5	146.9	(46.3)	19.0	1,701.1
- 5% movement	(1,581.5)	(146.9)	46.3	(19.0)	(1,701.1)
Bank					
+ 5% movement	120.0	122.0	(66.0)	12.0	188.0
- 5% movement	(120.0)	(122.0)	66.0	(12.0)	(188.0)

d. Liquidity risk management

Liquidity risk is the risk that the Group will be unable to meet cash flow obligations as they become due, because of an inability to liquidate assets, or to obtain adequate funding.

At management level, ALCO has the responsibility for the formulation and management of the overall strategy and oversight of the asset liability management function. At Board level and, through its sub-committee, BRMC reviews the strategy adopted by ALCO and provides direction on a periodic basis.

The Group follows a comprehensive liquidity risk management policy and procedures duly recommended by the ALCO, reviewed by the BRMC and approved by the Board. The policy stipulates maintenance of various ratios, funding preferences, and evaluation of the Group's liquidity under normal and crisis situation (stress testing).

The Group also performs stress tests for exceptional and worst scenarios to monitor and consolidate its position in the market. DTB liquidity measures have remained above regulatory requirements throughout this period.



Notes (continued)

4. Financial risk management (continued)

d. Liquidity risk management (continued)

The table below presents the undiscounted cash flows receivable and payable by the Group and Bank under financial assets and liabilities by remaining contractual maturities at the reporting date.

Group

At 31 December 2024

	Up to 1 Month	1-3 Months	3-12 Months	1 - 5 Years	Over 5 Years	Total
	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000
Financial assets						
Cash and balances with Central Banks	39,969,144	1,953,714	3,623,463	391,964	21,488	45,959,773
Government securities	5,926,923	5,491,175	61,912,574	63,848,393	137,898,550	275,077,615
Deposits and balances due from banking institutions	32,243,071	2,400,505	1,261,126	-	-	35,904,702
Loans and advances to customers	24,060,476	41,807,983	59,926,646	135,693,353	73,517,007	335,005,465
Equity investment - at fair value through other comprehensive income (FVOCI)	-	-	-	-	50,000	50,000
Derivative assets	-	-	506,159	-	-	506,159
Other assets	2,112,050	19,164	24,295	-	993	2,156,502
Total financial assets	104,311,664	51,672,541	127,254,263	199,933,710	211,488,038	694,660,216
Financial liabilities						
Deposits from customers	264,750,905	62,599,035	114,452,074	8,252,820	5,089	450,059,923
Deposits and balances due to banking institutions	20,370,717	-	569,717	-	-	20,940,434
Derivative liabilities	-	-	108,768	-	-	108,768
Borrowings	10,531	1,232,505	1,199,787	1,360,810	-	3,803,633
Other liabilities	6,149,963	27,508	-	-	-	6,177,471
Lease liabilities	67,250	107,769	577,090	3,524,717	4,459,059	8,735,885
Total financial liabilities	291,349,366	63,966,817	116,907,436	13,138,347	4,464,148	489,826,114
Net liquidity gap	(187,037,702)	(12,294,276)	10,346,827	186,795,363	207,023,890	204,834,102



Notes (continued)

4. Financial risk management (continued)

d. Liquidity risk management (continued)

Group (continued)

At 31 December 2023

	Up to 1 Month	1-3 Months	3-12 Months	1 - 5 Years	Over 5 Years	Total
	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000
Financial assets						
Cash and balances with Central Banks	36,569,493	2,747,808	4,643,071	629,742	13	44,590,127
Government securities	16,260,473	23,959,814	43,374,214	125,204,370	43,935,561	252,734,432
Deposits and balances due from banking institutions	36,309,660	2,574,675	-	-	-	38,884,335
Loans and advances to customers	49,058,121	37,561,168	68,676,742	118,064,172	83,839,766	357,199,969
Equity investment - at fair value through other comprehensive income (FVOCI)	-	-	-	-	55,550	55,550
Derivative assets	-	-	74,362	-	-	74,362
Other assets	2,500,837	8,406	22,599	-	-	2,531,842
Total financial assets	140,698,584	66,851,871	116,790,988	243,898,284	127,830,890	696,070,617
Financial liabilities						
Balances due to Central Banks	13,042,619	-	-	-	-	13,042,619
Deposits from customers	303,579,510	64,167,580	106,543,574	16,668,007	16,218	490,974,889
Deposits and balances due to banking institutions	14,785,346	-	-	-	-	14,785,346
Derivative liabilities	-	-	436,649	-	-	436,649
Borrowings	26,515	2,368,836	18,254,851	4,590,381	-	25,240,583
Other liabilities	5,147,695	8,434	-	-	8,261	5,164,390
Lease liabilities	64,702	92,448	488,318	4,099,470	3,009,500	7,754,438
Total financial liabilities	336,646,387	66,637,298	125,723,392	25,357,858	3,033,979	557,398,914
Net liquidity gap	(195,947,803)	214,573	(8,932,404)	218,540,426	124,796,911	138,671,703



Notes (continued)

4. Financial risk management (continued)

d) Liquidity risk management (continued)

Bank

At 31 December 2024

	Up to 1 Month	1-3 Months	3-12 Months	1 - 5 Years	Over 5 Years	Total
						Shs' 000
Financial assets						
Cash and balances with Central Bank of Kenya	10,755,195	1,717,974	2,409,161	80,332	-	14,962,662
Government securities	-	946,074	41,934,837	48,542,468	130,497,421	221,920,800
Deposits and balances due from banking institutions	12,460,842	-	-	-	-	12,460,842
Derivative assets	-	-	484,569	-	-	484,569
Loans and advances to customers	15,181,561	21,455,732	34,882,239	93,723,399	67,800,272	233,043,203
Other assets	974,656	-	-	-	-	974,656
Equity investment - at fair value through other comprehensive income (FVOCI)	-	-	-	-	50,000	50,000
Total financial assets	39,372,254	24,119,780	79,710,806	142,346,199	198,347,693	483,896,732
Financial liabilities						
Deposits from customers	164,340,357	53,600,378	76,154,503	128,214	-	294,223,452
Deposits and balances due to banking institutions	12,785,442	-	-	-	-	12,785,442
Borrowings	-	1,196,824	1,154,892	1,115,608	-	3,467,324
Derivative liabilities	-	-	108,768	-	-	108,768
Lease liabilities	47,810	68,888	359,519	2,203,122	3,966,258	6,645,597
Other liabilities	3,394,207	-	-	-	-	3,394,207
Total financial liabilities	180,567,816	54,866,090	77,777,682	3,446,944	3,966,258	320,624,790
Net liquidity gap	(141,195,562)	(30,746,310)	1,933,124	138,899,255	194,381,435	163,271,942

Notes (continued)

4. Financial risk management (continued)

d) Liquidity risk management (continued)

Bank (continued)

At 31 December 2023

	Up to 1 Month	1-3 Months	3-12 Months	1 - 5 Years	Over 5 Years	Total
	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000
Financial assets						
Cash and balances with Central Bank of Kenya	13,923,742	2,378,981	3,264,208	112,073	-	19,679,004
Government securities	8,977,900	18,033,958	8,652,302	91,495,006	34,793,964	161,953,130
Deposits and balances due from banking institutions	21,846,710	-	-	-	-	21,846,710
Derivative assets	-	-	72,042	-	-	72,042
Loans and advances to customers	31,150,883	21,970,157	35,495,275	73,350,582	75,500,550	237,467,447
Other assets	1,582,692	-	-	-	-	1,582,692
Equity investment - at fair value through other comprehensive income (FVOCI)	-	-	-	-	50,000	50,000
Total financial assets	77,481,927	42,383,096	47,483,827	164,957,661	110,344,514	442,651,025
Financial liabilities						
Balances due to Central Bank of Kenya	13,042,619	-	-	-	-	13,042,619
Deposits from customers	182,405,018	50,957,819	62,405,723	1,499,696	-	297,268,256
Deposits and balances due to banking institutions	2,748,118	-	-	-	-	2,748,118
Borrowings	-	2,202,906	18,070,327	4,174,227	-	24,447,460
Derivative liabilities	-	-	435,408	-	-	435,408
Lease liabilities	44,519	59,743	323,674	1,978,414	3,207,630	5,613,980
Other liabilities	3,497,579	-	-	-	-	3,497,579
Total financial liabilities	201,737,853	53,220,468	81,235,132	7,652,337	3,207,630	347,053,420
Net liquidity gap	(124,255,926)	(10,837,372)	(33,751,305)	157,305,324	107,136,884	95,597,605

Notes (continued)

4. Financial risk management (continued)

e. Operational risk management

Operational risk is the risk that the Group will face direct or indirect loss resulting from inadequate or failed internal processes, people, technology failures and from external events. The Group has in place Board-approved Operations Risk Management Policy and Procedures.

At management level, the Operational Risk Management Committee (ORCO) has the responsibility for assessing the risk associated with the Group's activities, ensuring they are clearly identified, assessed and controlled in line with the Group's Operational Risk Management Policy. ORCO is charged with ensuring that the Group has adequate internal policies and procedures, technology, business continuity, and ensuring that the appropriate knowledge, skills, resources and expertise are available within the Group to enable the staff to meet the risk management and control requirements within each of their respective areas of operation.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost-effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit and coordinated on an overall basis by the Group's Risk function.

f. Climate related risk

Climate-Related Risk refers to the potential negative impacts of Climate Change on the organisation. The Bank is likely to experience the financial risk related to the physical consequences of climate change (Physical risks) as well as the transition to a climate-neutral economy (transition risk). These risk channels are drivers of conventional risk types (i.e., credit, liquidity, reputational, legal, compliance and operational risks).

Presently, climate change is becoming an increasingly important issue for financial institutions, regulators, investors, and clients. The Bank remains committed to addressing the climate crisis by supporting the transition to a sustainable, low-carbon economy that balances society's environmental, social, and economic needs.

The Bank has set up a Climate Risk management strategy within the overall Environmental Social Governance (ESG) risk management framework. The framework was presented to the board for approval in September 2023. The Bank has revamped its Social Environmental Management System (SEMS) to a more robust Environmental Social Governance (ESG) and Climate-related Risk Management framework. The enhanced framework includes policies, processes and controls geared towards effective management of ESG and climate related risks. These policies, procedures and controls ensure that the bank's internal operations, client on boarding, financing to customers, engaging outsourced business partners and overall supply chain of the bank are in compliance with emerging regulatory requirements and all stakeholders' expectations. Key among the enhancements is inclusion of climate related stress test scenarios within the existing stress test framework.

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

- Industries exposed to increased transition risks: The Bank has identified industries that have the potential to be affected by transition risks negatively affecting their business model. Lending limits have been set for these industries.
- Physical risk to real estate: The Bank has identified areas in which it operates that are exposed to potential increase in physical risk such as floods. Heightened physical risk is considered in valuing collateral, such as real estate, plant, or inventory.
- Imposing limitations or defining exclusion criteria i,e, exclusion control measures for sectors which do not align with its' ESG and climate risk strategy.

In addition, the Bank is in the process of developing models that aim to assess how borrowers' performance is linked to climate -related risk management. The Bank plans to use these models in pricing credit risk and in calculating expected credit losses (ECLs). The goal is to accelerate sustainable finance by supporting clients as the world moves towards a net zero economy and helping them build resilience to climate risks.

Notes (continued)

4. Financial risk management (continued)

g. Fair values of financial assets and liabilities

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

The following sets out the Group's basis of establishing fair values of financial instruments:

- Government securities and derivatives with observable market prices including equity securities are fair valued using that information. Investment securities that do not have observable market data are fair valued either using discounted cash flow method or quoted market prices for securities with similar yield characteristics.
- Loans and advances to customers are net of allowance for impairment. The estimated fair value of loans and advances represents the discounted amount of future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. A substantial proportion of loans and advances are on floating rates and re-price within 12 months, hence their fair value approximates their carrying amounts.
- The estimated fair value of deposits with no stated maturity is the amount repayable on demand. Estimated fair value of fixed interest bearing deposits and borrowings without quoted market prices is based on discounting cash flows using the prevailing market rates for debts with similar maturities and interest rates. A substantial proportion of deposits mature within 12 months and hence the fair value approximates their carrying amounts.
- Cash and balances with Central Banks, other assets, and other liabilities are measured at amortized cost and their fair value approximates their carrying amount.

Notes (continued)

4. Financial risk management (continued)

g. Fair values of financial assets and liabilities (continued)

The fair values of Group and Bank's financial assets and liabilities are as shown below:

Group

	Carrying value	Fair Value			Total
		Level 1	Level 2	Level 3	
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
At 31 December 2024					
Financial assets					
Cash and balances with Central Banks	45,959,773	-	-	45,959,773	45,959,773
Government securities	173,897,190	173,819,029	-	-	173,819,029
Deposits and balances due from banking institutions	30,812,392	-	-	30,812,392	30,812,392
Loans and advances to customers	285,296,663	-	-	285,296,663	285,296,663
Derivative assets	506,159	-	506,159	-	506,159
Other assets	2,156,502	-	-	2,156,502	2,156,502
Equity investment - at fair value through OCI	50,000	-	-	50,000	50,000
Total financial assets	538,678,679	173,819,029	506,159	364,275,330	538,600,518
Financial liabilities					
Deposits from customers	447,216,813	-	-	447,216,813	447,216,813
Deposits and balances due to banking institutions	17,143,157	-	-	17,143,157	17,143,157
Borrowings	3,667,451	-	-	3,667,451	3,667,451
Derivative liabilities	108,768	-	108,768	-	108,768
Lease liabilities	4,759,731	-	-	4,759,731	4,759,731
Other liabilities	6,177,471	-	-	6,177,471	6,177,471
Total financial liabilities	479,073,391	-	108,768	478,964,623	479,073,391
At 31 December 2023					
Financial assets					
Cash and balances with Central Banks	50,233,669	-	-	50,233,669	50,233,669
Government securities	201,650,174	200,501,932	-	-	200,501,932
Deposits and balances due from banking institutions	36,323,394	-	-	36,323,394	36,323,394
Loans and advances to customers	308,454,062	-	-	308,454,062	308,454,062
Derivative assets	74,362	-	74,362	-	74,362
Other assets	2,531,842	-	-	2,531,842	2,531,842
Equity investment - at fair value through OCI	55,550	-	-	55,550	55,550
Total financial assets	599,323,053	200,501,932	74,362	397,598,517	598,174,811
Financial liabilities					
Balances due to Central Banks	13,026,047	-	-	13,026,047	13,026,047
Deposits from customers	486,090,594	-	-	486,090,594	486,090,594
Deposits and balances due to banking institutions	12,313,515	-	-	12,313,515	12,313,515
Borrowings	23,980,814	-	-	23,980,814	23,980,814
Derivative liabilities	436,649	-	436,649	-	436,649
Lease liabilities	5,093,908	-	-	5,093,908	5,093,908
Other liabilities	5,164,390	-	-	5,164,390	5,164,390
Total financial liabilities	546,105,917	-	436,649	545,669,268	546,105,917

Notes (continued)

4. Financial risk management (continued)

g. Fair values of financial assets and liabilities (continued)

Bank

	Carrying value	Fair Value						
		Level 1	Level 2	Level 3	Total			
		Shs '000	Shs '000	Shs '000	Shs '000			
At 31 December 2024								
Financial assets								
Cash and balances with Central Bank of Kenya	14,962,662	-	-	14,962,662	14,962,662			
Government securities	126,766,961	127,028,812	-	-	127,028,812			
Deposits and balances due from banking institutions	12,446,574	-	-	12,446,574	12,446,574			
Loans and advances to customers	197,492,660	-	-	197,492,660	197,492,660			
Derivative assets	484,569	-	484,569	-	484,569			
Other assets	974,656	-	-	974,656	974,656			
Equity investment - at fair value through OCI	50,000	-	-	50,000	50,000			
Total financial assets	353,178,082	127,028,812	484,569	225,926,552	353,439,933			
Financial liabilities								
Deposits from customers	294,072,059	-	-	294,072,059	294,072,059			
Deposits and balances due to banking institutions	11,096,569	-	-	11,096,569	11,096,569			
Derivative liabilities	108,768	-	108,768	-	108,768			
Borrowings	3,366,172	-	-	3,366,172	3,366,172			
Lease liabilities	3,285,308	-	-	3,285,308	3,285,308			
Other liabilities	3,394,207	-	-	3,394,207	3,394,207			
Total financial liabilities	315,323,083	-	108,768	315,214,315	315,323,083			
At 31 December 2023								
Financial assets								
Cash and balances with Central Bank of Kenya	19,679,004	-	-	19,679,004	19,679,004			
Government securities	120,103,924	120,154,528	-	-	120,154,528			
Deposits and balances due from banking institutions	21,832,443	-	-	21,832,443	21,832,443			
Loans and advances to customers	208,074,672	-	-	208,074,672	208,074,672			
Derivative assets	72,042	-	72,042	-	72,042			
Other assets	1,582,692	-	-	1,582,692	1,582,692			
Equity investment - at fair value through OCI	50,000	-	-	50,000	50,000			
Total financial assets	371,394,777	120,154,528	72,042	251,218,811	371,445,381			
Financial liabilities								
Balances due to Central Bank of Kenya	13,026,047	-	-	13,026,047	13,026,047			
Deposits from customers	296,727,294	-	-	296,727,294	296,727,294			
Deposits and balances due to banking institutions	2,745,794	-	-	2,745,794	2,745,794			
Derivative liabilities	435,408	-	435,408	-	435,408			
Borrowings	23,268,936	-	-	23,268,936	23,268,936			
Lease liabilities	3,003,314	-	-	3,003,314	3,003,314			
Other liabilities	3,497,579	-	-	3,497,579	3,497,579			
Total financial liabilities	342,704,372	-	435,408	342,268,964	342,704,372			

Notes (continued)

4. Financial risk management (continued)

h. Capital management

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

- to comply with the capital requirements set by the Central Bank of Kenya (CBK);
- to safeguard the Bank 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 risk weighted assets are measured by means of a hierarchy, classified according to the nature and reflecting an estimate, of the credit risk associated with each assets and counter party. A similar treatment is adopted for off balance sheet exposure, with some adjustment to reflect the more contingent nature of the potential losses.

The Group manages its capital to meet the Central Bank requirements. In the case of the bank, the requirements are listed below:

- hold the minimum level or regulatory capital of Shs 1 billion;
- 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 8%;
- maintain core capital of not less than 8% of total deposit liabilities; and
- maintain total capital of not less than 12% of risk-weighted assets plus risk-weighted off-balance sheet items.

Banks in Kenya are also required to maintain a capital conservation buffer of 2.5% over and above the minimum capital requirements. The statutory minimum capital adequacy ratios (CARs) including the buffer are as follows:

• Core capital to Total risk weighted assets (TRWA) ratio	10.50%
• Core capital to deposits ratio	8.00%
• Total capital to TRWA ratio	14.50%

The Bank maintains an internally set and Board- approved Board minimum CAR requirement of 1% and 1.5% over and above the CBK prescribed minimum of Core capital/TRWA ratio of 11.50 % and Total capital to TRWA ratio of 16.0% respectively.

As at 31 December 2024, the Bank's capital ratios are above the minimum capital requirements.

The Bank's total regulatory capital is divided into two tiers:

1. Tier 1 capital (core capital): share capital, share premium plus retained earnings.
2. 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 and statutory credit reserve. Qualifying Tier 2 capital is limited to 100% of Tier 1 capital.

During the year, the Group and Bank have complied with requirements of the regulators; Central Bank of Kenya, Bank of Tanzania, Bank of Uganda, Banque de la Republique du Burundi, the Capital Markets Authority as well as the Nairobi Securities Exchange.

Notes (continued)

4. Financial risk management (continued)

h. Capital management (Continued)

The table below summarises the composition of regulatory capital and the ratios of the Group and Bank as at 31 December:

	Group		Bank	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Tier 1 Capital	75,674,239	75,267,273	49,049,883	51,404,728
Tier 1 + Tier 2 Capital	82,478,656	77,889,717	54,073,295	53,463,809
Risk-weighted assets	451,166,629	485,264,275	312,388,433	315,355,813
On-balance sheet	315,358,697	340,808,338	217,881,819	230,722,523
Off-balance sheet	35,366,692	40,433,868	27,586,932	30,290,465
Operational and market risk	100,441,240	104,022,069	66,919,682	54,342,825
Total risk-weighted assets	451,166,629	485,264,275	312,388,433	315,355,813
Basel ratio				
Tier 1 (CBK minimum - 10.5%)	16.8%	15.5%	15.7%	16.3%
Tier I + Tier II (CBK minimum - 14.5%)	18.3%	16.1%	17.3%	17.0%

The capital adequacy ratios for the subsidiaries are summarised below:

	2024	2023
Tier 1		
DTB Tanzania - Bank of Tanzania (BOT) minimum - 12.5%;	20.4%	16.5%
DTB Uganda - Bank of Uganda (BOU) minimum - 10.5%	22.5%	25.8%
DTB Burundi - Banque de la Republique du Burundi minimum - 12.5%	41.3%	37.6%
Tier I + Tier II		
DTB Tanzania (BOT) minimum - 14.5%;	20.4%	16.5%
DTB Uganda - (BOU) minimum -14.5%	23.4%	27.4%
DTB Burundi - Banque de la Republique du Burundi minimum - 14.5%	42.3%	38.9%

Notes (continued)

	Group		Bank	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
5. Interest income calculated using effective interest method				
Loans and advances	32,475,744	28,537,534	22,351,209	19,174,650
Government securities amortised cost	10,015,801	8,188,183	8,310,396	6,448,157
Government securities at fair value through OCI	15,682,474	15,952,516	9,502,876	9,115,383
Placements and bank balances	1,521,328	633,300	772,422	146,525
	59,695,347	53,311,533	40,936,903	34,884,715

Interest income relating to government securities at amortised cost and at fair value through OCI was previously aggregated in 2023.

6. Interest expense

Deposits from customers	25,298,044	20,881,383	19,312,569	14,335,691
Deposits due to banking institutions	3,991,926	2,306,804	2,744,153	1,771,560
Borrowings	1,493,117	2,035,146	1,459,534	1,974,875
Lease liability (note 22)	520,812	513,611	364,302	337,272
	31,303,899	25,736,944	23,880,558	18,419,398

7 a. Fee and commission income

Fees and commissions on loans and advances	2,220,615	2,011,460	1,697,084	1,475,541
Other fees and commissions income	4,216,183	3,128,512	2,237,429	1,397,783
	6,436,798	5,139,972	3,934,513	2,873,324

7 b. Other operating income

Dividend income	-	-	180,000	180,000
Rental income	72,952	66,485	72,763	66,179
Commission from insurance business	410,430	406,797	67,399	70,967
Gain/(loss) on sale of property and equipment	4,631	(7,807)	(61)	3,617
Gain on sale of Government securities	7,318	193,828	7,318	15,785
Other	199,571	149,910	19,483	18,903
	694,902	809,213	346,902	355,451

8. Operating expenses

Operating expenses include:				
Staff costs (Note 9)	9,825,682	8,604,175	6,231,760	5,146,424
Depreciation on property and equipment (Note 20)	1,169,837	1,194,352	603,798	494,184
Amortisation of software costs (Note 19)	540,708	466,314	301,384	251,408
Depreciation charge on right of use assets (Note 22)	608,453	645,353	258,823	250,600
Auditor's remuneration				
- Local statutory audit	41,873	49,525	20,433	19,554
- Information systems audit	24,088	25,222	11,597	11,098
Other expenses	9,236,428	9,563,776	4,253,558	4,466,539
	21,447,069	20,548,717	11,681,353	10,639,807

Notes (continued)

	Group		Bank	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
9. Staff costs				
Salaries and allowances	8,104,535	7,090,966	5,246,212	4,327,313
Contribution to defined contribution retirement scheme	336,181	298,050	332,241	294,119
National Social Security Fund contribution	294,997	265,430	37,759	16,076
Others including insurance and training expenses	1,089,969	949,729	615,548	508,916
	9,825,682	8,604,175	6,231,760	5,146,424

The average number of employees for the Group during the year was 2,886 (2023: 2,777).

10. Income tax expense

a.) Tax charge

Current income tax - current year	2,977,008	4,873,941	546,032	2,509,880
Under provision of income tax in previous year	50,628	113,107	-	-
Deferred income tax - current year (Note 23)	(648,598)	(3,688,189)	699,788	(2,052,091)
Prior year deferred tax adjustment (Note 23)	(13,089)	(90,371)	-	(8,540)
	2,365,949	1,208,488	1,245,820	449,249

b) The tax on the profit before income tax differs from the theoretical amount that would arise using the basic tax rate as follows:

Profit before income tax	11,185,358	9,003,460	6,556,307	5,433,590
Tax calculated at the statutory tax rate of 30% (2023-30%)	3,355,607	2,701,038	1,966,892	1,630,077

Tax effect of:

Income not subject to tax	(1,863,349)	(2,585,304)	(1,356,094)	(2,033,999)
Expenses not deductible for tax purposes	836,152	1,070,018	635,022	861,711
Under provision of income tax in previous year	50,628	113,107	-	-
Prior year deferred tax adjustment	(13,089)	(90,371)	-	(8,540)
Income tax expense	2,365,949	1,208,488	1,245,820	449,249

c) Tax receivable

At 1 January	(2,084,149)	(90,545)	(2,445,450)	(138,388)
Income tax charge	2,977,008	4,873,941	546,032	2,509,880
Prior year under provision	50,628	113,107	-	-
Tax paid	(2,535,906)	(6,980,652)	(181,029)	(4,816,942)
At 31 December	(1,592,419)	(2,084,149)	(2,080,447)	(2,445,450)

Comprising of:

Tax payable	510,468	370,637	-	-
Tax receivable	(2,102,887)	(2,454,786)	(2,080,447)	(2,445,450)
	(1,592,419)	(2,084,149)	(2,080,447)	(2,445,450)

Notes (continued)

11. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the owners of the Bank by the weighted average number of ordinary shares outstanding during the year.

	Group	
	2024	2023
Profit attributable to shareholders (Shs thousands)	7,642,442	6,879,176
Weighted average number of ordinary shares in issue (thousands)	279,602	279,602
Earnings per share (Shs per share) - basic and diluted	27.33	24.60

The earnings per share have been calculated on the basis of the number of weighted ordinary shares issued as at 31 December 2024. There were no potentially dilutive shares outstanding at 31 December 2024.

12. Dividends per share

A final dividend in respect of the year ended 31 December 2024 of Shs 7.00 (2023: Shs 6.00) per share amounting to a total of Shs 1,957,215,540 is proposed. (2023: Shs 1,677,613,320)

Payment of dividends is subject to withholding tax at a rate of 5% for shareholders who are citizens of East Africa Partner States, 0% for shareholders who are insurance companies or whose dividend income is exempt from tax and 15% for all other shareholders.

Notes (continued)

13. Classification of financial assets and liabilities

a.) Group

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	At FVTPL	Investment at FVTOCI	Amortised cost	Total carrying amount
	Shs '000	Shs '000	Shs '000	Shs '000
31 December 2024				
Cash and balances with Central Banks	-	-	45,959,773	45,959,773
Government securities	619,309	116,385,072	56,892,809	173,897,190
Deposits and balances due from banking institutions	-	-	30,812,392	30,812,392
Loans and advances to customers	-	-	285,296,663	285,296,663
Equity investment - at fair value through OCI	-	50,000	-	50,000
Derivative assets	506,159	-	-	506,159
Other assets	-	-	2,156,502	2,156,502
Total financial assets	1,125,468	116,435,072	421,118,139	538,678,679
Deposits from customers	-	-	447,216,813	447,216,813
Deposits and balances due to banking institutions	-	-	17,143,157	17,143,157
Derivative liabilities	108,768	-	-	108,768
Other liabilities	-	-	6,177,471	6,177,471
Borrowings	-	-	3,667,451	3,667,451
Lease liabilities	-	-	4,759,731	4,759,731
Total financial liabilities	108,768	-	478,964,623	479,073,391
31 December 2023				
Cash and balances with Central Banks	-	-	50,233,669	50,233,669
Government securities	-	121,093,693	80,556,481	201,650,174
Deposits and balances due from banking institutions	-	-	36,323,394	36,323,394
Loans and advances to customers	-	-	308,454,062	308,454,062
Derivative assets	-	-	74,362	74,362
Equity investment - at fair value through OCI	-	55,550	-	55,550
Derivative assets	74,362	-	-	74,362
Other assets	-	-	2,531,842	2,531,842
Total financial assets	74,362	121,149,243	478,173,810	599,397,415
Balances due to Central Banks	-	-	13,026,047	13,026,047
Deposits from customers	-	-	486,090,594	486,090,594
Deposits and balances due to banking institutions	-	-	12,313,515	12,313,515
Derivative liabilities	436,649	-	-	436,649
Other liabilities	-	-	5,164,390	5,164,390
Borrowings	-	-	23,980,814	23,980,814
Lease liabilities	-	-	5,093,908	5,093,908
Total financial liabilities	436,649	-	545,669,268	546,105,917

Notes (continued)

13. Classification of financial assets and liabilities (continued)

b.) Bank

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments

	At FVPL	Investments at FVOCI	Amortised cost	Total carrying amount
	Shs '000	Shs '000	Shs '000	Shs '000
31 December 2024				
Cash and balances with Central Bank of Kenya	-	-	14,962,662	14,962,662
Government securities	619,309	81,700,938	44,456,836	126,777,083
Deposits and balances due from banking institutions	-	-	12,446,574	12,446,574
Loans and advances to customers	-	-	197,492,660	197,492,660
Investment securities- at fair value through OCI	-	50,000	-	50,000
Derivative assets	484,569	-	-	484,569
Other assets	-	-	974,656	974,656
Total financial assets	1,103,878	81,750,938	270,333,388	353,188,204
Deposits from customers	-	-	294,072,059	294,072,059
Deposits and balances due to banking institutions	-	-	11,096,569	11,096,569
Derivative liabilities	108,768	-	-	108,768
Other liabilities	-	-	3,394,207	3,394,207
Borrowings	-	-	3,366,172	3,366,172
Lease liabilities	-	-	3,285,308	3,285,308
Total financial liabilities	108,768	-	315,214,315	315,323,083
At 31 December 2023				
Cash and balances with Central Bank of Kenya	-	-	19,679,004	19,679,004
Government securities	-	61,559,983	58,543,941	120,103,924
Deposits and balances due from banking institutions	-	-	21,832,443	21,832,443
Loans and advances to customers	-	-	208,074,672	208,074,672
Equity investment - at fair value through OCI	-	50,000	-	50,000
Derivative assets	72,042	-	-	72,042
Other assets	-	-	1,582,692	1,582,692
Total financial assets	72,042	61,609,983	309,712,752	371,394,777
Balances due to Central Bank of Kenya	-	-	13,026,047	13,026,047
Deposits from customers	-	-	296,727,294	296,727,294
Deposits and balances due to banking institutions	-	-	2,745,794	2,745,794
Derivative liabilities	435,408	-	-	435,408
Other liabilities	-	-	3,497,579	3,497,579
Borrowings	-	-	23,268,936	23,268,936
Lease liabilities	-	-	3,003,314	3,003,314
Total financial liabilities	435,408	-	342,268,964	342,704,372

Notes (continued)

	Group		Bank	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000

14. Cash and balances with Central Banks

Cash in hand	19,042,398	12,248,834	5,602,351	5,874,181
Balances with Central Banks				
-Unrestricted balances	6,181,514	20,020,040	-	1,415,113
-Restricted balances (Statutory Minimum Reserve)	20,735,861	17,964,795	9,360,311	12,389,710
	45,959,773	50,233,669	14,962,662	19,679,004

Banks are required to maintain a prescribed minimum cash balance with the Central Banks that is not available to finance the banks' day-to-day activities. In the case of the Bank, the amount is determined as 4.25% in 2024 (2023: 4.25%) of the average outstanding customer deposits over a cash reserve cycle period of one month. This reserve with effect from February 2025 has been reduced to 3.25%. The reserve in the case of the group has been determined as 6%, 9.5% and 3% in Tanzania, Uganda and Burundi respectively.

	Group		Bank	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000

15. Government securities

At amortised cost				
Treasury bills	7,029,305	24,576,424	-	9,431,419
Treasury bonds	49,912,486	56,006,028	44,495,696	49,138,493
Impairment losses	(38,860)	(25,971)	(38,860)	(25,971)
	56,902,931	80,556,481	44,456,836	58,543,941

At fair value through OCI

Treasury bills	886,711	13,899,303	-	-
Treasury bonds	114,720,117	111,162,228	83,370,806	68,431,314
Fair value gain/(loss) on government securities	778,244	(3,967,838)	(1,669,868)	(6,871,331)
	116,385,072	121,093,693	81,700,938	61,559,983

At fair value through profit and loss

Treasury bonds	619,309	-	619,309	-
Fair value loss on government securities	(10,122)	-	(10,122)	-
	609,187	-	609,187	-
Total Government securities	173,897,190	201,650,174	126,766,961	120,103,924

Treasury bills and bonds are debt securities issued by the Republic of Kenya in the case of the Bank, as well as the United Republic of Tanzania, Republic of Uganda and Republique du Burundi in the case of the Group.

The maturity profile of Government securities is as follows:

Less than 1 year	70,818,596	80,381,766	40,317,708	34,737,728
1-5 years	73,918,880	104,359,493	57,289,539	68,457,281
Over 5 years	29,159,714	16,908,915	29,159,714	16,908,915
	173,897,190	201,650,174	126,766,961	120,103,924

Notes (continued)

	Group		Bank	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000

16. Deposits and balances due from banking institutions

Due from other banks	30,838,000	36,349,806	12,451,824	21,834,968
Expected credit loss	(25,608)	(26,412)	(5,250)	(2,525)
	30,812,392	36,323,394	12,446,574	21,832,443

All deposits due from banking institutions are due within one year.

17. Loans and advances to customers

Loans and advances	301,515,571	326,863,993	209,834,981	222,228,059
Finance leases	3,900,992	3,703,525	3,900,992	3,703,525
Gross loans and advances	305,416,563	330,567,518	213,735,973	225,931,584
Less: Provision for impairment				
Stage 3 impairment	(14,921,658)	(17,572,592)	(13,515,858)	(14,967,655)
Stage 1& Stage 2 impairment	(5,198,242)	(4,540,864)	(2,727,455)	(2,889,257)
Net loans and advances	285,296,663	308,454,062	197,492,660	208,074,672

Movements in provisions for impairment of loans and advances are as follows:

	Group		Bank	
	Stage 3	Stage 1&2	Stage 3	Stage 1&2
	Impairment	Impairment	Impairment	Impairment
	Shs '000	Shs '000	Shs '000	Shs '000
Year ended 31 December 2023				
At start of year	13,716,759	3,885,156	12,225,798	2,388,778
Provision for loan impairment	9,961,357	349,848	7,398,415	500,479
Loans written off during the year as uncollectible	(6,467,975)	-	(4,656,558)	-
Recoveries	(173,315)	-	-	-
Translation difference	535,766	305,860	-	-
At end of year	17,572,592	4,540,864	14,967,655	2,889,257
Year ended 31 December 2024				
At start of year	17,572,592	4,540,864	14,967,655	2,889,257
Provision for loan impairment	7,616,407	1,218,735	6	

Notes (continued)

17. Loans and advances to customers (continued)

Group

Charge to statement of profit or loss

	Stage 3	Stage 1&2	Total
	Impairment	Impairment	Impairment
	Shs'000	Shs'000	Shs'000
Year ended 31 December 2023			
Provision for loan impairment	9,961,357	349,848	10,311,205
Recoveries	(173,315)	-	(173,315)
Net increase in provision	9,788,042	349,848	10,137,890
Amounts recovered previously written off	(719,738)	-	(719,738)
Loans written off through the statement of profit or loss	182,704	-	182,704
Net charge to statement of profit or loss	9,251,008	349,848	9,600,856
Year ended 31 December 2024			
Provision for loan impairment	7,616,407	1,218,735	8,835,142
Recoveries	(124,337)	-	(124,337)
Net increase in provision	7,492,070	1,218,735	8,710,805
Amounts recovered previously written off	(1,289,532)	-	(1,289,532)
Loans written off through the statement of profit or loss	3,968	-	3,968
Net charge to statement of profit or loss	6,206,506	1,218,735	7,425,241

Bank

Charge to statement of profit or loss

	Stage 3	Stage 1&2	Total
	Impairment	Impairment	Impairment
	Shs'000	Shs'000	Shs'000
Year ended 31 December 2023			
Provision for loan impairment	7,398,415	500,479	7,898,894
Amounts recovered previously written off	(172,509)	-	(172,509)
Loans written off through statement of profit or loss	42,261	-	42,261
Net charge to statement of profit or loss	7,268,167	500,479	7,768,646
Year ended 31 December 2024			
Provision for loan impairment	6,178,506	(161,802)	6,016,704
Amounts recovered previously written off	(53,604)	-	(53,604)
Loans written off through statement of profit or loss	53	-	53
Net charge to statement of profit or loss	6,124,955	(161,802)	5,963,153

All non performing loans have been written down to their estimated recoverable amount. The aggregate amount of non-performing loans, net of provision for identified impairment losses, at 31 December 2024, was Group: Shs 22.8 billion, Bank: Shs 20.2 billion (2023 - Group: Shs 25.5 billion, Bank: Shs 22.6 billion).

Notes (continued)

17. Loans and advances to customers (continued)

Loans and advances to customers include finance leases receivables as follows:

	Group and Bank	
	2024	2023
	Shs '000	Shs '000
Gross investment in finance leases:		
Not later than 1 year	-	2,070
Later than 1 year and not later than 5 years	4,121,465	3,853,589
Later than 5 years	582,092	568,376
	4,703,557	4,424,035
Unearned future finance income on finance leases	(802,565)	(720,510)
Net investment in finance leases	3,900,992	3,703,525
The net investment in finance leases may be analysed as follows:		
Not later than 1 year	-	2,006
Later than 1 year and not later than 5 years	3,459,416	3,279,407
Later than 5 years	441,576	422,112
Net investment in finance leases	3,900,992	3,703,525
	Group	
	2024	2023
	Shs '000	Shs '000
	Bank	
	2024	2023
	Shs '000	Shs '000

18. Other assets

Uncleared cheques	693,296	924,919	668,534	908,046
Deposits and prepayments	1,659,467	1,637,196	778,160	853,252
Others	1,463,206	1,606,923	306,122	674,646
	3,815,969	4,169,038	1,752,816	2,435,944

19. Intangible assets-software costs

At start of year	1,468,008	919,193	885,353	476,891
Additions	1,277,835	804,594	896,370	657,735
Transfer from property and equipment (Note 20)	104,999	137,542	1,271	2,372
Amortisation charge for the year	(540,708)	(466,314)	(301,384)	(251,408)
Write offs/disposal	-	(237)	-	(237)
Translation difference	(91,103)	73,230	-	-
At the end of year	2,219,031	1,468,008	1,481,610	885,353
Cost	6,017,907	4,982,044	3,753,872	2,862,561
Accumulated amortisation	(3,798,876)	(3,514,036)	(2,272,262)	(1,977,208)
Net book amount	2,219,031	1,468,008	1,481,610	885,353



Notes (continued)

20. Property and equipment

a) Group

	Freehold land	Buildings	Leasehold improvements	Motor vehicles	Furniture fittings & equipment	* Work in progress	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Year ended 31 December 2023							
Opening net book amount	51,292	3,391,364	310,174	39,573	2,021,310	408,051	6,221,764
Translation difference	(3,847)	141,765	43,092	2,552	184,783	18,275	386,620
Additions	-	50,760	80,819	31,545	935,302	1,103,411	2,201,837
Transfer from work in progress	-	37,581	148,945	-	706,835	(893,361)	-
Transfer to intangible assets (Note 19)	-	-	-	-	(2,372)	(135,170)	(137,542)
Disposals - cost	-	-	(13,021)	(17,681)	(152,490)	(25,539)	(208,731)
Disposals - accumulated depreciation	-	-	13,021	17,681	134,217	-	164,919
Depreciation charge	-	(99,717)	(102,916)	(23,379)	(968,340)	-	(1,194,352)
Closing net book amount	47,445	3,521,753	480,114	50,291	2,859,245	475,667	7,434,515
At 31 December 2023							
Cost or valuation	47,445	3,718,815	2,398,516	287,784	10,802,817	475,667	17,731,044
Accumulated depreciation	-	(197,062)	(1,918,402)	(237,493)	(7,943,572)	-	(10,296,529)
Net book amount	47,445	3,521,753	480,114	50,291	2,859,245	475,667	7,434,515
At 31 December 2023							
Cost	2,064	2,431,988	2,398,516	287,784	10,802,817	475,667	16,398,836
Revaluation surplus	45,381	1,286,827	-	-	-	-	1,332,208
Cost or valuation	47,445	3,718,815	2,398,516	287,784	10,802,817	475,667	17,731,044

*Work in progress related to various projects that have commenced but not completed.



Notes (continued)

20. Property and equipment (continued)

a. Group (continued)

	Freehold land	Buildings	Leasehold improvements	Motor vehicles	Furniture fittings & equipment	Work in progress	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Year ended 31 December 2024							
Opening net book amount	47,445	3,521,753	480,114	50,291	2,859,245	475,667	7,434,515
Translation difference	(9,831)	(165,765)	(42,244)	(1,462)	(260,451)	(16,314)	(496,067)
Additions	-	16,359	36,745	33,194	529,984	569,066	1,185,348
Transfer from work in progress	-	1,651	63,067	31,272	577,698	(673,688)	-
Transfer to intangible assets (Note 19)	-	-	-	-	-	(104,999)	(104,999)
Disposals - cost	-	-	(30,391)	(10,027)	(506,382)	(6,553)	(553,353)
Disposals - accumulated depreciation	-	-	27,809	9,178	503,896	-	540,883
Depreciation charge	-	(93,359)	(118,026)	(29,332)	(929,120)	-	(1,169,837)
Closing net book amount	37,614	3,280,639	417,074	83,114	2,774,870	243,179	6,836,490
At 31 December 2024							
Cost or valuation	37,614	3,555,282	2,215,627	320,247	10,418,848	243,179	16,790,797
Accumulated depreciation	-	(274,643)	(1,798,553)	(237,133)	(7,643,978)	-	(9,954,307)
Net book amount	37,614	3,280,639	417,074	83,114	2,774,870	243,179	6,836,490
At 31 December 2024							
Cost	2,064	2,380,734	2,215,627	320,247	10,418,848	243,179	15,580,699
Revaluation surplus	35,550	1,174,548	-	-	-	-	1,210,098
Cost or valuation	37,614	3,555,282	2,215,627	320,247	10,418,848	243,179	16,790,797



Notes (continued)

20. Property and equipment (continued)

b) Bank

	Buildings	Leasehold improvements	Motor vehicles	Furniture fittings & equipment	Work in progress	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Year ended 31 December 2023						
Opening net book amount	2,486,210	67,416	25,395	878,999	304,642	3,762,662
Additions	24,282	69,885	31,138	339,302	681,331	1,145,938
Transfers from work in progress	37,581	105,066	-	445,592	(588,239)	-
Transfers to intangible assets (Note 19)	-	-	-	(2,372)	-	(2,372)
Disposals - cost	-	(12,429)	(8,379)	(46,333)	(25,539)	(92,680)
Disposals - accumulated depreciation	-	12,429	8,379	44,799	-	65,607
Depreciation charge	(46,841)	(29,043)	(16,151)	(402,149)	-	(494,184)
Closing net book amount	2,501,232	213,324	40,382	1,257,838	372,195	4,384,971
At 31 December 2023						
Cost or valuation	2,594,586	832,057	151,896	5,121,552	372,195	9,072,286
Accumulated depreciation	(93,354)	(618,733)	(111,514)	(3,863,714)	-	(4,687,315)
Net book amount	2,501,232	213,324	40,382	1,257,838	372,195	4,384,971
At 31 December 2023						
Cost	2,010,361	832,057	151,896	5,121,552	372,195	8,488,061
Revaluation surplus	584,225	-	-	-	-	584,225
Cost or valuation	2,594,586	832,057	151,896	5,121,552	372,195	9,072,286



Notes (continued)

20. Property and equipment (continued)

b) Bank (continued)

	Buildings	Leasehold improvements	Motor vehicles	Furniture fittings & equipment	Work in progress	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Year ended 31 December 2024						
Opening net book amount	2,501,232	213,324	40,382	1,257,838	372,195	4,384,971
Additions	14,661	32,407	27,335	291,449	293,031	658,883
Transfers from work in progress	1,651	38,473	-	571,518	(611,642)	-
Transfers to intangible assets (Note 19)						
Disposals - cost	-	(27,809)	-	(414,250)	(6,553)	(448,612)
Disposals - accumulated depreciation	-	27,809	-	414,067	-	441,876
Depreciation charge	(47,593)	(57,227)	(20,324)	(478,654)	-	(603,798)
Closing net book amount	2,469,951	226,977	47,393	1,641,968	45,760	4,432,049
At 31 December 2024						
Cost or valuation	2,610,898	875,128	179,231	5,570,269	45,760	9,281,286
Accumulated depreciation	(140,947)	(648,151)	(131,838)	(3,928,301)	-	(4,849,237)
Net book amount	2,469,951	226,977	47,393	1,641,968	45,760	4,432,049
At 31 December 2024						
Cost	2,026,673	875,128	179,231	5,570,269	45,760	8,697,061
Revaluation surplus	584,225	-	-	-	-	584,225
Cost or valuation	2,610,898	875,128	179,231	5,570,269	45,760	9,281,286

Notes (continued)

20. Property and equipment (continued)

Land and buildings for Diamond Trust Bank Kenya Limited and Diamond Trust Bank Burundi SA were revalued as at 31 December 2021 while those for Diamond Trust Bank Tanzania PLC were revalued in 2022 by independent valuers Redfearn Valuers Limited, Construction and Design Engineering & Business Company "Debuco" and Let Consultants Limited respectively. The land and building are valued using level 2 model. The fair values of land and buildings have been derived by using the following methods:

1. Replacement cost method. The method involves inspection and assessment of the condition of the property and determining the current replacement cost. The replacement cost was depreciated to reflect accumulated obsolescence which the asset has suffered as a result of passage of time, use, wear and tear, change in taste and technology and any other adverse factors that may make it less desirable to use. The depreciable replacement cost is used as a proxy for the market value.
2. Income method - This takes regard to the current rentals received. The reversionary potential if appropriate and where there is vacant accommodation, the potential market rentals are included after suitable periods of deferment.
3. Comparable method - The value was derived by comparing the property being valued to similar properties that have recently been sold, applying appropriate units of comparison and making adjustments to the sale prices of comparable sales. The assessment of the market value was based on how much it would cost to buy a square foot of lettable area or for a vacant plot, the current market price of similar properties in the area where the property is located

The book values of the properties were adjusted to the revaluations and the resultant surplus was credited to reserves in shareholders' equity. Land and buildings are revalued every 3 - 5 years.

If land and buildings were stated at the historical cost basis, the amounts would be as follows:

	Group		Bank	
	2024	2023	2024	2023
	Building	Building	Building	Building
	Shs'000	Shs'000	Shs'000	Shs'000
Cost	2,350,618	2,332,608	1,942,108	1,987,659
Accumulated depreciation	(348,154)	(347,933)	(325,248)	(325,027)
Net book amount	2,002,464	1,984,675	1,616,860	1,662,632

21. Intangible assets - goodwill

	Group	
	2024	2023
	Shs'000	Shs'000
Goodwill on acquisition of control in subsidiaries	173,372	173,372

The above goodwill is attributable to the strong position and profitability of Diamond Trust Bank Tanzania PLC and Diamond Trust Bank Uganda Limited in their respective markets.

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to subsidiaries.

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 the Board of Directors covering a five-year period and discounted at rates comparable to that earned from risk assets. The discount rate reflects specific risks relating to the relevant subsidiaries and the countries in which they operate. The Group assessed the impairment by comparing the recoverable amount to the carrying value of the subsidiaries net assets.

Based on the above, the Group does not consider the goodwill impaired.

Notes (continued)

22. Leases

Leases as lessee (IFRS 16)

The Group leases a number of branch and office premises. The leases typically run for a period of 6 to 10 years, with an option to renew the lease after that date. For some leases, payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices

Information about leases for which the Group is a lessee is presented below.

i) Right-of-use assets

Right-of-use assets relate to leasehold land, equipment, leased branch and office premises as set out below;

	2024				2023			
	Land	Equipment	Building	Total	Land	Equipment	Building	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Group								
Balance at 1 January	1,711,458	117,595	3,994,480	5,823,533	1,692,016	37,888	3,377,789	5,107,693
Modifications/additions	-	11,055	581,998	593,053	-	111,265	1,295,020	1,406,285
Depreciation charge for the year	(34,299)	(29,473)	(544,681)	(608,453)	(34,299)	(31,558)	(579,496)	(645,353)
De-recognition	-	-	(15,910)	(15,910)	-	-	(347,509)	(347,509)
Reclassified to held for sale assets (note 24)	(681,008)	-	-	(681,008)	-	-	-	-
Translation difference	53,741	-	(402,523)	(348,782)	53,741	-	248,676	302,417
	1,049,892	99,177	3,613,364	4,762,433	1,711,458	117,595	3,994,480	5,823,533
Bank								
Balance at 1 January	1,333,798	-	2,299,455	3,633,253	1,364,649	-	1,903,462	3,268,111
Modifications/additions	-	-	493,285	493,285	-	-	798,918	798,918
Depreciation charge for the year	(30,851)	-	(227,972)	(258,823)	(30,851)	-	(219,749)	(250,600)
Reclassified to held for sale assets (note 24)	(681,008)	-	-	(681,008)	-	-	-	-
De-recognition	-	-	-	-	-	-	(183,176)	(183,176)
	621,939	-	2,564,768	3,186,707	1,333,798	-	2,299,455	3,633,253

Notes (continued)

22. Leases (continued)

Leases as lessee (IFRS 16)(continued)

ii) Lease liability

	Group		Bank	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Expected to be settled within 12 months after the year end	557,231	312,032	476,216	228,933
Expected to be settled more than 12 months after the year end	4,202,500	4,781,876	2,809,092	2,774,381
	4,759,731	5,093,908	3,285,308	3,003,314
The total cash outflow for leases in the year was:				
Payments of principal portion of the lease liability	441,203	489,951	87,204	77,984
Interest paid on lease liabilities	520,812	513,611	364,302	337,272
	962,015	1,003,562	451,506	415,256

Lease liability movement

Balance at 1 January	5,093,908	4,303,857	3,003,314	2,552,003
Modification/additions	453,527	1,380,671	369,198	798,918
Interest expense	520,812	513,611	364,302	337,272
Lease payments	(962,015)	(1,003,562)	(451,506)	(415,256)
Derecognition	(16,407)	(448,158)	-	(269,623)
Translation difference	(330,094)	347,489	-	-
	4,759,731	5,093,908	3,285,308	3,003,314

iii) Amounts recognised in profit or loss

	Group		Bank	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Interest on lease liabilities	(520,812)	(513,611)	(364,302)	(337,272)
Depreciation of right to use asset	(608,453)	(645,353)	(258,823)	(250,600)
Total	(1,129,265)	(1,158,964)	(623,125)	(587,872)

iv) Extension options

Some leases of office premises contain extension options exercisable by the Group up to one term after the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Notes (continued)

23. Deferred tax asset

Deferred tax is calculated, in full, on all temporary differences and tax losses under the liability method using a principal tax rate of 30% (2023: 30%). The movement on the deferred tax account is as follows:

Deferred tax asset

	Group		Bank	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
At start of year	16,634,128	11,945,520	10,265,873	8,205,242
Charged through the statement of profit or loss (Note 10)	648,598	3,688,189	(699,788)	2,052,091
Charged through other comprehensive income	367,038	(98,920)	-	-
Understatement of deferred tax in previous year	13,089	90,371	-	8,540
Translation difference	(966,181)	1,008,968	-	-
At end of the year	16,696,672	16,634,128	9,566,085	10,265,873

Consolidated deferred tax assets and liabilities, deferred tax charge in the statement of profit or loss and deferred tax charge through other comprehensive income are attributable to the following items:

Group

	1.1.2023	Prior year under statement	Translation	Charged through OCI	Charged to the statement of profit or loss	31.12.2023
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000

Year ended 31 December 2023

Deferred tax (liabilities)/assets

Unrealised foreign exchange losses	19,358	-	1,512	-	57,353	78,223
Software, property and equipment	481,579	121,650	(4,501)	-	(156,385)	442,343
Revaluation surplus	(301,932)	-	(12,342)	-	4,093	(310,181)
Provisions for loan impairment	7,588,134	83,523	367,313	-	2,391,778	10,430,748
Other provisions	138,357	-	-	-	(14,374)	123,983
Tax losses	2,917,780	-	696,783	-	1,204,579	4,819,142
Fair value changes in Government securities	(278,823)	-	(50,411)	(98,920)	-	(428,154)
Leases under IFRS 16 ROU & liability	248,707	(114,802)	10,614	-	9,468	153,987
Interest payable	1,132,360	-	-	-	191,677	1,324,037
Net deferred tax asset	11,945,520	90,371	1,008,968	(98,920)	3,688,189	16,634,128

Notes (continued)

23. Deferred tax asset (continued)

Group (continued)

	1.1.2024	Prior year under statement	Translation	Charged through OCI	Charged to the statement of profit or loss	31.12.2024
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 31 December 2024						
Deferred tax (liabilities)/assets						
Unrealised foreign exchange losses	78,223	-	356	-	(192,129)	(113,550)
Software, property and equipment	442,343	7,819	(6,583)	-	(229,350)	214,229
Revaluation surplus	(310,181)	-	12,342	-	3,271	(294,568)
Provisions for loan impairment	10,430,748	7,702	(293,836)	-	(743,810)	9,400,804
Other provisions	123,983	-	-	-	9,183	133,166
Tax losses	4,819,142	-	(754,806)	-	1,394,487	5,458,823
Fair value changes in Government securities	(428,154)	-	67,238	367,038	-	6,122
Leases under IFRS 16 ROU & liability	153,987	(2,432)	9,373	-	21,599	182,527
Interest payable	1,324,037	-	-	-	385,083	1,709,120
Net deferred tax asset	16,634,128	13,089	(965,916)	367,038	648,334	16,696,673

The tax losses were incurred by the Bank's Ugandan subsidiary. Effective from 1 July 2023, tax losses can be carried forward for a period of seven years after which only 50% of the losses are allowed as deductible from future income. This law is applicable prospectively. The aging of the tax losses is as shown below:

Year of origin	Tax loss amount		Tax credit recognised	
	Shs'000	Shs'000	Shs'000	Shs'000
2016	105,450		31,635	
2017	1,253,243		375,973	
2018	1,631,120		489,336	
2019	1,917,510		575,253	
2020	2,232,380		669,714	
2021	2,003,080		600,924	
2022	2,905,760		871,728	
2023	4,015,263		1,204,579	
2024	2,132,270		639,681	
Total	18,196,076		5,458,823	

Notes (continued)

23. Deferred tax asset (continued)

Bank

	1.1.2023	Prior year under statement	Charged through OCI	Charged to profit or loss	31.12.2023
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000

Year ended 31 December 2023

Deferred tax assets/(liabilities)					
Software, property and equipment	534,926	-	-	(134,049)	400,877
Revaluation surplus	(232,422)	-	-	-	(232,422)
Leases under IFRS 16 ROU & liability	194,562	-	-	16,596	211,158
Loan loss allowance	6,424,465	8,540	-	1,924,824	8,357,829
Interest payable	1,132,360	-	-	191,677	1,324,037
Other provisions	93,139	-	-	64,968	158,107
Unrealised foreign exchange losses	13,042	-	-	67,453	80,495
Loss on modified assets	45,170	-	-	(79,378)	(34,208)
Net deferred tax asset	8,205,242	8,540	-	2,052,091	10,265,873

	1.1.2024	Prior year under statement	Charged through OCI	Charged to profit or loss	31.12.2024
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000

Year ended 31 December 2024

Deferred tax assets/(liabilities)					
Software, property and equipment	400,877	-	-	(208,243)	192,634
Revaluation surplus	(232,422)	-	-	-	(232,422)
Leases under IFRS 16 ROU & liability	211,158	-	-	5,005	216,163
Loan loss allowance	8,357,829	-	-	(697,683)	7,660,146
Interest payable	1,324,037	-	-	385,083	1,709,120
Other provisions	158,107	-	-	14,453	172,560
Unrealised foreign exchange losses	80,495	-	-	(193,235)	(112,740)
Loss on modified assets	(34,208)	-	-	(5,168)	(39,376)
Net deferred tax asset	10,265,873	-	-	(699,788)	9,566,085

24. Asset held for sale

	Group and Bank	
	2024	2023
Reclassified from right of use assets (note 22)	681,008	-

The bank has committed to sell one of its properties previously disclosed under right of use assets and accordingly disclosed it as an asset held for sale. The sale is expected to be completed by the first quarter of 2025.

Notes (continued)

26. Investments in subsidiaries and associates (continued)

e) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised statement of profit or loss

	Diamond Trust Bank Tanzania PLC		Diamond Trust Bank Uganda Limited		Diamond Trust Bank Burundi S.A.		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Total operating income	8,604,427	7,931,063	6,754,261	6,842,301	345,300	370,494	15,703,988	15,143,858
Profit before tax	3,645,614	1,616,632	771,873	1,703,378	114,948	151,606	4,532,435	3,471,616
Income tax expense	(1,129,017)	(499,639)	157,540	(138,387)	(64,328)	(36,106)	(1,035,805)	(674,132)
Profit for the year	2,516,597	1,116,993	929,413	1,564,991	50,620	115,500	3,496,630	2,797,484
Total profit allocated to non-controlling interests	863,696	383,352	305,005	513,583	8,266	18,861	1,176,967	915,796
Total comprehensive income allocated to non-controlling interests	(4,888)	996,639	(829,523)	1,775,731	(50,568)	(8,816)	(884,979)	2,763,554

Summarised Statement of cash flows

	Diamond Trust Bank Tanzania PLC		Diamond Trust Bank Uganda Limited		Diamond Trust Bank Burundi S.A.	
	2024	2023	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cash generated from/(used in) operations	6,371,533	(1,398,296)	3,644,466	6,427,784	(138,136)	638,514
Net cash used in investing activities	(389,610)	(611,591)	(546,961)	(550,708)	(8,487)	(32,124)
Net cash used in financing activities	(430,077)	(535,170)	(406,978)	(412,500)	(4,217)	(32,956)
Net increase/(decrease)in cash and cash equivalents	5,551,846	(2,545,057)	2,690,527	5,464,576	(150,840)	573,434
Cash and cash equivalents at start of year	15,188,754	14,271,960	11,515,116	6,151,736	460,166	(160,886)
Exchange differences in cash and cash equivalents	(3,431,158)	3,461,851	231,923	(101,196)	(95,185)	47,618
Cash and cash equivalents at end of year	17,309,442	15,188,754	14,437,566	11,515,116	214,141	460,166

27. Balances due to Central Bank

	Group		Bank	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
Reverse Repo	-	13,026,047	-	13,026,047

During its normal course of business, the Bank borrows and lends securities and may also sell securities under agreements to repurchase (repos) and purchase securities under agreements to resell (reverse repos). The borrowing from the central bank is secured against the Bank's Government securities worth Shs 14 billion. The repo matured on 4 January 2024.

Notes (continued)

28. Deposits from customers

	Group		Bank	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
Current and demand deposits	165,448,718	203,072,131	104,296,574	124,063,641
Savings accounts	58,748,599	66,751,641	25,278,704	28,971,177
Fixed and call deposit accounts	223,019,496	216,266,822	164,496,781	143,692,476
	447,216,813	486,090,594	294,072,059	296,727,294

29. Deposits and balances from banking institutions

Deposits due to banking institutions	15,099,602	10,707,572	9,683,769	1,998,522
Current account balances due to banking institutions	2,043,555	1,605,943	1,412,800	747,272
	17,143,157	12,313,515	11,096,569	2,745,794

30. Other liabilities

Due to subsidiary company	-	-	79,560	79,560
Outstanding bankers' cheques	108,188	156,310	75,570	120,536
Accrued expenses	1,773,004	1,319,394	458,110	539,642
Unearned income on funded and non funded income	583,714	557,312	261,482	203,303
Refundable deposits	1,362,679	1,655,452	15,046	15,176
Other payables	4,296,279	3,688,686	2,780,967	2,757,841
	8,123,864	7,377,154	3,670,735	3,716,058

31. Borrowings

a.) Subordinated debt

i) International Finance Corporation (IFC)

At start of year	248,381	385,354	-	-
Accrued interest	7,170	29,468	-	-
Paid during the year	(225,066)	(276,055)	-	-
Translation difference	(30,485)	109,614	-	-
	-	248,381	-	-

ii) African Development Bank (AfDB)

At start of year	3,411,669	3,214,601	3,411,669	3,214,601
Accrued interest	223,344	333,747	223,344	333,747
Paid during the year	(1,510,797)	(596,854)	(1,510,797)	(596,854)
Translation difference	(439,055)	460,175	(439,055)	460,175
	1,685,161	3,411,669	1,685,161	3,411,669

Total - Subordinated debts	1,685,161	3,660,050	1,685,161	3,411,669
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Notes (continued)

31. Borrowings (continued)

b.) Senior loan

	Group		Bank	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
i) International Finance Corporation (IFC)				
At start of year	15,734,103	12,474,347	15,734,103	12,474,347
Accrued interest	882,235	1,113,327	882,235	1,113,327
Paid during the year	(13,757,161)	(1,124,224)	(13,757,161)	(1,124,224)
Translation difference	(2,859,177)	3,270,653	(2,859,177)	3,270,653
	-	15,734,103	-	15,734,103
ii) Deutsche Investitions- und Entwicklungsgesellschaft (DEG)				
At start of year	729,461	1,146,958	729,461	1,146,958
Accrued interest	20,872	70,912	20,872	70,912
Paid during the year	(678,888)	(692,599)	(678,888)	(692,599)
Translation difference	(71,445)	204,190	(71,445)	204,190
	-	729,461	-	729,461
iii) African Development Bank (AfDB)				
At start of year	3,393,703	3,730,799	3,393,703	3,730,799
Accrued interest	192,178	289,883	192,178	289,883
Paid during the year	(1,468,086)	(1,402,064)	(1,468,086)	(1,402,064)
Translation difference	(436,784)	775,085	(436,784)	775,085
	1,681,011	3,393,703	1,681,011	3,393,703
iv) Agence Francaise Development (AFD)				
At start of year	450,030	810,087	-	385,603
Accrued interest	25,827	8,470	-	5,673
Paid during the year	(101,641)	(489,911)	-	(405,770)
Translation difference	(79,858)	121,384	-	14,494
	294,358	450,030	-	-
Total - Senior loans	1,975,369	20,307,297	1,681,011	19,857,267

Notes (continued)

31. Borrowings (continued)

c.) Trade finance

	Group		Bank	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
Caixa Bank				
At start of year	-	3,746,878	-	3,746,878
Accrued interest	-	70,763	-	70,763
Paid during the year	-	(4,125,375)	-	(4,125,375)
Translation difference	-	307,734	-	307,734
Total - Trade finance	-	-	-	-

d.) Administered funds

Bank of Uganda	6,921	13,467	-	-
Total - Borrowings	3,667,451	23,980,814	3,366,172	23,268,936

Description of borrowings

i. Subordinated debts

Diamond Trust Bank Kenya Limited

As at 31 December 2024, Diamond Trust Bank Kenya Limited has one long-term subordinated debt facility amounting to US\$ 12.5 million (2023:US\$ 20.8 million raised from the African Development Bank (AfDB). The unsecured facility was issued in October 2018, with a tenure of 8 years.

Diamond Trust Bank Tanzania PLC

In September 2014, Diamond Trust Bank Tanzania PLC received a 10 year subordinated debt facility of US\$ 7.5 million from IFC which matured in August 2024. The outstanding balance on this facility as at 31 December 2024 was nil. (2023- US\$ 1.5 million).

ii. Senior loans

Diamond Trust Bank Kenya Limited

In 2024, the bank paid off the 7 year loan from Deutsche Investitions- und Entwicklungsgesellschaft (DEG), and a US\$ 100 million Covid-19 working capital solutions facility from IFC drawn in October 2022. The bank still has a 8 year loan from AFDB with a total exposure at year end of US\$ 12.5 million.

Diamond Trust Bank Uganda Limited

On 11 May 2017, the Bank received US\$ 5 million from AFD (Agence Française De Développement) for 11.2 years. The outstanding balance as at 31 December 2024 was US\$ 2.2 million (2023-US\$ 2.8 million). The loan is referenced to the 6 months Term Secured Overnight Financing Rate (SOFR) effective 30 June 2023.

iii. Administered funds

In 2022, the Government of Uganda (GoU) through Bank of Uganda (BOU) introduced the Small Business Recovery Fund (SBRF) to provide loans to small businesses that have been adversely affected by the COVID-19 pandemic and have suffered financial distress but show potential for recovery if provided with financial support. The funding is done on a 50 – 50 risk sharing basis where the 50% funding by GoU is at zero interest rate with maximum loan amount set at UShs 200 million (Kshs 7 million) for a maximum tenure of 4 years for the credit facilities to eligible borrowers.

Notes (continued)

32. Share capital and reserves

Share capital and Share premium

	Number of shares	Share capital	Share premium	Total
	(Thousands)	Shs'000	Shs'000	Shs'000
1 January and 31 December 2023	279,602	1,118,409	9,006,569	10,124,978
1 January and 31 December 2024	279,602	1,118,409	9,006,569	10,124,978

The total authorised number of ordinary shares is 300,000,000 (2023: 300,000,000) with a par value of Shs 4 per share. The issued shares as at 31 December 2024 are 279,602,220 (2023: 279,602,220) and are fully paid.

Ordinary shares rank equally with regard to residual assets. The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to attend and vote at the general meetings of the company.

33. Other reserves

Consolidated statement of changes in other reserves

	Notes	Revaluation surplus	Fair value reserve on government securities/ equity investments	Translation reserve	Other reserves	Total
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 31 December 2023						
At start of year		1,928,506	(5,443,300)	1,743,020	(232,694)	(2,004,468)
Excess depreciation		(40,242)	-	-	-	(40,242)
Deferred tax on transfer of excess depreciation		7,511	-	-	-	7,511
Net loss from changes in fair value of government securities		-	(2,551,701)	-	-	(2,551,701)
Translation adjustment	(i)	-	-	2,996,804	-	2,996,804
Legal and public investment reserve	(ii)	-	-	-	49,766	49,766
At end of year		1,895,775	(7,995,001)	4,739,824	(182,928)	(1,542,330)
Year ended 31 December 2024						
At start of year		1,895,775	(7,995,001)	4,739,824	(182,928)	(1,542,330)
Excess depreciation		(38,392)	-	-	-	(38,392)
Deferred tax on transfer of excess depreciation		6,956	-	-	-	6,956
Net loss from changes in fair value of government securities		-	4,926,595	-	-	4,926,595
Translation adjustment	(i)	-	-	(4,001,307)	-	(4,001,307)
Legal and public investment reserve	(ii)	-	-	-	9,219	9,219
At end of year		1,864,339	(3,068,406)	738,517	(173,709)	(639,259)

i. These differences arise on translation of the financial statements of the foreign subsidiaries at the end of period exchange rates.

ii. The prudential guidelines in Burundi require banks to set aside 5% of their previous year's retained earnings in a reserve that is not distributable to shareholders (legal reserve). Further the law requires all Financial Institutions to set aside a reserve equivalent to 30% of the Bank's profit after tax as investment reserve intended to finance the public infrastructure of large scale after ten years.

Notes (continued)

33. Other reserves (continued)

Bank statement of changes in reserves

Other reserves

Other reserves	Revaluation surplus	Fair value reserve on equity investment	Total
	Shs'000	Shs'000	Shs'000
Year ended 31 December 2023			
At start of year	1,730,922	(5,508,438)	(3,777,516)
Fair value changes on valuation of Government securities	-	(3,170,632)	(3,170,632)
Transfer of excess depreciation	(30,408)	-	(30,408)
Deferred tax on transfer of excess depreciation	4,561	-	4,561
At end of year	1,705,075	(8,679,070)	(6,973,995)

Year ended 31 December 2024

At start of year	1,705,075	(8,679,070)	(6,973,995)
Fair value changes on valuation of Government securities	-	5,211,585	5,211,585
Transfer of excess depreciation	(30,408)	-	(30,408)
Deferred tax on transfer of excess depreciation	4,561	-	4,561
	1,679,228	(3,467,485)	(1,788,257)

Other reserves represent surplus on the revaluation of land and buildings net of income tax and the fair value changes on equity investment at fair value through OCI. The reserves are non distributable.

a) Revaluation surplus on property

Revaluation reserve is made up of the periodic adjustments arising from the fair valuation of land and buildings, net of the related deferred taxation. The reserve is not available for distribution to the shareholders.

b) Translation reserve

The reserves represent exchange differences arising from translation of the net assets of the Group's foreign operation in Tanzania, Uganda and Burundi from their functional currency to the Group's presentation currency (Kenya Shillings). These differences are recognised directly through other comprehensive income and accumulated in the translation reserve.

c) Retained earnings

This represents undistributed profits from current and previous years.

d) Statutory credit loss reserve

Where impairment losses required by prudential guidelines issued by the banking regulators exceed those computed under the IFRS® Accounting Standards, the excess is recognised as a statutory reserve and accounted for as an appropriation from revenue reserves. The reserve is not available for distribution to the shareholders.

e) Proposed dividend

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until approved by the shareholders at the Annual General Meeting.

f) Fair value reserve on investments

Fair value reserve on investments is made up of the periodic adjustments arising from the fair valuation of debt and equity investment at fair value through other comprehensive income. The reserve is not available for distribution to the shareholders.

Notes (continued)

34. Cash flows (used in)/generated from operating activities

	Note	Group		Bank	
		2024	2023	2024	2023
		Shs'000	Shs'000	Shs'000	Shs'000
Cash flows (used in)/generated from operating activities					
Profit before income tax		11,185,358	9,003,460	6,556,307	5,433,590
Adjustments for:					
Depreciation of property and equipment	20	1,169,837	1,194,352	603,798	494,184
Depreciation of right of use assets	22	608,453	645,353	258,823	250,600
Amortisation of intangible assets	19	540,708	466,314	301,384	251,408
Interest income	5	(59,695,347)	(53,311,533)	(40,936,903)	(34,884,715)
Interest expense on customer and bank deposits	6	29,289,970	23,188,187	22,056,722	16,107,251
Dividend income		-	-	(180,000)	(180,000)
Interest expense on lease liability	6	520,812	513,611	364,302	337,272
Gain/(loss) on modified assets		99,572	(113,189)	(17,225)	(264,595)
Share of results of associates	26(b)	(14,837)	(30,010)	-	-
Gain on modification of right of use/lease liability		(497)	(100,649)	(124,087)	-
Gain on derecognition right of use/lease liability		(139,526)	(25,614)	-	(86,447)
Gain/(loss)on disposal of property and equipment	7	(4,631)	7,807	61	(3,617)
Interest on borrowings		1,351,626	1,916,571	1,318,629	1,884,305
Exchange rate on borrowings		(3,916,804)	5,248,833	(3,806,461)	5,032,331
Credit impairment charge (excluding recoveries of loans previously written off)	17	8,714,773	10,320,594	6,016,757	7,941,155
Gain on sale of treasury bonds	7	(7,318)	(193,828)	(7,318)	(3,617)
ECL on deposits with other banks		(804)	(5,048)	2,725	(1,670)
Operating profit before movements in operating assets and liabilities		(10,298,655)	(1,274,789)	(7,592,486)	2,307,435
Changes in operating assets and liabilities:					
Cash reserve requirement		(2,771,066)	2,565,142	3,029,399	(1,916,761)
Government securities		27,694,940	(14,319,162)	(304,363)	9,008,245
Loans and advances to customers		15,580,009	(64,268,552)	4,822,239	(36,905,008)
Derivative assets		(431,797)	17,287	(412,527)	1,690
Other assets		353,069	(201,349)	683,128	(419,055)
Deposits from customers		(39,961,445)	97,257,211	(4,132,304)	45,765,964
Other liabilities		746,710	2,179,716	(45,323)	781,128
Derivative liabilities		(327,881)	312,217	(326,640)	316,226
Cash (used in)/generated from operating activities		(9,416,116)	22,267,721	(4,278,877)	18,939,864

Notes (continued)

35. Off balance sheet financial instruments,contingent liabilities and commitments.

In common with other banks, the Group conducts business involving acceptances, guarantees, performance bonds and letters of credit. The majority of these facilities are offset by corresponding obligations of third parties.

Off balance sheet liabilities

	Group		Bank	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
Acceptances and letters of credit	48,595,931	44,461,809	44,120,606	39,378,511
Guarantees and performance bonds	20,635,793	33,527,622	16,288,138	25,435,469
	69,231,724	77,989,431	60,408,744	64,813,980

Nature of contingent liabilities

An acceptance is an undertaking by a Group to pay a bill of exchange drawn on a customer. The Group expects the acceptances to be presented and reimbursement by the customer is normally immediate. Letters of credit commit the bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers.

Guarantees are generally written by a bank to support performance by a customer to third parties. The Group will only be required to meet these obligations in the event of the customers default.

a) Commitments

	Group		Bank	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
Undrawn credit lines and other commitments to lend	32,372,920	19,883,807	24,465,994	11,446,081
Capital commitments	864,137	262,657	629,220	39,369
	33,237,057	20,146,464	25,095,214	11,485,450

Nature of commitments

Commitments to lend are agreements to lend to customers in future subject to certain conditions. Such commitments are normally made for a fixed period.

b) Foreign exchange derivatives

The Bank's principal exchange rate-related contracts are forward foreign exchange contracts, options and currency swaps. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency, usually on a specified future date at an agreed rate. A currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date. As compensation for assuming the option risk, the option writer generally receives a premium at the start of the option period.

The Bank trades foreign exchange forwards and swaps (forward contracts). These are binding contracts locking in the exchange rate for the purchase or sale of a currency on a future date. The Bank's forward book is marked to market on a daily basis.

Notes (continued)

35. Off balance sheet financial instruments, contingent liabilities and commitments (continued).

b) Foreign exchange derivatives (continued)

	Notional Contract Amount	Carrying value assets	Carrying value liabilities	
		Shs '000	Shs '000	
Group				
At 31 December 2024				
Foreign exchange forward contracts	18,318,760	504,554	107,076	
Foreign exchange spot transactions	3,423,315	1,605	1,692	
	21,742,075	506,159	108,768	
At 31 December 2023				
Foreign exchange forward contracts	18,497,679	71,423	434,370	
Foreign exchange spot transactions	4,418,308	2,939	2,279	
	22,915,987	74,362	436,649	
Bank				
At 31 December 2024				
Foreign exchange forward contracts	18,006,719	482,964	107,076	
Foreign exchange spot transactions	454,514	1,605	1,692	
	18,461,233	484,569	108,768	
At 31 December 2023				
Foreign exchange forward contracts	15,634,978	69,103	433,129	
Foreign exchange spot transactions	410,130	2,939	2,279	
	16,045,108	72,042	435,408	

36. Business segments information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and to assess its performance. Information reported to the Group's Board for the purposes of resource allocation and assessment of segment performance is focused on geographical regions. Although the Burundi segment does not meet the quantitative thresholds required by IFRS 8, management has concluded that this segment should be reported, as it is closely monitored by the Board.

The reportable operating segments derive their revenue primarily from banking services including current, savings and deposits accounts, credit cards, asset finance, money transmission, treasury and commercial lending. The parent Bank also operates a fully owned Bancassurance intermediary in Kenya. The assets and profit of the intermediary are not material and make up less than 10% of the combined assets and profit of the Group. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2.

For management and reporting purposes, Diamond Trust Bank is organised into the following business segments;

- Diamond Trust Bank Tanzania PLC, which became a subsidiary company in June 2007, with operations in Tanzania.
- Diamond Trust Bank Uganda Limited, which became a subsidiary company in October 2008, with operations in Uganda. Network Insurance Agency Limited, which is a wholly owned subsidiary of Diamond Trust Bank Uganda Limited, operates in Uganda.
- Diamond Trust Bank Burundi S.A., which was set up as a subsidiary company in November 2008, with operations in Burundi.
- Kenya is the home country of the parent Bank and its fully owned Bancassurance intermediary, Diamond Trust Bancassurance Intermediary Limited.

The Group did not have any single customer who represented more than 10% of its revenues.



Notes (continued)

36. Business segments information(continued)

a. Financial summary

The following is the segment information:

At 31 December 2024	Kenya	Tanzania	Uganda	Burundi	Total	Consolidation adjustments	Group
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Interest income from external customers	40,930,671	8,278,774	10,104,857	381,045	59,695,347	-	59,695,347
Other income from external customers	7,244,275	2,612,141	1,842,578	51,961	11,750,955	-	11,750,955
Total income from external customers	48,174,946	10,890,915	11,947,435	433,006	71,446,302	-	71,446,302
Share of results of associate after tax	-	-	-	14,837	14,837	-	14,837
Gain/(loss) on modified assets	17,224	(31,376)	(85,420)	-	(99,572)	-	(99,572)
Inter-segment income	27,231	2,301	17,086	2,557	49,175	(49,175)	-
Total income	48,219,401	10,861,840	11,879,101	450,400	71,410,742	(49,175)	71,361,567
Interest expense from external customers	(23,839,220)	(2,257,153)	(5,124,239)	(83,287)	(31,303,899)	-	(31,303,899)
Other expenses – external	(10,556,463)	(3,988,572)	(4,388,617)	(194,419)	(19,128,071)	-	(19,128,071)
Inter-segment expenses	(41,338)	(260)	(601)	(6,976)	(49,175)	49,175	-
Depreciation and amortisation	(1,166,304)	(578,147)	(547,451)	(27,096)	(2,318,998)	-	(2,318,998)
Impairment losses	(5,963,153)	(392,094)	(1,046,320)	(23,674)	(7,425,241)	-	(7,425,241)
Total expenses	(41,566,478)	(7,216,226)	(11,107,228)	(335,452)	(60,225,384)	49,175	(60,176,209)
Segment profit before tax	6,652,923	3,645,614	771,873	114,948	11,185,358	-	11,185,358
Income tax expense	(1,330,144)	(1,129,017)	157,540	(64,328)	(2,365,949)	-	(2,365,949)
Segment profit after tax	5,322,779	2,516,597	929,413	50,620	8,819,409	-	8,819,409
Segment assets	381,759,083	95,035,002	100,272,576	4,633,625	581,700,286	(7,813,372)	573,886,914
Segment liabilities	316,145,409	79,443,769	85,056,337	3,204,549	483,850,064	(2,319,812)	481,530,252



Notes (continued)

36. Business segments information

a. Financial summary (continued)

	Kenya	Tanzania	Uganda	Burundi	Total	Consolidation adjustments	Group
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 31 December 2023							
Interest income from external customers	34,886,335	7,786,370	10,189,049	449,779	53,311,533	-	53,311,533
Other income from external customers	7,235,760	2,616,779	1,568,735	13,971	11,435,245	-	11,435,245
Total income from external customers	42,122,095	10,403,149	11,757,784	463,750	64,746,778	-	64,746,778
Share of results of associate after tax	-	-	-	30,010	30,010	-	30,010
Gain/(loss) on modified assets	264,594	(108,100)	(43,305)	-	113,189	-	113,189
Inter-segment income	11,874	1,729	60,347	938	74,888	(74,888)	-
Total income	42,398,563	10,296,778	11,774,826	494,698	64,964,865	(74,888)	64,889,977
Interest expense from external customers	(18,346,267)	(2,365,258)	(4,931,225)	(94,194)	(25,736,944)	-	(25,736,944)
Other expenses – external	(9,680,531)	(4,120,703)	(4,208,137)	(233,327)	(18,242,698)	-	(18,242,698)
Inter-segment expenses	(73,131)	(457)	(1,300)	-	(74,888)	74,888	-
Depreciation and amortisation	(998,144)	(612,369)	(657,637)	(37,869)	(2,306,019)	-	(2,306,019)
Impairment losses	(7,768,646)	(1,581,359)	(273,149)	22,298	(9,600,856)	-	(9,600,856)
Total expenses	(36,866,719)	(8,680,146)	(10,071,448)	(343,092)	(55,961,405)	74,888	(55,886,517)
Segment profit before tax	5,531,844	1,616,632	1,703,378	151,606	9,003,460	-	9,003,460
Income tax expense	(534,356)	(499,639)	(138,387)	(36,106)	(1,208,488)	-	(1,208,488)
Segment profit after tax	4,997,488	1,116,993	1,564,991	115,500	7,794,972	-	7,794,972
Segment assets	399,750,644	112,703,098	124,723,813	5,974,674	643,152,229	(8,111,387)	635,040,842
Segment liabilities	342,993,724	97,097,622	106,979,859	4,235,937	551,307,142	(2,617,824)	548,689,318

Notes (continued)

36. Business segments information (continued)

b) Additions to non current assets

	Kenya Shs'000	Tanzania Shs'000	Uganda Shs'000	Burundi Shs'000	Total Shs'000
At 31 December 2024					
Property and equipment	658,883	182,383	327,793	16,289	1,185,348
Intangible assets- software	899,410	147,180	227,949	3,296	1,277,835
	1,558,293	329,563	555,742	19,585	2,463,183
At 31 December 2023					
Property and equipment	1,148,183	555,846	470,675	27,133	2,201,837
Intangible assets- software	657,735	60,798	81,002	5,059	804,594
	1,805,918	616,644	551,677	32,192	3,006,431

c) Revenue by products

An analysis of revenue by product from external customers is presented below:

	Kenya Shs'000	Tanzania Shs'000	Uganda Shs'000	Burundi Shs'000	Total Shs'000
At 31 December 2024					
Interest income					
Loans and advances	22,351,209	5,807,017	4,007,618	309,900	32,475,744
Government securities	8,311,840	1,636,523	-	67,438	10,015,801
Placement and bank balances	764,746	452,299	300,576	3,707	1,521,328
	31,427,795	7,895,839	4,308,194	381,045	44,012,873
Interest expense					
Deposits from customers	19,293,014	2,152,132	3,772,800	80,098	25,298,044
Deposits due to banking institutions	2,714,533	14,739	1,256,276	6,378	3,991,926
Interest from borrowings and lease liability	1,823,836	90,542	95,764	3,787	2,013,929
	23,831,383	2,257,413	5,124,840	90,263	31,303,899
Net interest income	7,596,412	5,638,426	(816,646)	290,782	12,708,974
Non interest income					
Fee and commission income	3,815,152	1,114,159	1,337,043	42,328	6,308,682
Foreign exchange income	2,965,189	1,368,410	404,395	9,377	4,747,371
Other income	463,934	129,572	101,140	256	694,902
	7,244,275	2,612,141	1,842,578	51,961	11,750,955

Notes (continued)

36. Business segments information (continued)

c) Revenue by products (continued)

	Kenya	Tanzania	Uganda	Burundi	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 31 December 2023					
Interest income					
Loans and advances	19,174,650	5,267,075	3,746,375	349,434	28,537,534
Government securities	15,564,980	2,259,915	6,226,171	89,633	24,140,699
Placement and bank balances	146,705	259,380	216,503	10,712	633,300
	34,886,335	7,786,370	10,189,049	449,779	53,311,533
Interest expense					
Deposits from customers	14,323,637	2,191,098	4,286,301	80,347	20,881,383
Deposits due to banking institutions	1,708,726	55,064	533,801	9,213	2,306,804
Interest from borrowings and lease liability	2,312,147	119,553	112,423	4,634	2,548,757
	18,344,510	2,365,715	4,932,525	94,194	25,736,944
Net interest income	16,541,825	5,420,655	5,256,524	355,585	27,574,589
Non interest income					
Fee and commission income	2,786,368	1,186,088	1,031,516	35,083	5,039,055
Foreign exchange income	3,970,312	1,223,087	415,720	(22,142)	5,586,977
Other income	479,080	207,604	121,499	1,030	809,213
	7,235,760	2,616,779	1,568,735	13,971	11,435,245

37. Analysis of cash and cash equivalents as shown in the statement of cash flows

	Group		Bank	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
Cash and balances with the central banks (Note 14)	45,959,773	50,233,669	14,962,662	19,679,004
Cash reserve requirement	(20,735,861)	(17,964,795)	(9,360,311)	(12,389,710)
Balances due to Central Bank (Note 27)	-	(13,026,047)	-	(13,026,047)
Deposits and balances due from banking institutions (Note 16)	30,838,000	36,349,806	12,451,824	21,834,968
Deposits and balances due to banking institutions (Note 29)	(17,143,157)	(12,313,515)	(11,096,569)	(2,745,794)
	38,918,755	43,279,118	6,957,606	13,352,421

For purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 91 days maturity from the date of acquisition, including: cash and balances with Central Banks, treasury bills and bonds 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 Banks that is not available to finance the banks' day-to-day activities. In the case of the Bank, the amount is determined as 4.25% (2023: 4.25%) of the average outstanding customer deposits over a cash reserve cycle period of one month. This reserve with effect from February 2025 has been reduced to 3.25%. The reserve in the case of the Group has been determined as 6%, 9.5% and 3% in Tanzania, Uganda and Burundi respectively.

Notes (continued)

38. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions, or one other party controls both. In the ordinary course of business, the Bank enters into various transactions with related parties which are carried out in accordance with Organisation of Economic Cooperation and Development (OECD) Guidelines, local laws and regulations and with requisite Board approval. A number of banking transactions are entered into with related parties' i.e. key management staff, Directors, their associates and companies associated with Directors in the normal course of business, under terms that are no more favourable than those arranged with other employees. These include loans, deposits and foreign currency transactions. The outstanding balances at the reporting date with related parties and related-party transactions conducted during the reporting period are as follows:

	Group		Bank	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000

a) Group Companies

Amounts due to:

Other Group companies (Included in deposits due to banking institutions and borrowed funds)	-	-	2,094,178	2,519,087
Interest expense paid on amounts due to Group Companies	-	-	41,337	73,132

Amounts due from:

Other Group companies (Included in deposits due from banking institutions and borrowed funds)	-	-	8,997	16,135
Interest income earned from amounts due from Group Companies	-	-	7,838	1,757

b) Directors

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:

Loans to directors:

At start of year	22,097	21,422	12,414	11,799
Advanced during the year	18,217	3,423	16,086	1,565
Repaid during the year	(13,570)	(4,439)	(9,757)	(950)
Translation adjustment	(1,269)	1,691	-	-
At end of year	25,475	22,097	18,743	12,414
Interest income earned from directors loans	1,660	1,836	960	864

All loans to Directors, (a) were made in the ordinary course of business, (b) were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other persons and (c) did not involve more than a normal risk of collectability or present other unfavourable features. Expected credit losses have been computed on the same basis as other facilities to other bank customers. The loans are in the performing loans category.

Notes (continued)

38. Related party transactions (continued)

b.) Directors (continued)

	Group		Bank	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000

Deposits by directors:

At start of year	948,560	1,616,442	749,008	1,254,629
Net movement during the year	(14,215)	(734,821)	(589,953)	(505,621)
Translation adjustment	(86,738)	66,939	-	-
At end of year	847,607	948,560	159,055	749,008
Interest paid on directors' deposits	9,922	67,700	9,858	67,697

c. Other disclosures

Advances to other related parties

Advances to companies related through control by a common shareholder, controlled by directors or their families	1,955,851	2,561,910	1,280,155	1,967,210
Contingent liabilities including letters of credit and guarantees issued for the account of companies related through shareholding, common directorship and companies controlled by directors or their families	2,498,683	383,416	2,437,000	282,132
Interest income earned from related companies	217,877	268,082	128,067	177,359

Deposits with other related parties

Deposits by companies related through common shareholding, common directorship and companies controlled by directors or their families	17,827,487	21,848,246	5,015,131	4,432,531
Interest expense incurred on deposits by related companies	1,229,098	1,037,994	491,364	245,710

Key management compensation

Salaries and other short-term employment benefits	1,459,128	1,226,423	698,457	595,411
Termination benefits	137,038	115,941	40,004	35,715
	1,596,166	1,342,364	738,461	631,126

Director's remuneration

-fees for services as a director	76,375	51,057	43,250	30,705
-other emoluments (included in key management compensation above)	281,436	207,140	143,510	126,280
	357,811	258,197	186,760	156,985

Notes (continued)

39. Assets pledged as security

As at 31 December 2024, there were no assets pledged by the Group to secure liabilities and there were no secured Group liabilities (2023: The borrowing from the Central Bank of Kenya (note 27) was secured against the Bank's Government securities worth Shs 14 billion. The repo matured on 4 January 2024.)

40. Subsequent events

The directors are not aware of events after the reporting date that require disclosure or adjustment to the financial statement as at the date of this report.

9

Administration

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Acronyms and definitions

A

4IR	Fourth Industrial Revolution
AFAWA	Affirmative Finance Action for Women in Africa
AGF	African Guarantee Fund
AGM	Annual General Meeting
AI	Artificial Intelligence
ALCO	Asset Liability Committee
AML	Anti-money Laundering

B

B2B2C	Business to Business to Customer
BaaS	Banking as a Service
BACC	Board Audit and Compliance Committee
BCC	Board Credit Committee
BDMC	Business Development Management Committee
BITC	Board Innovation and Technology Committee
BNHRC	Board Nomination and Human Resources Committee
BoU	Bank of Uganda
BRI	Belt and Road Initiative
BRMC	Board Risk Management Committee
BSC	Board Strategy Committee

C

CBK	Central Bank of Kenya
CES	Customer Effort Score
CFC	Combating of Financial Crime
CMA	Capital Markets Authority
CSAT	Customer Satisfaction Score

D

DEI	Diversity, Equity and Inclusion
DPO	Data Protection Officer
DTB	Diamond Trust Bank
DTBB	Diamond Trust Bank Burundi
DTBI	Diamond Trust Bancassurance Intermediary

D

DTBK	Diamond Trust Bank Kenya
DTBT	Diamond Trust Bank Tanzania
DTBU	Diamond Trust Bank Uganda

E

EACOP	East Africa Crude Oil Pipeline
EDD	Enhanced Due Diligence
ERM	Enterprise Risk Management
ERMF	Enterprise Risk Management Framework
ESG	Environmental, Social and Governance
ESMS	Environmental and Social Management System
ESSD	Environmental and Social Due Diligence
EVP	Employee Value Proposition
Exco	Executive Committee

F

FDI	Foreign Direct Investment
FYDPIII	Five-year Development Plan III (Tanzania)

G

GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GRI	Global Reporting Initiative

H

HRMC	Human Resource Management Committee
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I

ICAAP	Internal Capital Adequacy Assessment Process
ICT	Information and Communications Technology
IFC	International Finance Corporation

Acronyms and definitions (continued)

I		
IFRS S1	First-time Adoption of International Financial Reporting Standards	
IFRS S2	International Financial Reporting Standard 2 (Share-based Payment)	
IMEC	Indian-Middle East-European Corridor	
IVR	Interactive Voice Response	

K		
KES	Kenyan Shilling	
KBA	Kenya Bankers' Association	
KPI	Key Performance Indicator	

M		
MCC	Management Credit Committee	
MSMEs	Micro, Small and Medium-sized Enterprises	
MTS	Money Transfer Service	

N		
NPL	Non-performing Loan	
NPS	Net Promotor Score	
NSE	Nairobi Securities Exchange	

O		
OECD	Organisation for Economic Cooperation and Development	
OPCO	Operational Subcommittee	
ORM	Operational Risk Management	

P		
PDIC	Product Development and Innovation Committee	
PEP	Politically Exposed Person	

R		
RAS	Risk Appetite Statement	
RMCC	Risk Management Compliance Committee	
RPA	Robotic Process Automation	

S		
SME	Small and Medium Enterprises	
SSA	Sub-Saharan Africa	
SUSCO	Sustainability Committee	

T		
TCFD	Task Force on Climate-related Financial Disclosures	
TZS	Tanzanian Shilling	

U		
UFAA	Unclaimed Financial Assets Authority	
UGX	Ugandan Shilling	
UNEP FI	United Nations Environment Programme Finance Initiative	
UN SDGs	United Nations Sustainable Development Goals	
USD	United States Dollar	

V		
VUCA	Volatile, Uncertain, Complex and Ambiguous	

W		
WWF	World Wide Fund for Nature	

GRI Content Index

Statement of use

DTB has reported the information cited in this GRI content index for the period 1 January to 31 December 2024 with reference to the GRI Standards.

GRI 1 used	GRI 1: Foundation 2021		
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GRI 2: General Disclosures 2021	2-1 Organizational details	About us	15
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	2-3 Reporting period, frequency and contact point	About our integrated report	09
	2-5 External assurance	About our integrated report	09
	2-6 Activities, value chain and other business relationships	About us	15
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	2-8 Workers who are not employees	Human capital and culture	67
	2-9 Governance structure and composition	How we are led	94
	2-10 Nomination and selection of the highest governance body	How we are led	94
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	2-13 Delegation of responsibility for managing impacts	How we are led	94
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	2-15 Conflicts of interest	How we are led	94
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	2-18 Evaluation of the performance of the highest governance body	How we are led	94
	2-19 Remuneration policies	How we are led	94
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	2-29 Approach to stakeholder engagement	Stakeholder engagement	73
	2-30 Collective bargaining agreements	Human capital and culture	67
GRI 201: Economic Performance 2016	3-1 Process to determine material topics	Stakeholder engagement	73
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GRI 203: Indirect Economic Impacts 2016	201-1 Direct economic value generated and distributed	Financial review	36
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	201-2 Financial implications and other risks and opportunities due to climate change	Risk management	114
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GRI 207: Tax 2019	205-1 Operations assessed for risks related to corruption	Risk management	114
	205-2 Communication and training about anti-corruption policies and procedures	Human capital and culture	67
GRI 302: Energy 2016	207-1 Approach to tax	Financial review	36
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	207-3 Stakeholder engagement and management of concerns related to tax	Stakeholder engagement	73
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GRI 305: Emissions 2016	302-5 Reductions in energy requirements of products and services	How we create value	41
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GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human capital and culture	67
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GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	How we are led	94
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TCFD Index Mapping

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Governance	a) We describe the Board's oversight of climate related risk and opportunities	How we are led	94
	b) We describe management's role in assessing and managing climate related risk and opportunities		
Strategy	a) We describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	How we create value	41
	b) We describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning		
	c) We describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a two degree Celsius or lower scenario.		
Risk management	a) We describe the organisation's process for identifying, assessing, and managing climate-related risks	Risk management	114
	b) We describe the organisation's processes for managing climate-related risks		
	c) We describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.		
Metrics and targets	a) We disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	How we create value	41
	b) We disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.		
	c) We describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets		



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