

**DIB BANK KENYA LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**AT**  
**31 DECEMBER 2025**

**DIB BANK KENYA LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

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# **DIB BANK KENYA LIMITED**

## **CORPORATE INFORMATION**

<b>DIRECTORS</b>	Dr. Adnan Chilwan	- Chairman
	Ms. Mary Kanuku	- Managing Director/Ag. CEO (Resigned 26 Aug 2025)
	Dr. Steve Mainda	- Non-Executive Director (Until 10 Nov 2025)
	Mr. Michael Murphy	- Non-Executive Director (Until 10 Nov 2025)
	Mr. Mohamed Al Sharif	- Non-Executive Director
	Mr. Anwar Belgaumi	- Non-Executive Director
	Mr. Samir M Gupta	- Managing Director/ CEO (Appointed 26 Aug 2025)
	Mr. Pius Omollo	- Non-Executive Director (Appointed 11 Nov 2025)
	Ms. Shera Noorbhai	-Non- Executive Director (Appointed 11 Nov 2025)
<b>AUDIT COMMITTEE</b>	Ms. Shera Noorbhai	- Chairperson
	Mr. Pius Omollo	
	Mr. Mohamed Al Sharif	
<b>CREDIT COMMITTEE</b>	Mr. Pius Omollo	- Chairperson
	Ms. Shera Noorbhai	
	Mr Mohamed Al Sharif	
<b>RISK AND IT COMMITTEE</b>	Ms. Shera Noorbhai	- Chairperson
	Mr. Pius Omollo	
	Mr. Anwar Belgaumi	
<b>BOARD NOMINATIONS AND REMUNERATION COMMITTEE</b>	Mr. Pius Omollo	- Chairperson
	Ms. Shera Noorbhai	
	Mr. Anwar Belgaumi	
<b>BANK SECRETARY</b>	Ms. Njeri Waitimu Certified Public Secretary (Kenya) P.O Box 6450 – 00200 Nairobi, Kenya	
<b>REGISTERED OFFICE</b>	Upper Hill Building Bunyala Road/Lower Hill Road Junction P.O Box 6450 – 00200 Nairobi, Kenya	
<b>AUDITOR</b>	KPMG Kenya Certified Public Accountants 8 <sup>th</sup> Floor, ABC Towers Waiyaki Way P.O Box 40612 – 00100 Nairobi, Kenya	

**DIB BANK KENYA LIMITED**

**CORPORATE INFORMATION (CONTINUED)**

**LEGAL ADVISERS**

MMC Arches  
Spring Valley Crescent  
off Peponi Road, Westlands  
P.O Box 75362 – 00200  
Nairobi, Kenya

Anjarwalla & Khanna (ALN Kenya)  
ALN House, Eldama Ravine Close  
off Eldama Ravine Road, Westlands,  
P.O Box 200 – 00606  
Nairobi, Kenya

**PRINCIPAL  
CORRESPONDENT BANKS**

London	Barclays Bank Plc
Frankfurt	Barclays Bank Frankfurt
Dubai	Dubai Islamic Bank PJSC
Johannesburg	ABSA Bank
USA	JP Morgan Chase Bank
India	SBM Bank India

**DIB BANK KENYA LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

The Directors submit their report together with the audited financial statements for the year ended 31 December 2025, in accordance with Section 653(1) of the Kenyan Companies Act, 2015, and Section 22 of the Banking Act which discloses the state of affairs of DIB Bank Kenya Limited (the “Bank”).

**1. Incorporation**

The Bank is incorporated in the Republic of Kenya under the Kenyan Companies Act, 2015. The Bank received its Banking Licence from the Central Bank of Kenya on 13 April 2017.

**2. Activities**

The principal activities of the Bank, which is licensed under the Banking Act, is the provision of banking, financial and related services.

**3. Bank results**

The following is the summary of the results for the year ended 31 December 2025:

	<b>2025</b>	<b>2024</b>
	<b>KShs'000</b>	<b>KShs'000</b>
Profit before tax	302,469	103,431
Deferred tax expense	<u>(104,407)</u>	<u>(70,955)</u>
<b>Profit after tax</b>	<b><u>198,062</u></b>	<b><u>32,476</u></b>

**4. Business review**

***External environment***

In 2025, the Kenyan banking sector operated in a comparatively stable macroeconomic environment, recording estimated sector growth of 5.1%. This represented an improvement from 2024, which was characterised by heightened exchange rate volatility that placed pressure on capital adequacy, asset quality, and profitability. The stabilisation of the Kenya Shilling during the year reduced foreign exchange risk exposures, eased inflationary pressures, and strengthened investor and consumer confidence, thereby supporting broader economic recovery.

Monetary policy conditions were accommodative, with the Central Bank of Kenya progressively reducing the Central Bank Rate (CBR) from 11.25% to 9% over the year. These measures aimed to lower the cost of credit, improve liquidity conditions, and support private sector activity.

As a result, private sector credit growth remained modest at approximately 4%, reflecting a cautious risk appetite among banks and a continued emphasis on balance sheet quality. Nevertheless, sustained exchange rate stability and supportive policy measures are expected to underpin improved credit growth and stronger sector performance in the medium term.

The Bank is exposed to various business risks that could adversely affect its financial performance and strategic objectives. In compliance with the Central Bank of Kenya (CBK) Risk Management Guidelines, the Board has established a robust framework to identify, measure, and mitigate these risks namely Credit Risk, Operational and Cybersecurity risks, Market and Liquidity Risks and Environmental and Social risk. The Board and Senior Management continuously monitor these risks to ensure they remain within the approved risk appetite, thereby protecting stakeholder value.

## **DIB BANK KENYA LIMITED**

### **REPORT OF THE DIRECTORS** **FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

#### **4. Business review (Continued)**

##### *External environment (continued)*

Looking ahead, CBK will implement its 2024–2027 strategic plan by strengthening monetary policy and banking reforms, automating processes, modernising infrastructure, enhancing human capital, and deepening collaboration with central banks, government, and research institutions.

##### *The Bank's performance*

The Bank reported a profit before tax of KShs 302 million (2024: KShs 103 million) representing a 193% improvement from prior year. Net income from financing and investing activities grew by 34% to KShs 1,212 million from KShs 905 million in 2024.

Financing assets grew by 13% to KShs 20.2 billion from KShs 17.8 billion with customer deposits growing by 15% to KShs 25.9 billion from KShs 22.6 billion reported in 2024.

##### *Looking ahead*

The Bank is in a positive financial position, having achieved a full year profitability of KShs 302,469,000 in 2025. We project to sustain this performance and achieve a profit before tax growth of 237% to KShs 1,020,238,000 in 2026. This outlook is supported by a strong local currency balance sheet growth, a key focus on Trade, and Foreign Exchange business, a risk resilient and compliant framework, and implementation of efficient business models coupled with cost optimization measures.

The Bank remains adequately capitalised and has a well-structured capital plan in place to ensure it maintains sufficient capital levels to support business growth while adhering to regulatory ratios including the progressive core capital requirements under the Business laws (Amendment) Act 2024.

The Bank will remain proactive in addressing key risks and uncertainties, such as credit risk, liquidity risk, market risk, operational risk, and settlement risk. The Bank has comprehensive mitigation plans and strategies to effectively navigate and manage these risks as detailed in Note 5 of the financial statements.

#### **5. Dividends**

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2025 (2024 – Nil).

#### **6. Directors**

The members of the Board of Directors who served during the year and up to the date of this report are shown on page 1.

#### **7. Statement of disclosure to the Bank's auditor**

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 that they ought to have taken as a director to be aware of any relevant audit information and to establish that the Bank's auditor is aware of that information.

**DIB BANK KENYA LIMITED**

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**8. Auditor**

The Bank's auditor, KPMG Kenya, has expressed willingness to continue in office in accordance with section 719 of the Kenyan Companies Act, 2015 and Section 24(1) of the Banking Act (Cap 488).

**9. Employees**

The Directors are pleased to record their appreciation of the efforts of all the employees of the Bank. The average number of employees in the year is disclosed in Note 9(a) to the financial statements.

**10. Forthcoming sustainability disclosure requirements**

The International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, became available for early adoption on 1 January 2024. These standards establish a global baseline for sustainability-related disclosures. IFRS S1 outlines the overall sustainability-related disclosure requirements, while IFRS S2 specifically addresses climate related risks and opportunities.

In Kenya, the Institute of Certified Public Accountants of Kenya (ICPAK) has provided a phased roadmap for adoption, with Public Interest Entities (PIEs) mandated to adopt these standards for accounting periods beginning on or after 1 January 2027. DIB Bank Kenya Limited is preparing to be compliant and will continue monitoring regulatory developments and aligning its reporting framework accordingly.

**11. Approval of the financial statements**

The financial statements set out on page 13 to 80 were approved and authorised for issue by the Board of Directors on **24 March 2026**

**BY ORDER OF THE BOARD**



**Bank Secretary**

Date: **24 March 2026**

## DIB BANK KENYA LIMITED

### STATEMENT ON CORPORATE GOVERNANCE

The Bank's board of Directors is responsible for the governance of the Bank and is accountable to the shareholders for ensuring that the Bank complies with the law, the highest standards of corporate governance and business ethics. The Directors attach great importance to the need to conduct the business and operation of the bank with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance.

#### **Board of Directors**

The full board meets at least four times a year. The Directors are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. At least a third of the Directors are independent and non-executive.

Except for direction and guidance on general policy, the board has delegated authority for conduct of day-to-day business to the Chief Executive Officer. The board nonetheless retains responsibility for establishing and maintaining the Bank's overall internal control over financial, operational and compliance issues. Details of attendance for each member of board are as below.

<b>Directors</b>	<b>Number of meetings attended 2025</b>
Dr Adnan Chilwan (Chairman)	4
Dr Steve Mainda *	4
Mr Michael Murphy*	4
Mr Mohamed Al Sharif	4
Mr Anwar Belgaumi	4
Ms. Mary Kanuku*	3
Mr. Samir M Gupta**	1
Mr. Pius Omollo***	
Ms. Shera Noorbhai***	

\* Ms. Mary Kanuku resigned as a director of the Bank on 26 August 2025.

\*\* Mr. Samir M. Gupta was appointed as a director of the Bank on 26 August 2025.

\*Dr. Steve Mainda's term ended on 11 November 2025.

\*Mr. Michael Murphy's term ended on 11 November 2025.

\*\*\* Mr. Pius Omollo was appointed as a director of the Bank on 11 November 2025.

\*\*\* Ms. Shera Noorbhai was appointed as a director of the Bank on 11 November 2025.

#### **Board performance evaluation**

Under the Prudential guidelines issued by the Central Bank of Kenya, the Board of Directors is responsible for ensuring that a rigorous evaluation is carried out of its performance, its committees and individual Directors. This evaluation is conducted annually, and the results are provided to the Central Bank of Kenya.

In the financial year ended 2025, the Board undertook a formal evaluation of its performance and that of its committees and individual Directors. This performance evaluation is an annual exercise aimed at ensuring that the Board remains efficient and effective while discharging its responsibilities. Overall, the results for the evaluation were positive and indicated that the Board and committees were effective and that no major changes were required.

#### **Directors' remuneration**

One executive Director is paid a monthly salary and is eligible for pension scheme membership. Two other non-executive Directors are paid a monthly fee and sitting allowances for Board meetings and Board sub-committee meetings. Directors emoluments are shown in Note 29.

## DIB BANK KENYA LIMITED

### STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

#### **Committees of the Board**

##### *Audit committee*

The board has constituted an audit committee that meets as required. Its responsibilities include review of financial information, budgets, development plans, compliance with accounting standards in financial reporting, and liaison with the external auditors, remuneration of external auditors and overseeing internal control systems. Internal and external auditors and other executives attend audit committee meetings as required.

##### *Credit committee*

The board has constituted a credit committee that meets as required. Its responsibilities include a review of the overall credit policy of the Bank, ensuring that there are effective policies and procedures to effectively manage credit risk, monitor and review all matters, which may materially impact the present and future quality of the institution's credit risk management.

##### *Risk management committee*

The board has constituted a Risk Management Committee that meets as required. Its responsibilities include carrying out risk assessment and putting in place risk indicators and monitoring the risk.

##### *Board nominations and remuneration committee*

The board has constituted Nominations and Remuneration Committee. The committee deals with all aspects of appointment of an institution's Directors, review the mix of skills and experience and other qualities in order to assess the effectiveness of the board. The committee is also responsible for overseeing the compensation system in place on behalf of the Board of Directors.

#### **Statement on risk management**

The Bank recognises the responsibility to manage risks related to its business as a financial institution. The Bank has built strong internal systems to ensure that sound banking practices results in income streams that are commensurate with the risks taken.

The Integrated Risk Management Policy of the Bank is fully committed to adopting best practices in identifying, measuring, controlling and monitoring the risks faced.

#### **Corporate governance statement on conflict of interest**

The board of Directors has approved a code of conduct that gives disclosure guidance on potential conflicts of interest situations. Reporting procedures are in place for this. The code of conduct has to be signed annually by all staff members.

#### **The Bank aims at:**

- Integrating risk management into the culture of the organization.
- Eliminating or reducing risk to the lowest acceptable levels.
- Developing risk sensitivity as a core competency of all stakeholders.
- Continually identifying potential risks and pro-actively mitigating them.
- Focusing on key risks and controlling them cost-effectively.

## DIB BANK KENYA LIMITED

### STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

#### Corporate governance statement on conflict of interest (Continued)

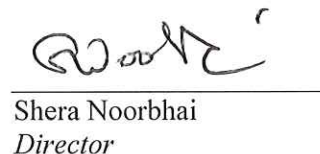
##### The Bank aims at (continued)

The Bank has developed a risk infrastructure that is appropriate to the size and volatility of the business. Decision making at all levels are inspired by the aspiration to be a risk intelligent organization. Risk management is used as an enabler to exploit the potential for increased business by taking informed risks with awareness and control.

##### Compliance

The Bank operates within the requirements of the Banking Act, among other Acts, and adopts certain universally accepted principles in the areas of human rights, labour standards and environment in its commitment to best practice. Additionally, the Bank prepares its financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and in the manner required by Kenyan Companies Act, 2015.

  
Samir Gupta  
Chief Executive Officer & MD

  
Shera Noorbhai  
Director

Date: 24 March 2026

## DIB BANK KENYA LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and fair presentation of the financial statements of DIB Bank Kenya Limited (the Bank) set out on pages 13 to 80 which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policies.

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

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

The Directors accept responsibility for the annual 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 Bank and of its profit or loss and cash flows.


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 Bank's ability to continue as a going concern and have no reason to believe that the Bank 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 set out on pages 13 to 80 were approved and authorised for issue by the Board of Directors on **24 March 2026**

  
Samir Gupta  
Chief Executive Officer & MD

  
Shera Noorbhai  
Director

Date: **24 March 2026**



**KPMG Kenya**  
**Certified Public Accountants**  
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Waiyaki Way  
PO Box 40612 00100 GPO  
Nairobi, Kenya

Telephone +254 20 2806000  
Email info@kpmg.co.ke  
Website www.kpmg.com/eastafrika

## **INDEPENDENT AUDITOR'S REPORT** **TO THE MEMBERS OF DIB BANK KENYA LIMITED**

### **Report on the audit of the financial statements**

#### ***Opinion***

We have audited the financial statements of DIB Bank Kenya Limited (“the Bank”) set out on pages 13 to 80, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025, and of its financial performance and its 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 financial statements* section of our report. We are independent of 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)* as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in Kenya. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Other information***

The Directors are responsible for the other information. The other information comprises information included in the *DIB Bank Kenya Limited Annual Report and Financial Statements at 31 December 2025* but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

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KPMG Kenya, a registered partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

**Partners**

AM Mbai	JM Ngonga
BM Ndung'u	MM Gachuhi
BO Amukah	M Muthusi
GM Kasimu	PI Kinuthia
JI Kariuki	S Ituku
JM Gathecha	S Obock
JM Ndunyu	W Genga



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF DIB BANK KENYA LIMITED  
(CONTINUED)**

**Report on the audit of the financial statements (Continued)**

***Responsibilities of the Directors for the financial statements***

The Directors are responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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 Bank or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF DIB BANK KENYA LIMITED  
(CONTINUED)**

**Report on the audit of the financial statements (Continued)**

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

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

**Report on other legal and regulatory requirements**

As required by the Kenyan Companies Act, 2015 we report to you, solely based on our audit of the financial statements, that in our opinion, the information given in the Report of the Directors on pages 3 to 5 is consistent with the financial statements.

*The engagement Partner responsible for the audit resulting in this independent auditor's report is CPA Maurice Gachuhi – Practicing certificate No. P/2699.*

*Maurice M. Gachuhi*

*For and on behalf of:*

**KPMG Kenya  
Certified Public Accountants  
PO Box 40612 - 00100  
Nairobi**

**Date:** *27 March 2026*



UNIQUE CODE: 16643260327

**DIB BANK KENYA LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 KShs'000	2024 Restated* KShs'000
Income calculated using the effective profit rate method	6	2,481,158	2,553,152
Depositors share of profits	7	<u>(1,269,054)</u>	<u>(1,648,280)</u>
<b>Net income</b>		<b>1,212,104</b>	<b>904,872</b>
Fees and commission income	8(a)	411,220	843,013
Other income	8(b)	<u>196,298</u>	<u>148,993</u>
<b>Operating income</b>		<b>1,819,622</b>	<b>1,896,878</b>
Personnel expenses	9(a)	( 516,587)	( 496,180)
Other operating expenses	9(b)	( 564,180)	( 524,029)
Depreciation of property and equipment	16	( 157,208)	( 113,143)
Depreciation of right of use asset	17(a)	( 78,407)	( 68,320)
Amortization of intangible assets	18	( 102,285)	( 88,341)
Interest on lease liabilities	17(b)	<u>( 26,421)</u>	<u>( 22,698)</u>
<b>Operating profit</b>		<b>374,534</b>	<b>584,167</b>
Impairment provision on financing arrangements	14(a)	<u>( 72,065)</u>	<u>( 480,736)</u>
<b>Profit before tax</b>	10(b)	<b>302,469</b>	<b>103,431</b>
Income tax expense	10(a)	<u>( 104,407)</u>	<u>( 70,955)</u>
<b>Profit for the year</b>		<b>198,062</b>	<b>32,476</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b><u>198,062</u></b>	<b><u>32,476</u></b>

\*The comparative information is restated. See Note 33 (a)

The notes set out on pages 17 to 80 form an integral part of these financial statements.

**DIB BANK KENYA LIMITED**


**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2025**


<b>ASSETS</b>	<b>Note</b>	<b>2025</b> <b>KShs'000</b>	<b>2024</b> <b>KShs'000</b>
Cash and balances with Central Bank of Kenya	11	2,093,803	1,547,464
Deposits and balances due from banking institutions	12	6,639,669	5,814,623
Financing arrangements (net)	13	20,226,899	17,837,036
Other assets	15	746,676	1,100,360
Property and equipment	16	317,113	403,976
Right-of-use asset	17(a)	147,401	181,048
Intangible assets	18	578,467	442,145
Deferred taxation asset	19	<u>1,417,317</u>	<u>1,521,724</u>
<b>TOTAL ASSETS</b>		<b><u>32,167,345</u></b>	<b><u>28,848,376</u></b>
<b>LIABILITIES</b>			
Customer deposits	20	25,921,360	22,635,208
Deposits and balances due to banking institutions	21	-	100,030
Lease liabilities	22	176,350	215,294
Other liabilities	23	225,463	251,727
Provisions	24	<u>31,527</u>	<u>31,534</u>
<b>TOTAL LIABILITIES</b>		<b><u>26,354,700</u></b>	<b><u>23,233,793</u></b>
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	25(a)	9,626,754	9,626,754
Retained earnings - deficit		( 4,498,460)	( 4,012,171)
Statutory credit risk reserve	25(b)	<u>684,351</u>	<u>-</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b><u>5,812,645</u></b>	<b><u>5,614,583</u></b>
<b>TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES</b>		<b><u>32,167,345</u></b>	<b><u>28,848,376</u></b>

The financial statements on pages 13 to 80 were approved and authorised for issue by the Board of Directors on 24 March 2026 and were signed on its behalf by:

  
Samir Gupta  
Chief Executive Officer & MD

  
Shera Noorbhai  
Director

  
Mohamed Al Sharif  
Director

  
Njeri Waitimu  
Bank Secretary

The notes set out on pages 17 to 80 form an integral part of these financial statements.

**DIB BANK KENYA LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

<b>2025:</b>	<b>Share capital KShs'000</b>	<b>Statutory credit risk reserve* KShs'000</b>	<b>Retained earnings deficit KShs'000</b>	<b>Total KShs'000</b>
At 1 January 2025	9,626,754	-	(4,012,171)	5,614,583
<b>Total comprehensive income</b>				
Profit for the year	-	-	198,062	198,062
<b>Transfers within equity</b>				
Transfer to statutory credit risk reserve	-	684,351	( 684,351)	-
<b>At 31 December 2025</b>	<b>9,626,754</b>	<b>684,351</b>	<b>(4,498,460)</b>	<b>5,812,645</b>
<b>2024:</b>	<b>Share capital KShs'000</b>	<b>Statutory credit risk reserve* KShs'000</b>	<b>Retained earnings deficit KShs'000</b>	<b>Total KShs'000</b>
At 1 January 2024	8,922,754	109,042	(4,153,689)	4,878,107
<b>Total comprehensive income</b>				
Profit for the year	-	-	32,476	32,476
<b>Transfers within equity</b>				
Transfer from statutory credit risk reserve	-	(109,042)	109,042	-
<b>Transaction with equity holders of the Bank</b>				
Issue of shares (Note 25(a))	704,000	-	-	704,000
<b>At 31 December 2024</b>	<b>9,626,754</b>	<b>-</b>	<b>(4,012,171)</b>	<b>5,614,583</b>

\*The statutory reserve represents an appropriation /(transfer) from retained earnings in compliance with Central Bank of Kenya prudential guidelines on impairment of financing arrangements. It represents the excess of financing arrangements impairment provisions as computed as per the Central Bank of Kenya prudential guidelines over impairment provisions of financing arrangements computed as per IFRS 9 Financial Instruments. The statutory reserve is not distributable and is presented net of tax. Retained earnings relate to the cumulative earnings from operations and is distributable.

The notes set out on pages 17 to 80 form an integral part of these financial statements.

## DIB BANK KENYA LIMITED

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

		2025	2024
	Note	KShs'000	Restated* KShs'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	26(a)	1,782,661	708,613
Payment of interest on lease liabilities	17(b)	( 26,421)	( 22,698)
<b>Net cash generated from operating activities</b>		<b><u>1,756,240</u></b>	<b><u>685,915</u></b>
<b>Cash flows from investing activities</b>			
Purchase of equipment	16	( 70,345)	( 170,775)
Purchase of intangible assets	18	( 238,607)	( 124,156)
<b>Net cash used in investing activities</b>		<b><u>( 308,952)</u></b>	<b><u>( 294,931)</u></b>
<b>Cash flows from financing activities</b>			
Issue of share capital	25 (a)	-	704,000
Payment on termination of lease		( 59)	-
Lease liabilities principal payments	17(c)	( 79,365)	( 76,096)
<b>Net cash generated from financing activities</b>		<b><u>( 79,424)</u></b>	<b><u>627,904</u></b>
<b>Increase in cash and cash equivalents</b>		<b>1,367,864</b>	<b>1,018,888</b>
Cash and cash equivalents at 1 January		7,362,087	6,343,872
Effect of movements in exchange rates on cash balance		<u>3,522</u>	<u>( 673)</u>
<b>Cash and cash equivalents at 31 December</b>	26(b)	<b><u>8,733,473</u></b>	<b><u>7,362,087</u></b>

\*The comparative information is restated. See Note 33(b)

The notes set out on pages 17 to 80 form an integral part of these financial statements.

# DIB BANK KENYA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 1. REPORTING ENTITY

DIB Bank Kenya Limited is a limited company domiciled in Kenya, registered under the Kenyan Companies Act, 2015 and was incorporated on 15 August 2014. The Bank's registered office is as shown on page 1.

#### **Definitions of bank's products**

The following terms are used in the financial statements with the meaning specified:

**(a) Murabaha**

An Islamic financing transaction which represents an agreement whereby the Bank buys a commodity/good and sells it to a counterparty based on a promise received from that counterparty to buy the commodity according to specific terms and conditions. The selling price comprises of the cost of the commodity/goods and a pre-agreed profit margin.

**(b) Ijarah**

An Islamic financing transaction whereby the Bank purchases an asset for lease according to the customer's request (lessee) based on his promise to lease the asset for a specific period and against certain rent instalments. Ijarah could end by transferring the ownership of the asset to the lessee.

**(c) Mudaraba**

An Islamic investing transaction between the Bank and another party (Rab ul Mal) whereby the latter would provide a certain amount of funds, which the Bank (Mudarib) would then invest in a specific enterprise or activity against a specific share in the profit. The Mudarib would bear the loss in case of negligence or violation of any of the terms and conditions of the Mudaraba.

**(d) Customer deposits**

Deposits are generated on two modes; Qard and Mudaraba. Deposits taken on the basis of Qard are classified as current accounts while deposits generated on Mudaraba basis are classified as savings and time deposit accounts. Time deposits are based on Wakala where the customer as investor deposits his funds to the bank and the bank invests the funds for a given rate based on the investment plan. No profit or loss is passed to current account depositors. Profit realised in investment pools is distributed among depositors in pre-agreed profit sharing ratio. Rab ul Maal share is distributed among depositors according to weightages assigned at the inception of the profit calculation period.

**(e) Income paid to depositors**

Profit sharing accounts are based on the principle of Mudaraba whereby the Bank and the customer share any profit earned on the customer deposits on a pre-agreed profit sharing ratio. The customer's share of profit is paid in accordance with the terms and conditions of the account. The profit calculation is undertaken at the end of each calendar month.

**(f) Commodity Murabaha**

An Islamic financing arrangement in which a customer purchases a commodity/good from the bank on deferred payment plan, then sells the commodity immediately to obtain liquidity.

# DIB BANK KENYA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been applied consistently.

#### (a) Statement of compliance

The financial statements are prepared in accordance IFRS Accounting Standards as issued by International Accounting standards Board (IFRS Accounting Standards) and in a manner required by the Kenyan Companies Act, 2015.

For Kenyan Companies Act, 2015 reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account is represented by the statement of profit or loss and other comprehensive income in these financial statements.

#### (b) Basis of measurement

The financial statements are prepared under the historical cost basis of accounting except where otherwise stated. Details of material accounting policies are indicated in Note 3.

#### (c) Functional and presentation currency

The financial statements are presented in Kenya shillings (KShs), which is the Bank's functional and presentation currency. All amounts have been rounded to the nearest thousand (KShs '000') unless otherwise indicated.

#### (d) Going concern

The Bank generated a profit before tax of KShs 302,469,000 (2024 – KShs 103,431,000) and had positive cash flows from operating activities of KShs 1,756,240,000 (2024 – KShs 685,915,000) and as at that date it had 12-month liquidity gap of KShs 11,039,209,000 (Note 5(b)) (2024 – KShs 8,038,778,000) and retained earnings deficit of KShs 4,498,460,000 (2024 – KShs 4,012,171,000).

The Bank has operated for 8 years and 7 months as at 31 December 2025. Over the years, the directors have put in place strategies that have eventually yielded profitability through business growth, strategic investments, and cost management. These strategies and including investment in technology are expected to translate into increased revenue from growth and a higher market share as well as operational synergies that will result in improved profitability for the Bank. The Bank achieved full year profitability of KShs 302,469,000 in 2025 and is projected to grow by 237% to KShs 1,020,238,000 in 2026 which affirms the Bank's ability to continue as a going concern.

As disclosed at Note 5(b), the Bank has a credit line of USD 75 million (KShs 9.7bn) with the parent company from which it can draw on a need basis to mitigate short term liquidity mismatches. In addition, the parent company is fully aware of its responsibilities on capital adequacy requirements and has undertaken to maintain the minimum required capital in DIB Bank Kenya Limited under the Banking Act or as amended from time to time.

Included in the 12-month liquidity gap of KShs 11,039,209,000 are deposits out of which KShs 8,038,778,000 are savings held as security for cash-based financing with a tenor of two years while the rest are term deposits that have historically been renewed and the directors have the confidence that they will be renewed during the year to ease liquidity pressures over the next 12 months.

# DIB BANK KENYA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 2. BASIS OF PREPARATION (Continued)

#### (d) Going concern (continued)

The Directors have made an assessment of the Bank ability to continue as a going concern and are satisfied that the Bank has the resources to continue in business for the foreseeable future. The parent bank has committed to continue providing support to the Bank to meet its obligations in the foreseeable future. As a result, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

In view of the foregoing, the Directors have prepared the financial statements on the going concern basis.

#### (e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Information on critical accounting estimates and judgements in applying the Bank's accounting policies are presented in note 4.

### 3. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the financial statements are set out below. These policies have been applied consistently.

#### (a) Application of new and revised IFRS Accounting Standards

##### (i) *New standards and interpretations adopted during the year*

The Bank adopted the following new standards and amendments during the year ended 31 December 2025, including consequential amendments to other standards with the date of initial application by the Bank being 1 January 2025:

New standard or amendments	Effective for annual periods beginning on or after
— Lack of exchangeability-Amendments to IAS 21 The effects of changes in Foreign Exchange Rates	1 Jan 2025

The above standards adopted in 2025 did not have a material impact on the Bank's financial statements for the year.

##### (ii) *Standards and interpretations not yet effective for the year ended 31 December 2025*

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2025 and have not been applied in preparing these financial statements. The Bank does not plan to adopt these standards early. These are summarised below:

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICIES (Continued)

(a) Application of new and revised IFRS Accounting Standards (continued)

(ii) *Standards and interpretations not yet effective for the year ended 31 December 2025 – continued*

New standard or amendments	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> <li>— Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments; Disclosure</li> <li>— Annual Improvements to IFRS Accounting Standards – Amendments to: <ul style="list-style-type: none"> <li>– IFRS 1 First-time Adoption of International Financial Reporting Standards;</li> <li>– IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;</li> <li>– IFRS 9 Financial Instruments;</li> <li>– IFRS 10 Consolidated Financial Statements; and</li> <li>– IAS 7 Statement of Cash flows</li> </ul> </li> </ul>	1 Jan 2026
— Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 Jan 2026
— IFRS 18 Presentation and Disclosure in Financial Statements.	1 Jan 2027
— IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 Jan 2027
— IAS 21 The Effects of Changes in Foreign Exchange Rates	1 Jan 2027
— Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures	To be determined

The Standards will be adopted at their effective date (except for the standards and interpretations that are not applicable to the bank). The only standard that is expected to have a material impact on the financial statements is IFRS 18 Presentation and disclosure in financial statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standard. The Company is assessing the impact for adoption.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

**(b) Revenue recognition**

**(i) *Income from financing arrangements and investing activities***

*Effective profit rate*

Profit income and expense for all financial instruments except for those classified at Fair Value Through Profit or Loss (FVTPL) are recognised in 'Income from financing and investing' as 'Profit income' and 'Depositors share of profit' in the profit or loss account using the effective profit method. Whereas IFRS Accounting Standards refers to effective profit rate method, within these financial statements, income from financing arrangements is referred to as profit income.

The effective profit rate is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the effective profit rate includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific financing arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

The profit income is calculated by applying the effective profit rate to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the profit income is calculated by applying the effective profit rate to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the effective profit rate reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

**(ii) *Non-Shari'ah compliant income***

The Bank does not, as a policy, engage in any activities that involve receipt or payment of interest.

**(iii) *Fees and commission income***

Fee and commission income include fees other than those that are an integral part of effective profit rate (see 3(b)(i) above). The fees included in this part of the Bank's statement of profit or loss include among other things fees charged for servicing a financing arrangement, non-utilisation fees relating to financing arrangement commitments when it is unlikely that these will result in a specific financing arrangement and financing arrangement syndication fees.

**(c) Foreign currencies**

***Translation of foreign currencies***

Transactions in foreign currencies during the year are translated into Kenya shillings at the exchange rate ruling at the date of the transaction.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

**(c) Foreign currencies (continued)**

*Translation of foreign currencies – continued*

Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated into Kenya shillings at the exchange rate ruling at that date. Resulting exchange differences are recognised in profit or loss for the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into Kenya shillings at the exchange rate ruling at the date on which the fair value is determined. Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost are translated to Kenya shillings using the exchange rate ruling at the date of the transaction.

**(d) Property and equipment**

**(i) Recognition and measurement**

Items of property and equipment are measured at historical cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets.

**(ii) Subsequent cost**

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss.

**(iii) Depreciation**

Depreciation is charged to the profit or loss on a straight line basis over the estimated useful lives of each item of property, plant and equipment. The estimated useful lives are as follows:

Asset class	Depreciation rate	Useful life (Yrs)
Leasehold improvements	16.7%	6
Equipment, fixtures and fittings	20.0%	5
Motor vehicle	25.0%	4
Computers	33.3%	3

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

**(iv) Disposal of property and equipment**

Gain and losses on disposal of an item of property and equipment are determined by comparing the proceeds from the disposal with the carrying amount of the property and equipment and are recognised net in profit or loss.

**(e) Intangible assets**

Computer software licenses are stated at cost less accumulated amortisation and any accumulated impairment losses.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

**(e) Intangible assets (continued)**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date that is available for use. The estimated useful life of software is 5 years and 10 years for the core banking system.

The amortisation method, useful life and the residual value are reviewed at each financial year-end and adjusted if appropriate. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation method, as appropriate, and treated as changes in accounting estimates.

**(f) Taxation**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or Other Comprehensive Income (OCI).

**(i) Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

**(ii) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for: – temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; – temporary differences related to investments in subsidiaries to the extent that the Bank is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and – taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for the Bank. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

**(f) Taxation (continued)**

**(ii) Deferred tax – continued**

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**(g) Financial instruments**

**(i) Recognition and initial measurement**

The Bank initially recognises financing arrangements and deposits, 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 Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

**(ii) Classification**

The Bank classifies its financial assets into three principal classification categories based on the cash flow characteristics of the asset and the business model assessment:

- measured at Amortised Cost;
- Fair Value through Other Comprehensive Income (FVOCI); and
- Fair Value through Profit or Loss (FVTPL)

Financial instruments measured at amortised cost, per IFRS, in this financial statements refer to financing arrangements and other assets.

**Amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Bank recognises cash and balances with Central Bank, balances due from banking institutions, financing arrangements and other assets at amortised cost.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

3. **MATERIAL ACCOUNTING POLICIES (Continued)**

(g) **Financial instruments (continued)**

(ii) *Classification – continued*

**Fair Value through Other Comprehensive Income (FVOCI) – Debt**

A financial asset which is a debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

The Bank has no financial assets classified at FVOCI.

**Fair Value through Other Comprehensive Income (FVOCI) – Equity**

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by investment basis. The Bank currently does not have any equity investments.

**Fair Value through Profit or Loss (FVTPL)**

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Assessment of whether contractual cash flows are solely payments of principal and profit**

To determine whether a financial asset should be classified as measured at amortised cost, FVOCI or FVTPL, an entity assesses whether the cash flows from the financial asset represent, on specified dates, solely payments of principal and profit on the principal amount outstanding - i.e. the SPPP criterion. A financial asset that does not meet the SPPP criterion is always measured at FVTPL, unless it is an equity instrument for which an entity applies the FVOCI election.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. The definition of principal reflects the economics of the financial asset from the perspective of the current holder. This means that an entity assesses the asset's contractual cash flow characteristics by comparing the contractual cash flows to the amount that it actually invested.

'Profit' is defined as 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 (e.g. liquidity risk and administrative costs), as well as a profit margin.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICIES (Continued)

(g) Financial instruments (continued)

(ii) *Classification – continued*

**Assessment of whether contractual cash flows are solely payments of principal and profit – continued**

In assessing whether the contractual cash flows are solely payments of principal and profit, the Bank considered the contractual terms of the instrument. This included assessing whether the financial asset contained 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 Bank considered:

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

Contractual features that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic financing arrangement, such as exposure to changes in equity prices or commodity prices, give rise to contractual cash flows that do not meet the SPPP criterion.

The bank has determined that the contractual cash flows of these financing arrangements are SPPP because the profit is not leveraged and though may vary will still represent consideration for time value of money, other basic lending risks and costs associated with the principal amount outstanding.

*De minimis*

A contractual cash flow characteristic does not affect the classification of a financial asset if it could have only a de minimis effect on the financial asset's contractual cash flows.

To make this determination, the Bank considers the possible effect of the contractual cash flow characteristic in each reporting period and cumulatively over the life of the financial asset.

*Business model assessment*

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual profit revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

**(g) Financial instruments (continued)**

**(ii) Classification – continued**

*Business model assessment – continued*

- how the performance of the portfolio is evaluated and reported to the Bank’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and 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 Bank’s stated objective for managing the financial assets is achieved and how cash flows are realised.

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

The Bank’s financial assets are all held within a business model whose objective is to hold assets to collect contractual cash flows.

*Financial liabilities*

IFRS 9 largely retained the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, although under IAS 39 fair value changes of liabilities designated under the fair value option were recognised in profit and loss, under IFRS 9, fair value changes are generally presented as follows:

- the amount of change in fair value that is attributable to changes in credit risk of the liability is presented in OCI and;
- the remaining amount of change in fair value is presented in profit or loss.

The Bank classifies all financial liabilities as subsequently measured at amortised cost.

Customer deposits, balances due to banking institutions and other liabilities are classified at amortised cost.

**(iii) Reclassification**

The Bank only reclassifies financial assets when management changes the business model for managing the financial assets. In that instance all affected financial assets are reclassified. Such changes are expected to be very infrequent, and are determined by the Bank’s senior management as a result of external or internal changes.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

**(g) Financial instruments (continued)**

**(iv) *Derecognition and contract modification***

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any profit in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

However, when the modification of a financial instrument not measured at FVTPL does not result in derecognition, the Bank will recalculate the gross carrying amount of the financial asset (or the amortised cost of the financial liability) by discounting the modified contractual cash flows at the original effective profit rate and recognise any resulting adjustment as a modification gain or loss in profit or loss.

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

**(v) *Write-off***

The Bank directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

Recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

**(vi) *Offsetting***

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from a Bank of similar transactions such as in the Bank's trading activity.

**(vii) *Impairment – financing arrangements, off balance sheet commitments and financial guarantee contracts***

The Bank recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments – this applies to the Bank's financing arrangements to customers, cash and balances with Central Bank, balances due from banking institutions and other assets; and

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

**(g) Financial instruments (continued)**

*(vii) Impairment – financing arrangements, off balance sheet commitments and financial guarantee contracts – continued*

- Off balance sheet financing arrangement commitments and financial guarantee contracts issued (previously, impairment was measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets) - this applies to the Bank's off balance sheet exposures where credit intervention is not required for the counterparty to access the credit facility.

No impairment loss is recognised on equity investments.

The Bank recognises loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of a financial instrument is less than 12 months), weighted by the probability of that default occurring.

The Bank recognises loss allowances at an amount equal to lifetime ECLs, except in the cases where credit risk has not increased significantly since initial recognition. Loss allowances for trade and lease receivables will always be measured at an amount equal to lifetime ECLs applying the simplified approach.

The impairment requirements of IFRS 9 are complex and require management judgements, estimates and assumptions, particularly in the following areas, which are discussed in detail below and in note 5(a):

- assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- incorporating forward-looking information into the measurement of ECLs.

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses and will be measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn Financing commitments: the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICIES (Continued)

(g) Financial instruments (continued)

(vii) *Impairment – financing arrangements, off balance sheet commitments and financial guarantee contracts – continued*

**Measurement of ECLs – continued**

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. The following are examples of such events:

- significant financial difficulty of the issuer or the counter party in a financing arrangement;
- a breach of contract - e.g. a default or past-due event;
- a lender having granted a concession to the counter party in a financing arrangement - for economic or contractual reasons relating to the counter party in a financing arrangement's financial difficulty - that the lender would not otherwise consider;
- it becoming probable that the counter party in a financing arrangement will enter bankruptcy or other financial re-organisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

The Bank recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL: – financial assets that are debt instruments; – lease receivables; – financial guarantee contracts issued; and – financing commitments issued. No impairment loss is recognised on equity investments.

The Bank 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 receivables are always measured at an amount equal to lifetime ECL.

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

**(g) Financial instruments (continued)**

*(vii) Impairment – financing arrangements, off balance sheet commitments and financial guarantee contracts – continued*

**Measurement of ECLs – continued**

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure.

Financial instruments for which lifetime ECL are recognised but that are not credit-impaired are referred to as ‘Stage 2 financial instruments’. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired. Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as ‘Stage 3 financial instruments’.

When discounting future cash flows, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease receivables: the original effective profit rate or an approximation thereof;
  - POCI assets: a credit-adjusted effective profit rate;
  - lease receivables: the discount rate used in measuring the lease receivable;
  - undrawn financing commitments: the effective profit rate, or an approximation thereof, that will be applied to the financial asset resulting from the financing commitment; and
  - financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

**Restructured financial assets**

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the customer, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

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

**Credit-impaired financial assets**

At each reporting date, the Bank assesses whether financial assets carried at amortised cost, debt financial assets carried at FVOCI and finance lease receivables are credit impaired (referred to as ‘Stage 3 financial assets’).

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

**(g) Financial instruments (continued)**

**(vii) Impairment – financing arrangements, off balance sheet commitments and financial guarantee contracts – continued**

**Credit-impaired financial assets – continued**

A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

A financing facility that has been renegotiated due to a deterioration in the customer’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 financing facility that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

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

- The market’s assessment of creditworthiness as reflected in 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.

**POCI financial assets**

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective profit rate on initial recognition. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognised as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

**(g) Financial instruments – continued**

*(vii) Impairment – financing arrangements, off balance sheet commitments and financial guarantee contracts – continued*

**Presentation of allowance for ECL in the statement of financial position**

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

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

**(h) Impairment of non-financial assets**

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

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

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

**(i) Contingent liabilities**

Letters of credit, guarantees, bills for collection and swaps are accounted for as off balance sheet transactions and disclosed as contingent liabilities. Estimates of the outcome and of the financial effect of contingent liabilities are made by the management based on the information available up to the date the financial statements are approved for issue by the Directors. Contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of IFRS 9.

**(j) Cash and cash equivalents**

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

**(k) Employee benefits**

**(i) Short term employee benefits**

Short term employee benefits are expensed as the related services are provided. A liability is recognised for the amount expected to be paid if the Bank has a present or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

**(ii) Post-employment benefits obligations**

The Bank contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme to which the Bank's obligation is limited to a specified contribution per employee per month. The Bank's contribution is limited to KShs 2,160 per employee per month and is charged in the profit and loss in the year to which it relates.

**(l) Foreign exchange income and expenses**

This comprises foreign exchange differences. Foreign exchange gains and losses are reported on a net basis and are recognised in profit or loss.

**(m) Determination of fair values**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date.

The fair value of a liability reflects its non-performance risk. When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

**(m) Determination of fair values (continued)**

A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted prices in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

**(n) Related party transactions**

The Bank enters into transactions, arrangements and agreements involving Directors, senior management and their related parties in the ordinary course of business.

**(o) Leases**

At inception of a contract, the Bank 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 Bank uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Bank allocates consideration in the contract to each lease component on the basis of its relative standalone price.

The Bank 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 profit rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank 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 Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

**(o) Leases (continued)**

The lease liability is measured at amortised cost using the effective profit 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 Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank 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 Bank presents right-of-use assets and lease liabilities as a line item in the statement of financial position.

**Short-term leases and leases of low-value assets**

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

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE BANK'S ACCOUNTING POLICIES**

In the process of applying the entity's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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. These are dealt with below:

**(a) Critical accounting judgements in applying the Bank's policies**

***Business model assessment***

Classification and measurement of financial assets depends on the results of the SPPP and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Bank monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE BANK'S ACCOUNTING POLICIES (Continued)**

(a) **Critical accounting judgements in applying the Bank's policies (continued)**

*Significant increase in credit risk*

As explained in note 2, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Bank takes into account qualitative and quantitative reasonable and supportable forward-looking information.

*Establishing groups of assets with similar credit risk characteristics*

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

*Models and assumptions used*

The Bank uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

*Going concern*

The Bank assesses its ability to continue as a going concern on an annual basis. In determining whether the Bank is a going concern, management makes judgement regarding the prospective financial information and the ability of the parent Company to provide financial support as and when need arises. The assumptions and methodology used in estimating future cashflows are reviewed regularly to reduce differences between the actual performance and the projected performance.

(b) **Key sources of estimation uncertainty**

*Establishing the number and relative weightings of forward-looking scenarios for each type of product and determining the forward-looking information relevant to each scenario*

When measuring ECL the Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect the probability of default of different segments.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE BANK'S ACCOUNTING POLICIES (Continued)**

**(b) Key sources of estimation uncertainty (continued)**

*Probability of default (PD)*

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

*Loss given default*

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 collateral and integral credit enhancements.

*Taxation*

The Bank recognises the net future tax benefit that relates to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Bank to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Bank to realise the net deferred tax assets recorded at the reporting date could be impacted.

**5. FINANCIAL RISK MANAGEMENT**

**Introduction and overview**

The Bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risks
- Settlement risk
- Capital management
- Profit rate risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

**Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Asset and Liability (ALCO), Country Management, Credit Management, Crisis Management and Risk Management committees, which are responsible for developing and monitoring risk management policies in their specified areas.

All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (Continued)**

**Risk management framework (continued)**

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Risk Management Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Bank's Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**(a) Credit risk**

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's financing arrangements for customers and other Banks and investment securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

The Board of Directors has delegated responsibility for the management of credit risk to its Credit Management Committee. A separate Credit department, reporting to the Credit Committee, is responsible for oversight of the Bank's credit risk, including:

- *Formulating credit policies* in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- *Establishing the authorisation structure* for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by the Credit Department, Head of Credit, Credit Committee or the Board of Directors as appropriate.
- *Reviewing and assessing credit risk*. The Credit Department assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- *Limiting concentrations of exposure to counterparties*, geographies and industries (for financing assets and advances), and by issuer, credit rating band, market liquidity and country (for investment securities).
- *Developing and maintaining the Bank's risk grading* in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of eight grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Credit risk (continued)**

- The responsibility for setting risk grades lies with the final approving executive / committee as appropriate. Risk grades are subject to regular reviews by the Risk Management Department.
- *Reviewing compliance of business units* with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Credit Department on the credit quality of local portfolios and appropriate corrective action is taken.
- *Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.*

Each business unit is required to implement the Bank credit policies and procedures, with credit approval authorities delegated from the Credit Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval. Regular audits of business units and Credit processes are undertaken by Internal Audit.

***Credit quality***

The following table sets out information about the credit quality and credit risk exposure of financial assets measured at amortised cost. For off balance sheet commitments the amounts in the table represent the undrawn portion of amounts committed.

Explanation of the terms 'Stage 1', 'Stage 2', 'Stage 3' and Purchased originated credit impaired (POCI) assets is included in Note 3.

<b>At 31 December 2025</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>KShs '000</b>	<b>KShs '000</b>	<b>KShs '000</b>	<b>KShs '000</b>
<b>Financing arrangements – Murabaha</b>				
Normal	9,734,931	-	-	9,734,931
Watch	-	418,225	-	418,225
Non-performing	-	-	2,122,947	2,122,947
	<b>9,734,931</b>	<b>418,225</b>	<b>2,122,947</b>	<b>12,276,103</b>
Loss allowance (Note 14(b))	( 6,069)	( 3,925)	( 544,140)	( 554,134)
<b>Carrying amount</b>	<b>9,728,862</b>	<b>414,300</b>	<b>1,578,807</b>	<b>11,721,969</b>
<b>At 31 December 2025</b>				
<b>Financing arrangements – Ijarah</b>				
Normal	5,443,424	-	-	5,443,424
Watch	-	623,539	-	623,539
Non-performing	-	-	2,659,690	2,659,690
	<b>5,443,424</b>	<b>623,539</b>	<b>2,659,690</b>	<b>8,726,653</b>
Loss allowance (Note 14(b))	( 8,921)	( 4,262)	( 208,540)	( 221,723)
<b>Carrying amount</b>	<b>5,434,503</b>	<b>619,277</b>	<b>2,451,150</b>	<b>8,504,930</b>

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (continued)

*Credit quality – continued*

At 31 December 2025	Stage 1 KShs '000	Stage 2 KShs '000	Stage 3 KShs '000	Total KShs '000
<b>Off balance sheet commitments</b>				
Normal	2,001,418	-	-	2,001,418
Watch	-	-	-	-
Non-performing	-	-	-	-
	<u>2,001,418</u>	<u>-</u>	<u>-</u>	<u>2,001,418</u>
<b>Loss allowance (Note 14(b))</b>	<b>( 250)</b>	<b>-</b>	<b>-</b>	<b>( 250)</b>
<b>At 31 December 2024</b>	<b>Stage 1 KShs '000</b>	<b>Stage 2 KShs '000</b>	<b>Stage 3 KShs '000</b>	<b>Total KShs '000</b>
<b>Financing arrangements – Murabaha</b>				
Normal	6,445,559	-	-	6,445,559
Watch	-	935,315	-	935,315
Non-performing	-	-	1,852,878	1,852,878
	<u>6,445,559</u>	<u>935,315</u>	<u>1,852,878</u>	<u>9,233,752</u>
<b>Loss allowance (Note 14(b))</b>	<b>( 6,933)</b>	<b>( 1,614)</b>	<b>( 486,315)</b>	<b>( 494,862)</b>
<b>Carrying amount</b>	<b>6,438,626</b>	<b>933,701</b>	<b>1,366,563</b>	<b>8,738,890</b>
<b>At 31 December 2024</b>				
<b>Financing arrangements – Ijarah</b>				
Normal	5,270,804	-	-	5,270,804
Watch	-	1,519,098	-	1,519,098
Non-performing	-	-	2,518,425	2,518,425
	<u>5,270,804</u>	<u>1,519,098</u>	<u>2,518,425</u>	<u>9,308,327</u>
<b>Loss allowance (Note 14(b))</b>	<b>( 6,922)</b>	<b>( 17,167)</b>	<b>( 186,092)</b>	<b>( 210,181)</b>
<b>Carrying amount</b>	<b>5,263,882</b>	<b>1,501,931</b>	<b>2,332,333</b>	<b>9,098,146</b>
<b>At 31 December 2024</b>	<b>Stage 1 KShs '000</b>	<b>Stage 2 KShs '000</b>	<b>Stage 3 KShs '000</b>	<b>Total KShs '000</b>
<b>Off balance sheet commitments</b>				
Normal	887,064	-	-	887,064
Watch	-	42,433	-	42,433
Non-performing	-	-	-	-
	<u>887,064</u>	<u>42,433</u>	<u>-</u>	<u>929,497</u>
<b>Loss allowance (Note 14(b))</b>	<b>( 823)</b>	<b>-</b>	<b>-</b>	<b>( 823)</b>

**DIB BANK KENYA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Credit risk (continued)**

*Credit quality – continued*

The following table sets out the overdue status of financing arrangements in stage 1, 2 and 3.

At 31 December 2025	Stage 1 KShs '000	Stage 2 KShs '000	Stage 3 KShs '000	Total KShs '000
<b>Financing arrangements at amortised cost-Murabaha- Gross carrying amount</b>				
Current	9,145,412	-	-	9,145,412
Overdue < 30	589,519	-	-	589,519
Overdue >30<90	-	418,225	-	418,225
Overdue >90	-	-	2,122,947	2,122,947
<b>Total</b>	<b>9,734,931</b>	<b>418,225</b>	<b>2,122,947</b>	<b>12,276,103</b>
<hr/>				
At 31 December 2025	Stage 1 KShs '000	Stage 2 KShs '000	Stage 3 KShs '000	Total KShs '000
<b>Financing arrangements at amortised costs - Ijarah- Gross carrying amount</b>				
Current	2,873,286	-	-	2,873,286
Overdue < 30	2,570,138	-	-	2,570,138
Overdue >30<90	-	623,539	-	623,539
Overdue >90	-	-	2,659,690	2,659,690
<b>Total</b>	<b>5,443,424</b>	<b>623,539</b>	<b>2,659,690</b>	<b>8,726,653</b>
<hr/>				
At 31 December 2024	Stage 1 KShs '000	Stage 2 KShs '000	Stage 3 KShs '000	Total KShs '000
<b>Financing arrangements at amortised cost-Murabaha- Gross carrying amount</b>				
Current	6,190,083	-	-	6,190,083
Overdue < 30	255,476	-	-	255,476
Overdue >30<90	-	935,315	-	935,315
Overdue >90	-	-	1,852,878	1,852,878
<b>Total</b>	<b>6,445,559</b>	<b>935,315</b>	<b>1,852,878</b>	<b>9,233,752</b>
<hr/>				
At 31 December 2024	Stage 1 KShs '000	Stage 2 KShs '000	Stage 3 KShs '000	Total KShs '000
<b>Financing arrangements at amortised costs - Ijarah- Gross carrying amount</b>				
Current	4,465,784	-	-	4,465,784
Overdue < 30	805,020	-	-	805,020
Overdue >30<90	-	1,519,098	-	1,519,098
Overdue >90	-	-	2,518,425	2,518,425
<b>Total</b>	<b>5,270,804</b>	<b>1,519,098</b>	<b>2,518,425</b>	<b>9,308,327</b>

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (continued)

*Credit quality – continued*

**Write-off policy**

The Bank may write off a financing arrangement balance (and any related allowances for impairment losses) when credit determines that the financing arrangements are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the customer's financial position such that the customer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

The contractual amount outstanding on financial assets that credit determined to be uncollectible and were written off during the year ended 31 December 2025 is KShs. 1,815,000 (2024 – KShs.67,890,000).

*Collateral*

The Bank holds collateral against financing arrangements to customers in the form of mortgage charge over property, registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of financing, and generally are not updated except when a financing asset is individually assessed as impaired.

Collateral is not held over deposits and balances due from Banking institutions, except when securities are held as part of reverse repurchase and securities financing activity.

Collateral significantly impacts Expected Credit Losses (ECL) by influencing Loss Given Default (LGD) estimates. Cash flows from collateral must be included if contractually recognized. LGD considers future collateral values, realization time, and historical discounts. Changes in collateral valuations affect ECL impairment allowances, making accurate projections crucial for reliable estimates.

There have been no significant changes in the quality of the collateral held.

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

<b>Fair values of collateral held:</b>	<b>2025</b> <b>KShs'000</b>	<b>2024</b> <b>KShs'000</b>
Stage 1	21,200,164	9,631,940
Stage 2	774,941	2,492,636
Stage 3	<u>4,208,075</u>	<u>3,698,897</u>
	<b><u>26,183,180</u></b>	<b><u>15,823,473</u></b>

*Significant increase in credit risk (SICR)*

The Bank in determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition considered reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Bank's historical experience and expert credit assessment.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. **FINANCIAL RISK MANAGEMENT (Continued)**

(a) **Credit risk (continued)**

*Inputs, assumptions and techniques used for estimating impairment*

*Significant increase in credit risk (SICR) – continued*

Information that is more forward-looking than past due status (either on an individual or a collective basis) is not available without undue cost or effort, hence the Bank has used past due information and qualitative information to determine whether there have been significant increases in credit risk since initial recognition.

*Determining whether credit risk has increased significantly*

The Bank has established a framework that incorporates both past due information and qualitative information to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition.

The framework aligns with the Bank's internal credit risk management process.

The Bank will deem the credit risk of a particular exposure to have increased significantly since initial recognition if, the financial asset is more than 30 days in arrears.

Additionally, in certain instances, using its expert credit judgement and, where possible, relevant historical experience, the Bank may determine that an exposure has undergone a significant increase in credit risk and classify the exposure as 'watch' if particular qualitative factors indicate so and those indicators may not be fully captured by its past due status on a timely basis.

The following qualitative criteria is applied:

- Classification of exposures by any other Banks and Financial institutions or local Credit Reference Bureau (CRB).
- Unavailable/inadequate financial information/financial statements;
- Qualified report by external auditors;
- Significant contingent liabilities;
- Increase in operational risk and higher occurrence of fraudulent activities;
- Continued delay and non-cooperation by the counterparty to a financing arrangement in providing key relevant documentation;
- Deterioration in credit worthiness due to factors other than those listed above

As a backstop, and as required by IFRS 9, the Bank will presumptively consider that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Bank will determine days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Also see note 4(b).

*Definition of default*

The Bank will consider a financial asset to be in default when:

- the counter party in a financing arrangement is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- the counter party in a financing arrangement is more than 90 days past due on any material credit obligation to the Bank. This definition is largely consistent with the Central Bank of Kenya definition that is used for regulatory purposes.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (continued)

*Inputs, assumptions and techniques used for estimating impairment – continued*

*Definition of default – continued*

In assessing whether a counter party in a financing arrangement is in default, the Bank will consider indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Bank; 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.

*Forward-looking information*

The Bank has 4–5 years of internal data, equating to 16–21 quarterly default rate observations, below the 30-point threshold for robust statistical analysis and insufficient to capture full economic cycles.

To improve forward-looking Probability of Default (PD) models, the Bank annualized PD estimates for four key segments; Business, Corporate, and Individual (including staff facilities)—using historical yearly transition matrices from 2017. Default rates were derived from observed transitions. A correlation analysis between these rates and Kenyan macroeconomic indicators—GDP growth, Unemployment, Interest, and Inflation—identified the two variables most relevant for each segment. Regression analysis on these predictors produced base default rates, which were weighted by segment exposures and adjusted for facility tenor to compute Stage 2 PD. Scenario probabilities were applied uniformly: Base Case 60%, Worst Case 10%, and Best Case 30%.

*The table below shows sensitivity of expected credit loss (ECL) to forward-looking information (FLI)*

Scenario	Assumed change in non-performing financing ratio (NPFR)	Probability weighting (%)	Impact on ECL (%)	Impact on ECL (KShs '000)
Worst Case	Maximum year-on-year growth rate	10%	10%	77,610
Base Case	4 to 5 years of internal data (16–21 quarterly observations of default rates)	60%	No change	No change
Best Case	Minimum year-on-year growth rate	30%	-30%	232,832
Weighted FLI Overlay	Blended impact of all scenarios	100%	31.70%	246,026

Three scenarios based on variations in the non-performing financing ratio (NPFR) are assumed in the sensitivity analysis. In the worst scenario (80% probability), a notable increase in NPFR causes expected credit loss (ECL) to jump by 40%, a sign of increased credit risk. With no discernible ECL influence, the base case (10% chance) represents the 13-year industry average NPFR growth. Assuming better NPFR, the best-case scenario (10% likelihood) lowers ECL by 20%. By applying probability weightings, the final forward-looking information (FLI) overlay ensures compliance with IAS 1.125 and IFRS 9 disclosure standards by increasing ECL provisions by 31.7%.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Credit risk (continued)**

*Inputs, assumptions and techniques used for estimating impairment – continued*

*Modified financial assets*

The contractual terms of a financing arrangements may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing financing arrangement whose terms have been modified may be derecognised and the renegotiated financing arrangements recognised as a new financing arrangement at fair value.

Under IFRS 9, 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 the counter party in a financing arrangement's initial credit risk assessment and the current assessment at the point of modification.

The Bank renegotiates financing arrangements with customers in financial difficulties (referred to as 'restructuring') to maximise collection opportunities and minimise the risk of default. Under the Bank's restructuring policy, financing arrangements restructuring 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 profit payments and amending the terms of financing arrangements covenants. The Bank Credit Committee regularly reviews reports on restructuring activities.

Generally, forbearance is a qualitative indicator of default and credit impairment and expectations of restructuring are relevant to assessing whether there is a significant increase in credit risk (see above). Following forbearance, a customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be in default/credit-impaired or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECLs.

*Inputs into measurement of ECLs*

The key inputs into the measurement of ECLs are likely to be the term structures of the following variables:

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

These parameters will be derived from internally developed models and other historical data that leverage industry information. The PD will be adjusted to reflect forward-looking information as described above.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (continued)

*Inputs, assumptions and techniques used for estimating impairment – continued*

*PD*

PD estimates for financing arrangements are estimates at a certain date as follows;

- Use of the Bank's own historical to date data to estimate the Probability of default (PD).
- Segmentation of PD into the various business units and the staff portfolio noting the differing characteristics in each business segment.
- Determination of separate PDs for stages 1 and stage 2 portfolios.
- Lifetime PD for stage 2 estimated based on marginal PDs from the Bank's our internal data.

In arriving at the effective PDs, the Bank has incorporated an overlay of forward-looking information which is derived on the following basis.

- Use of the Banking industry 14 years' average non-performing financing ratio; where the year on year average growth rate is considered to be the base case scenario while the maximum and minimum year on year change are considered to be the worst and best case scenarios respectively. Weightages are then applied on each scenario to arrive at a weighted FLI overlay for inclusion into the segmented PDs.

*Loss Given Default (LGD)*

LGD is the magnitude of the likely loss if there is a default. The Bank will estimate LGD parameters based on collateral available against exposures and the history of recovery rates of claims against defaulted counterparties. The LGD models will consider the type of collateral, seniority of the claim, time to recover in the event of foreclosure, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are calibrated to consider the time to recover cash flows for different collateral types and apply the forced sale value (FSV) of collateral. The collateral values to consider will be calculated on a discounted cash flow basis using the effective profit rate or a close proxy of the effective profit rate. The LGD for unsecured financial assets is 100% unless management assessment of the counter party in a financing arrangement supports a lower LGD.

*Exposure at Default*

EAD represents the expected exposure in the event of a default. The Bank will derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset will be the gross carrying amount at default plus profit payments that would have been missed at the point of default. For financing commitments and financial guarantees, the EAD will consider the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which will be estimated based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank will measure ECLs considering the risk of default over the maximum contractual period (including any counter party in a financing arrangement's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. **FINANCIAL RISK MANAGEMENT (Continued)**

(a) **Credit risk (continued)**

*Inputs, assumptions and techniques used for estimating impairment – continued*

*Exposure at Default – continued*

The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a financing arrangements commitment or guarantee.

For guarantee facilities and other revolving facilities that include both a financing arrangement and an undrawn commitment component, the Bank will measure ECLs over a period of one year unless the expected life of the exposure can be reasonably determined.

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

- Product type; and
- Industry.

The groupings will be subject to regular review to ensure that exposures within a particular segment remain appropriately homogeneous.

**Amount arising from ECL**

*Loss allowance*

The following tables show reconciliations from the opening to the closing balance of the loss allowance by product.

	<b>31 December 2025</b>				
	<b>12-month ECL</b>	<b>Lifetime ECL not credit- impaired</b>	<b>Lifetime ECL credit- impaired</b>	<b>Total</b>	
		<b>Stage 1</b>	<b>Stage 2</b>		<b>Stage 3</b>
		<b>KShs'000</b>	<b>KShs'000</b>		<b>KShs'000</b>
<b>Financing arrangements – Murabaha</b>					
Balance at 1 January 2025	6,933	1,614	486,315	494,862	
Transfer to Stage 1	87	( 87)	-	-	
Transfer to Stage 2	( 395)	395	-	-	
Transfer to Stage 3	( 88)	( 2,161)	2,249	-	
Net re-measurement of loss allowance	740	4,181	74,235	79,156	
Net financial assets originated or purchased	1,047	-	-	1,047	
Financial assets that have been derecognised	( 2,255)	( 17)	( 16,844)	( 19,116)	
Write offs	-	-	( 1,815)	( 1,815)	
<b>Balance at 31 December 2025</b>	<b>6,069</b>	<b>3,925</b>	<b>544,140</b>	<b>554,134</b>	

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (continued)

Amount arising from ECL – continued

*Loss allowance – continued*

	31 December 2025			
	12-Month ECL Stage 1 KShs'000	Lifetime ECL not credit- impaired Stage 2 KShs'000	Lifetime ECL credit- impaired Stage 3 KShs'000	Total KShs'000
<b>Loss allowance</b>				
<b>Financing arrangements – Ijarah</b>				
Balance at 1 January 2025	6,922	17,167	186,092	210,181
Transfer to Stage 1	14,012	(13,334)	( 678)	-
Transfer to Stage 2	( 544)	544	-	-
Transfer to Stage 3	-	(2,798)	2,798	-
Net remeasurement of loss allowance	(12,680)	2,379	20,328	10,027
Net financial assets originated or purchased	2,064	304	-	2,368
Financial assets that have been derecognised	( 853)	-	-	( 853)
Write offs	-	-	-	-
<b>Balance at 31 December 2025</b>	<b>8,921</b>	<b>4,262</b>	<b>208,540</b>	<b>221,723</b>
<b>Financing arrangements – off balance sheet commitments (Note 14 (b))</b>				
Balance at 1 January 2025	823	-	-	823
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net financial assets originated or purchased	250	-	-	250
Financial assets that have been derecognised	( 823)	-	-	( 823)
<b>Balance at 31 December 2025</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>250</b>
	31 December 2024			
	Stage 1 KShs'000	Stage 2 KShs'000	Stage 3 KShs'000	KShs'000
<b>Financing arrangements – Murabaha</b>				
Balance at 1 January 2024	2,927	7,904	149,434	160,265
Transfer to Stage 1	6,461	( 6,461)	-	-
Transfer to Stage 2	( 980)	1,991	( 1,011)	-
Transfer to Stage 3	( 520)	(145)	665	-
Net re-measurement of loss allowance	(3,504)	( 922)	364,170	359,744
Net financial assets originated or purchased	3,128	-	41,588	44,716
Financial assets that have been derecognised	( 579)	( 753)	( 641)	( 1,973)
Write offs	-	-	( 67,890)	( 67,890)
<b>Balance at 31 December 2024</b>	<b>6,933</b>	<b>1,614</b>	<b>486,315</b>	<b>494,862</b>

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (continued)

Amount arising from ECL - continued

*Loss allowance – continued*

	31 December 2024			Total KShs'000
	12-Month ECL Stage 1 KShs'000	Lifetime ECL not credit- impaired Stage 2 KShs'000	Lifetime ECL credit- impaired Stage 3 KShs'000	
<b>Loss allowance</b>				
<b>Financing arrangements – Ijarah</b>				
Balance at 1 January 2024	8,933	35,766	93,010	137,709
Transfer to Stage 1	428	( 428)	-	-
Transfer to Stage 2	(1,011)	1,011	-	-
Transfer to Stage 3	(1,177)	( 29,124)	30,301	-
Net remeasurement of loss allowance	(1,203)	9,942	62,781	71,520
Net financial assets originated or purchased	981	-	-	981
Financial assets that have been derecognised	( 29)	-	-	( 29)
Write offs	-	-	-	-
<b>Balance at 31 December 2024</b>	<b>6,922</b>	<b>17,167</b>	<b>186,092</b>	<b>210,181</b>
<b>Financing arrangements – off balance sheet commitments (Note 14 (b))</b>				
Balance at 1 January 2024	216	-	-	216
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net financial assets originated or purchased	823	-	-	823
Financial assets that have been derecognised	( 216)	-	-	(216)
<b>Balance at 31 December 2024</b>	<b>823</b>	<b>-</b>	<b>-</b>	<b>823</b>

The Bank has carried out an assessment of the expected credit losses arising from the Bank's cash and balances with central bank, balances due from banking institutions and other assets and determined these to be immaterial. The credit losses have therefore not been recorded in these financial statements.

The ECL on financing arrangements and off balance sheet commitments are presented in financing arrangements and other liabilities respectively in the statement of financial position.

The following table provides a reconciliation between:

- Amounts shown in the above tables reconciling opening and closing balances of loss allowance for financing arrangements.
- The impairment provision on financing assets' line item in the statement of profit or loss and other comprehensive income.

**DIB BANK KENYA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Credit risk (continued)**

Amount arising from ECL – continued

31 December 2025	Financing arrangements - Murabaha at amortised cost KShs'000	Financing arrangements - Ijarah at amortised cost KShs'000	Off balance sheet commitments KShs'000	Total KShs'000
Net re-measurement of loss allowance	77,341	10,027	-	87,368
Net financial assets originated or purchased	1,047	2,368	250	3,665
Transfer to suspense/write off Financial assets that have been derecognised	1,823	-	-	1,823
	( 19,116)	( 852)	( 823)	( 20,791)
	<b>61,095</b>	<b>11,543</b>	<b>( 573)</b>	<b>72,065</b>

31 December 2024	Financing arrangements - Murabaha at amortised cost KShs'000	Financing arrangements - Ijarah at amortised cost KShs'000	Off balance sheet commitments KShs'000	Total KShs'000
Net re-measurement of loss allowance	291,854	71,520	-	363,374
Net financial assets originated or purchased	44,716	982	823	46,521
Transfer to suspense/write off Financial assets that have been derecognised	73,059	-	-	73,059
	( 1,973)	( 29)	(216)	( 2,218)
	<b>407,656</b>	<b>72,473</b>	<b>607</b>	<b>480,736</b>

There were financial assets written off during the year ended 31 December 2025 KShs 1,815,000 (2024 – KShs 67,890,000).

**Offsetting financial assets and financial liabilities**

There are no financial assets and financial liability amounts in the statement of financial position that have been offset in these financial statements.

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. **FINANCIAL RISK MANAGEMENT (Continued)**

(a) **Credit risk (continued)**

**Monitoring concentration risk**

The Bank monitors concentrations of credit risk by economic sector. An analysis of concentrations of credit risk at the reporting date is shown below:

	<b>2025</b>	<b>2025</b>
	<b>KShs'000</b>	<b>%</b>
<b>Concentration by Sector - 2025</b>		
Energy	412,059	2
Manufacturing	1,481,502	7
Real estate	1,322,464	6
Wholesale and retail trade	6,558,105	31
Transport and communication	2,984,306	14
Building and construction	5,380,194	26
Personal household	998,510	5
Tourism, restaurant and hotels	232,101	1
Financial services	<u>1,633,515</u>	<u>8</u>

**Total gross financing arrangements** **21,002,756** **100**

	<b>2024</b>	<b>2024</b>
	<b>KShs'000</b>	<b>%</b>
<b>Concentration by Sector - 2024</b>		
Energy	444,188	2
Manufacturing	1,694,606	9
Real estate	1,398,294	8
Wholesale and retail trade	7,500,224	41
Transport and communication	3,173,096	17
Building and construction	690,154	4
Personal household	937,496	5
Tourism, restaurant and hotels	238,587	1
Financial services	<u>2,465,434</u>	<u>13</u>

**Total gross financing arrangements** **18,542,079** **100**

**Monitoring concentration risk**

The Bank's other exposures to credit risk relates to:

	<b>2025</b>	<b>2025</b>
	<b>KShs'000</b>	<b>%</b>
Cash and balances with Central Bank	2,093,803	23
Balances due from Banking institutions	6,639,669	72
Other assets excluding prepayments	<u>508,269</u>	<u>5</u>

**9,241,741** **100**

	<b>2024</b>	<b>2024</b>
	<b>KShs'000</b>	<b>%</b>
Cash and balances with Central Bank	1,547,464	19
Balances due from Banking institutions	5,814,623	71
Other assets excluding prepayments	<u>794,018</u>	<u>10</u>

**8,156,105** **100**

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Credit risk (continued)**

**Monitoring concentration risk – continued**

Expected credit losses on the above exposures was assessed as immaterial because the balances are largely short term, reducing default risk and potential losses. Also, historical loss experience has been insignificant hence no adjustment has been made in these financial statements. There was no material recoveries booked from the written off financing arrangements, however the Bank has put in place recovery measures with a view to recover the debts.

**(b) Liquidity risk**

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities.

**Management of liquidity risk**

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

The Bank's treasury unit receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Also, the Bank has a credit line of USD 75 million (KShs 9.7bn) with the parent company from which it can draw on a need basis to mitigate short term liquidity mismatches.

Treasury then maintains a portfolio of short-term liquid assets, largely made up of deposits and balances due from Banking institutions and other inter-Bank facilities, to ensure that sufficient liquidity is maintained within the Bank. The liquidity requirements of business units are met through short-term funding from treasury to cover any short-term fluctuations and longer-term funding to address any structural liquidity requirements.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by Assets and Liabilities Committee (ALCO). Daily reports cover the liquidity position of the Bank. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

**Exposure to liquidity risk**

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers.

For this purpose, net liquid assets are considered as including cash and cash equivalents and other liquid assets. Details of the reported Bank ratio of net liquid assets to deposits and customers at the reporting date and during the reporting period were as follows:

	2025	2024
	%	%
Average for the period	34.7	28.9
Maximum for the period	45.0	36.3
Minimum for the period	26.0	24.3

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. **FINANCIAL RISK MANAGEMENT (Continued)**

(b) **Liquidity risk (continued)**

**Exposure to liquidity risk – continued**

The following are the undiscounted residual carrying maturities of financial assets and contractual maturities of financial liabilities.

**Residual carrying and contractual maturities of assets and liabilities**

31 December 2025	Due within 3 months KShs'000	Due between 3 and 12 months KShs'000	Due between 1 and 5 years KShs'000	Due after 5 years KShs'000	Total KShs'000
<b>Assets</b>					
Cash and balances with Central Bank	2,093,803	-	-	-	2,093,803
Deposits and balances due from banking institutions	6,639,669	-	-	-	6,639,669
Financing arrangements	3,366,132	2,979,293	9,663,767	4,993,564	21,002,756
Other assets	-	-	30,509	-	30,509
<b>Total financial assets</b>	<b>12,099,604</b>	<b>2,979,293</b>	<b>9,694,276</b>	<b>4,993,564</b>	<b>29,766,737</b>
<b>Liabilities</b>					
Customer deposits	25,918,989	2,372	-	-	25,921,361
Deposits and balances due to banking institutions	-	-	-	-	-
Other liabilities	30,883	83,944	-	-	114,827
Lease liabilities	-	81,918	128,708	-	210,626
<b>Total financial liabilities</b>	<b>25,949,872</b>	<b>168,234</b>	<b>128,708</b>	<b>-</b>	<b>26,246,814</b>
Net liquidity (surplus/gap*)	<b>(13,850,268)</b>	<b>2,811,059</b>	<b>9,565,568</b>	<b>4,993,564</b>	<b>3,519,923</b>

\*The Bank reported a negative short-term liquidity resulting from maturity differences between net liquid assets and short-term liabilities. To address this, the Bank has put in place a contingent liquidity management plan, including a credit line of USD 75m with the parent Bank from which it can draw on a need basis to mitigate short-term liquidity mismatches. Additionally, the Bank has a letter of support from the parent who has committed to aid the bank cover any liquidity gaps that may arise.

31 December 2025	Due within 3 months KShs'000	Due between 3 and 12 months KShs'000	Due between 1 and 5 years KShs'000	Due after 5 years KShs'000	Total KShs'000
Bank guarantees	122,407	409,083	1,340,101	-	1,871,591
Letters of credit	-	129,827	-	-	129,827
<b>Total off balance sheet</b>	<b>122,407</b>	<b>538,910</b>	<b>1,340,101</b>	<b>-</b>	<b>2,001,418</b>

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (continued)

Residual contractual maturities of assets and liabilities – continued

31 December 2024	Due within 3 months KShs'000	Due between 3 and 12 months KShs'000	Due between 1 and 5 years KShs'000	Due after 5 years KShs'000	Total KShs'000
<b>Assets</b>					
Cash and balances with Central Bank	1,547,464	-	-	-	1,547,464
Deposits and balances due from banking institutions	5,814,623	-	-	-	5,814,623
Financing arrangements	4,328,042	3,222,186	4,618,697	6,373,154	18,542,079
Other assets	-	-	30,485	-	30,485
<b>Total financial assets</b>	<b>11,690,129</b>	<b>3,222,186</b>	<b>4,649,182</b>	<b>6,373,154</b>	<b>25,934,651</b>
<b>Liabilities</b>					
Customer deposits	20,057,349	2,577,859	-	-	22,635,208
Deposits and balances due to banking institutions	100,030	-	-	-	100,030
Other liabilities	25,941	91,963	-	-	117,904
Lease liabilities	-	97,951	160,516	-	258,467
<b>Total financial liabilities</b>	<b>20,183,320</b>	<b>2,767,773</b>	<b>160,516</b>	<b>-</b>	<b>23,111,609</b>
Net liquidity (surplus/gap*)	<b>( 8,493,191)</b>	<b>454,413</b>	<b>4,488,666</b>	<b>6,373,154</b>	<b>2,823,042</b>

\*The Bank reported a negative short-term liquidity resulting from maturity differences between net liquid assets and short-term liabilities. To address this, the Bank has put in place a contingent liquidity management plan, including a credit line of USD 75m with the parent Bank from which it can draw on a need basis to mitigate short-term liquidity mismatches. Additionally, the Bank has a letter of support from the parent who has committed to aid the bank cover any liquidity gaps that may arise.

31 December 2024	Due within 3 months KShs'000	Due between 3 and 12 months KShs'000	Due between 1 and 5 years KShs'000	Due after 5 years KShs'000	Total KShs'000
Bank guarantees	77,125	221,233	1,400	-	299,758
Letters of credit	533,583	96,156	-	-	629,739
<b>Total off balance sheet</b>	<b>610,708</b>	<b>317,389</b>	<b>1,400</b>	<b>-</b>	<b>929,497</b>

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as profit rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Overall authority for market risk is vested in ALCO. Risk management is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation. The Bank is primarily exposed to currency risk. Due to the nature of the Bank's current products, the exposure to any other market risk is minimal.

*Currency risk*

The Bank is exposed to currency risk through transactions in foreign currencies. The Bank's transactional exposures give rise to foreign currency gains and losses that are recognised in the statement of comprehensive income. In respect of monetary assets and liabilities in foreign currencies, the Bank ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate. The table below summarises the foreign currency exposure as at 31 December 2025 and 31 December 2024:

	2025 KShs'000	2024 KShs'000
Assets in foreign currencies	7,574,628	12,521,479
Liabilities in foreign currencies	(7,516,063)	(12,576,858)
<b>Net foreign currency exposure</b>	<b><u>58,565</u></b>	<b><u>( 55,379)</u></b>

The tables below indicate the extent to which the Bank was exposed to currency risk at 31 December 2025 and 2024 on its non-trading monetary assets and liabilities. The analysis is performed for a reasonable possible movement of the currency rate against the KShs with all other variables held constant on the statement of profit or loss due to the changes in the fair values of currency sensitive non-trading monetary assets and liabilities. A negative amount in the table reflects a potential net reduction in statement of profit or loss, while a positive amount reflects a net potential increase. The sensitivity analysis does not take account of actions by the Bank that might be taken to mitigate the effect of such changes.

	Increase in currency rate in %	Effect on profit or loss 2025 KShs'000	Impact on equity (after tax 30%) 2025 KShs'000	Effect on profit or loss 2024 KShs'000	Impact on equity (after tax 30%) 2024 KShs'000
USD	+2%	2,021	1,415	(1,111)	( 777)
GPP	+2%	4	3	( 1)	( 1)
EUR	+2%	38	27	( 7)	( 5)
AED	+2%	( 926)	( 648)	11	7
		<b><u>1,137</u></b>	<b><u>797</u></b>	<b><u>( )</u></b>	<b><u>( )</u></b>

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk (continued)

*Currency risk – continued*

	Decrease in currency rate in %	Effect on profit or loss 2025 KShs'000	Impact on equity (after tax 30%) 2025 KShs'000	Effect on profit or loss 2024 KShs'000	Impact on equity (after tax 30%) 2024 KShs'000
USD	(2%)	(2,021)	(1,415)	1,111	777
GPP	(2%)	( 4)	( 3)	1	1
EUR	(2%)	( 38)	( 27)	7	5
AED	(2%)	926	648	( 11)	( 7)
		=====	=====	=====	=====

The following significant exchange rates were applied during the year.

Currency	Closing		Average	
	2025	2024	2025	2024
USD	129.01	129.29	129.30	134.98
GBP	173.65	162.27	170.41	172.51
EUR	151.43	134.29	146.06	146.15
AED	35.13	35.20	35.21	36.75
ZAR	7.76	6.87	7.24	7.36

**DIB BANK KENYA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Market risk (continued)**

*Currency risk – continued*

The table below analyses the currencies to which the Bank is exposed at 31 December 2025 and 31 December 2024:

2025	USD KShs'000	EUR KShs'000	GBP KShs'000	AED KShs'000	ZAR KShs'000	Others KShs'000	Total KShs'000
<b>Assets</b>							
Cash on hand	154,906	6,615	8,828	-	-	-	170,349
Deposits and balances due from banking institutions	2,496,690	12,756	7,274	8,716	274	1,390	2,527,100
Financing arrangements	4,728,968	-	-	-	-	-	4,728,968
Other assets	148,300	7	-	( 96)	-	-	148,211
<b>Total foreign currency assets</b>	<b>7,528,864</b>	<b>19,378</b>	<b>16,102</b>	<b>8,620</b>	<b>274</b>	<b>1,390</b>	<b>7,574,628</b>
<b>Customer deposits</b>	<b>7,259,255</b>	<b>19,157</b>	<b>14,193</b>	<b>54,918</b>	<b>-</b>	<b>-</b>	<b>7,347,523</b>
<b>Other liabilities</b>	<b>168,537</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>168,540</b>
<b>Total foreign currency liabilities</b>	<b>7,427,792</b>	<b>19,157</b>	<b>14,194</b>	<b>54,920</b>	<b>-</b>	<b>-</b>	<b>7,516,063</b>
<b>Exposure as at 31 December 2025</b>	<b>101,072</b>	<b>221</b>	<b>1,908</b>	<b>(46,300)</b>	<b>274</b>	<b>1,390</b>	<b>58,565</b>

**DIB BANK KENYA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Market risk (continued)**

*Currency risk – continued*

2024	USD KShs'000	EUR KShs'000	GBP KShs'000	AED KShs'000	ZAR KShs'000	Others KShs'000	Total KShs'000
<b>Assets</b>							
Cash on hand	64,977	3,287	4,021	-	-	-	72,285
Deposits and balances due from banking institutions	5,675,697	12,170	8,798	432,577	34	8	6,129,284
Financing arrangements	6,219,406	-	-	-	-	-	6,219,406
Other assets	100,472	6	-	26	-	-	100,504
<b>Total foreign currency assets</b>	<b>12,060,552</b>	<b>15,463</b>	<b>12,819</b>	<b>432,603</b>	<b>34</b>	<b>8</b>	<b>12,521,479</b>
Customer deposits	11,945,085	15,535	13,170	432,067	-	-	12,405,857
Other liabilities	170,995	3	1	2	-	-	171,001
<b>Total foreign currency liabilities</b>	<b>12,116,080</b>	<b>15,538</b>	<b>13,171</b>	<b>432,069</b>	<b>-</b>	<b>-</b>	<b>12,576,858</b>
<b>Exposure as at 31 December 2024</b>	<b>( 55,528)</b>	<b>( 75)</b>	<b>( 352)</b>	<b>534</b>	<b>34</b>	<b>8</b>	<b>( 55,379)</b>

## DIB BANK KENYA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

#### 5. FINANCIAL RISK MANAGEMENT (Continued)

##### (d) Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Bank is exposed to profit rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or re-price in a given period. The Bank manages this risk through risk management strategies.

The effective profit rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and a current rate for a floating rate instrument or an instrument carried at fair value.

The Bank does not, as a policy, engage in any activities that involve receipt or payment of interest or any other non-Shari'ah compliant activities.

The following table demonstrates the sensitivity to a reasonable possible change in profit rates, with all other variables held constant, of the Bank's statement of profit or loss. The sensitivity of the statement of profit or loss is the effect of the assumed changes in profit rates on the income for one year, based on the variable profit rate non-trading financial assets and financial liabilities held at 31 December 2025 and 2024.

Scenario	Impact on profit before tax		Impact on Equity (after tax 30%)	
	2025 KShs'000	2024 KShs'000	2025 KShs'000	2024 KShs'000
+50 bps increase	7,276	6,201	5,093	4,341
-50 bps decrease	(7,276)	(6,201)	(5,093)	(4,341)

The table below analyses the financial assets and liabilities to which the Bank is exposed at 31 December 2025 and 31 December 2024:

2025	Total KShs'000
<b>Assets</b>	
Financing arrangements	
Murabaha	12,276,103
Ijarah	8,726,653
Deposits and balances due from banking institutions	<u>6,639,669</u>
<b>Total financial assets</b>	<b><u>27,642,425</u></b>
<b>Liabilities</b>	
Customer deposits	25,921,360
Deposits and balances due to banking institutions	-
<b>Total financial liabilities</b>	<b><u>25,921,360</u></b>
<b>Exposure as at 31/12/2025</b>	<b><u>1,721,065</u></b>

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT (Continued)**

**(d) Profit rate risk (Continued)**

	<b>Total</b>
	<b>KShs'000</b>
<b>2024</b>	
<b>Assets</b>	
Financing arrangements	9,233,752
Murabaha	9,308,327
Ijarah	5,814,622
Deposits and balances due from banking institutions	<u>5,814,622</u>
<b>Total financial assets</b>	<b><u>24,356,701</u></b>
<b>Liabilities</b>	
Customer deposits	22,635,208
Deposits and balances due to banking institutions	<u>100,030</u>
<b>Total financial liabilities</b>	<b><u>22,735,238</u></b>
<b>Exposure as at 31/12/2024</b>	<b><u>1,621,463</u></b>

**(e) Settlement risk**

The Bank's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a Bank to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Bank mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

Settlement limits form part of the credit approval/limit monitoring process described earlier. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from Risk.

**(f) Capital management**

The Bank's objective when managing capital (regulatory capital) is to comply with the capital requirements as set out by the Central Bank of Kenya and safeguard the Bank's ability to continue as a going concern as well as maintaining a strong capital base to support the development of its business.

Under the regulatory environment, the Central Bank of Kenya requires every financial institution to:

- (a) Maintain a minimum capital of KShs 3,000 million (2024 – KShs 1,000 million);
- (b) Maintain a core capital of not less than 8% (2024 – 8%) of total deposit liabilities;
- (c) Maintain a minimum core capital to risk weighted assets including off-balance sheet assets of 10.5% (2024 – 10.5%); and
- (d) Maintain a ratio of total capital to risk weighted assets including off-balance sheet assets of not less than 14.5% (2024 – 14.5%).

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. FINANCIAL RISK MANAGEMENT (Continued)

(f) Capital management (continued)

The Bank is compliant with all the above requirements.

The Bank calculates capital adequacy ratios for credit risk, market risk and operational risk based upon Basel requirements and the prudential guidelines as issued by the Central Bank of Kenya.

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.

Credit risk weights are measured by means of a hierarchy of four risk weights classified according to the nature of (and reflecting an estimate of the credit risk associated with) each asset and counterparty. This treatment is also adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

Operational risk weighted assets is computed using the basic indicator approach which is based on the average gross revenue over the prior 3 year period.

Market risk weighted assets is computed using a standardised approach based on the foreign exchange exposure as at 31 December each year. The Bank's regulatory capital is analysed into two tiers:

- Core capital (Tier 1), which includes ordinary share capital, share premium, and retained earnings less deferred tax asset.
- Supplementary capital (Tier 2), which includes statutory credit risk reserve and any other approved reserves.

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

	<b>2025</b>	<b>2024</b>
	<b>KShs'000</b>	<b>KShs'000</b>
<b>Core capital (Tier 1)</b>		
Paid up share capital	9,626,754	9,626,754
Retained earnings	( 4,696,522)	( 4,044,647)
Net after tax profit	<u>198,062</u>	<u>32,476</u>
	<u>5,128,294</u>	<u>5,614,583</u>
Deferred tax	( 1,417,317)	( 1,521,724)
<b>Core capital</b>	<b><u>3,710,977</u></b>	<b><u>4,092,859</u></b>
Supplementary capital (Tier 2)	<u>684,351</u>	<u>-</u>
<b>Total capital</b>	<b><u>4,395,328</u></b>	<b><u>4,092,859</u></b>
On balance sheet risk weighted assets	18,412,583	20,783,372
Off balance sheet risk weighted assets	<u>2,384,773</u>	<u>2,131,543</u>
<b>Total risk weighted assets</b>	<b><u>20,797,356</u></b>	<b><u>22,914,915</u></b>

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. FINANCIAL RISK MANAGEMENT (Continued)

(f) Capital management (continued)

Capital adequacy ratios	2025	2024
Percentage of Core Capital to Risk Weighted Asset ratio	17.0%	17.9%
Minimum requirement	10.5%	10.5%
Percentage of Total Capital to Risk Weighted Asset ratio	20.3%	17.9%
Minimum requirement	14.5%	14.5%
Percentage of Core Capital to Deposits ratio	13.7%	18.1%
Minimum requirement	8.0%	8.0%

*Capital allocation*

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by Risk Management Committee and is subject to review by the Credit Committee or Assets and Liability Management Committee as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank's longer term strategic objectives. The Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

(g) Financial assets and liabilities and their fair values

The table below sets out the Bank's classification of each class of financial assets and liabilities, and their fair values:

31 December 2025	Amortised cost KShs'000	Total carrying amount KShs'000	Fair value KShs'000
Cash and balances with Central Bank	2,093,803	2,093,803	2,093,803
Balances due from banking institutions	6,639,669	6,639,669	6,639,669
Financing arrangements	20,226,899	20,226,899	15,500,117
Other assets	30,509	30,509	30,509
<b>Total financial assets</b>	<b>28,990,880</b>	<b>28,990,880</b>	<b>24,264,098</b>

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5. FINANCIAL RISK MANAGEMENT (Continued)

(g) Financial assets and liabilities and their fair values (continued)

31 December 2025	Amortised cost KShs'000	Total carrying amount KShs'000	Fair value KShs'000
Customer deposits	25,921,360	25,921,360	25,825,525
Balances due from banking institutions	-	-	-
Other liabilities	31,527	31,527	31,527
<b>Total financial liabilities</b>	<b>25,952,887</b>	<b>25,952,887</b>	<b>25,857,052</b>

31 December 2024	Amortised cost KShs'000	Total carrying amount KShs'000	Fair value KShs'000
Cash and balances with Central Bank	1,547,464	1,547,464	1,547,464
Balances due from banking institutions	5,814,623	5,814,623	5,814,623
Financing arrangements	17,837,036	17,837,036	13,089,023
Other assets	30,486	30,486	30,486
<b>Total financial assets</b>	<b>25,229,609</b>	<b>25,229,609</b>	<b>20,481,596</b>

31 December 2024	Amortised cost KShs'000	Total carrying amount KShs'000	Fair value KShs'000
Customer deposits	22,635,208	22,635,208	22,358,127
Balances due from banking institutions	100,030	100,030	100,030
Other liabilities	30,375	30,375	30,375
<b>Total financial liabilities</b>	<b>22,765,613</b>	<b>22,765,613</b>	<b>22,488,532</b>

The fair value of financing arrangements is estimated using discounted cash flow technique which the key observable input into the valuation technique being profit rates. The fair value of the other Bank's financial assets and liabilities approximate their carrying amounts as these are short term in nature and/or are repriced within the year in line with the market rates.

**Valuation models**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The table below shows certain financial assets and financial liabilities for which fair value has been disclosed in the financial statements, analysed by the level of valuation method. The three levels of valuation methodology used are:

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**5. FINANCIAL RISK MANAGEMENT (Continued)**

**(g) Financial assets and liabilities and their fair values (continued)**

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

The following table sets out the fair values of the financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

<b>31 December 2025</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair values</b>	<b>Total carrying amount</b>
<b>Assets</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>	<b>KShs'000</b>
Cash and balances with Central Bank	-	2,093,803	-	2,093,803	2,093,803
Balances due from banking institutions	-	6,639,669	-	6,639,669	6,639,669
Financing arrangements	-	-	15,500,117	15,500,117	20,226,899
Other assets	-	30,509	-	30,509	30,509
<b>Liabilities</b>					
Customer deposits	-	25,921,360	-	25,921,360	25,825,525
Balances due to banking institutions	-	-	-	-	-
Other liabilities	-	31,527	-	31,527	31,527

Except as detailed in the above table, management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statement approximate their fair values and is included in levels 2 and 3.

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5. **FINANCIAL RISK MANAGEMENT (Continued)**

(g) **Financial assets and liabilities and their fair values (continued)**

31 December 2024					
Assets	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total fair values KShs'000	Total carrying amount KShs'000
Cash and balances with Central Bank	-	1,547,464	-	1,547,464	1,547,464
Balances due from banking institutions	-	5,814,623	-	5,814,623	5,814,623
Financing arrangements	-	-	13,089,023	13,089,023	17,837,036
Other assets	-	30,486	-	30,486	30,486
<b>Liabilities</b>					
Customer deposits	-	22,358,127		22,358,127	22,635,208
Balances due to banking institutions	-	100,030		100,030	100,030
Other liabilities	-	30,375		30,375	30,375

Transfers between levels of the fair value hierarchy are recognised by the Bank at the end of the reporting period during which the change occurred. There was no transfer between the fair value hierarchy during the year.

(h) **Level 3 fair value measurement**

(i) **Reconciliation**

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy for the financing arrangement.

	2025 KShs'000	2024 KShs'000
Balance at 1 January	13,089,023	12,554,004
Total loss in profit or loss	( 168,894)	1,240,886
Issue	10,516,969	6,948,391
Settlements	( 7,936,981)	( 7,654,258)
<b>Balance at 31 December</b>	<b><u>15,500,117</u></b>	<b><u>13,089,023</u></b>

(ii) **Unobservable inputs used in measuring fair value**

The following table sets out information about significant unobservable inputs used at 31 December 2025 and 2024 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

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5. FINANCIAL RISK MANAGEMENT (Continued)

(h) Level 3 fair value measurement (continued)

(ii) Unobservable inputs used in measuring fair value – continued

Types of financial instruments	Fair value at 31 December 2025 KShs'000	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Financing arrangement	KShs15,500,117 (2024: KShs 13,089,023)	Discounted cash flow	Risk-adjusted discount rate	The fair value of the financing arrangement is inversely related to the risk-adjusted discount rate. For example, If the discount rate increases, the present value of future cash flows decreases, leading to a lower fair value.

6. INCOME CALCULATED USING THE EFFECTIVE PROFIT RATE METHOD

	2025 KShs'000	2024 KShs'000
Income from financing arrangements	2,106,921	2,325,809
Income from investing assets - placements	<u>374,237</u>	<u>227,343</u>
	<b><u>2,481,158</u></b>	<b><u>2,553,152</u></b>

The amounts reported above relates to profit income calculated using the effective profit rate method that relate to financial assets not carried at fair value through profit or loss.

7. DEPOSITORS SHARE OF PROFITS

	2025 KShs'000	2024 KShs'000
Time deposits	1,054,738	1,515,393
Savings deposits	211,904	25,994
Interbank deposits	<u>2,412</u>	<u>106,893</u>
	<b><u>1,269,054</u></b>	<b><u>1,648,280</u></b>

8. INCOME

	2025 KShs'000	2024 Restated* KShs'000
(a) Fees and commission income		
Credit related fees and commissions	24,059	68,037
Other fees	<u>387,161</u>	<u>774,976</u>
	<b><u>411,220</u></b>	<b><u>843,013</u></b>

Fees and commission income mainly arise from contracts with customers in the scope of IFRS 15. Transaction fees for processing financing arrangements are recognised when the transaction takes place while the service fees are based on fixed fees published by the Bank and are recognised when the service is provided and are paid upfront by the Bank's customers.

# DIB BANK KENYA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

### 8. INCOME (Continued)

(b) Other income	2025	2024
	KShs'000	Restated* KShs'000
Gain on lease termination	4,280	-
Gains on foreign currency dealings	52,492	148,184
Other income	<u>139,526</u>	<u>809</u>
	<u>196,298</u>	<u>148,993</u>

Gains on foreign currency dealings arose from trading in foreign currency transactions and also on the translation of foreign currency assets and liabilities. Other income relates to writeback of group travel expenses.

### 9. EXPENSES

(a) Personnel expenses	2025	2024
	KShs'000	KShs'000
Salaries and allowances	369,323	371,917
Other staff cost	129,631	110,426
Directors emoluments – executive	<u>17,633</u>	<u>13,837</u>
	<u>516,587</u>	<u>496,180</u>

Other staff cost consists of pension and medical benefits.

The number of persons employed by the Bank as at the year-end was 140 (2024 – 138). These are as follows:

Average number of employees	2025	2024
Senior management	13	12
Junior management and supervisors	54	46
Other staff	<u>73</u>	<u>80</u>
	<u>140</u>	<u>138</u>

(b) Other operating expenses	2025	2024
	KShs'000	KShs'000
Insurance expenses	7,994	7,997
Legal and professional fees	50,583	26,523
Directors' emoluments – non executive	8,693	10,970
IT related	244,539	215,833
Subscriptions	87,089	72,622
Travel	9,392	22,968
Marketing and publicity	10,926	18,585
Administrative expenses	39,504	43,555
Security	13,986	10,810
Other expenses (see below)	<u>91,474</u>	<u>94,166</u>
	<u>564,180</u>	<u>524,029</u>

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**9. EXPENSES (Continued)**

<b>(b) Other operating expenses (continued)</b>	<b>2025</b>	<b>2024</b>
	<b>KShs'000</b>	<b>KShs'000</b>
<i>Other expenses</i>		
Audit fee	6,151	5,914
Bank charges	13,111	11,432
Banking license	1,305	1,610
Board of directors expenses	1,878	2,306
Reuters	24,887	21,919
Stamp duty	-	7,040
Stationery	14,858	17,480
Swift charges	4,665	3,289
Trade licences	3,998	3,071
Other expenses	<u>20,621</u>	<u>20,105</u>
	<b><u>91,474</u></b>	<b><u>94,166</u></b>

**10. TAXATION**

**(a) Taxation credit**

Current taxation based on the taxable profit for the period at 30% (2024 – 30%)	-	-
Deferred tax charge/(credit) (Note 19) – current year	104,407	70,955
	<b><u>104,407</u></b>	<b><u>70,955</u></b>

**(b) Reconciliation of taxation expense/(credit) to the expected taxation based on profit before taxation**

<b>Profit before tax</b>	<b><u>302,469</u></b>	<b><u>103,431</u></b>
Tax at the applicable rate of 30% (2024 – 30%)	90,741	31,029
Effect of income not subject to tax and expenses disallowed for tax purposes	<u>13,666</u>	<u>39,926</u>
<b>Taxation expense</b>	<b><u>104,407</u></b>	<b><u>70,955</u></b>
<b>Effective tax rate</b>	<b><u>34.52%</u></b>	<b><u>68.60%</u></b>

**Profit before tax**

Profit before tax is arrived at after charging/(crediting)

Depreciation expense on property and equipment (Note 16)	157,208	113,143
Amortisation of right of use asset (Note 17 (a))	78,407	68,320
Amortisation of intangible assets (Note 18)	102,285	88,341
Directors' emoluments – non-executive	8,693	10,970
– executive (Note 29)	17,633	13,837
Gain on lease termination	( 4,280)	-
Auditor's remuneration	<u>6,861</u>	<u>5,914</u>

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**11. CASH AND BALANCES WITH CENTRAL BANK OF KENYA**

	2025 KShs'000	2024 KShs'000
Cash on hand	380,039	283,185
Balances with Central Bank of Kenya (CBK):		
— Restricted balances (cash reserve ratio)	713,854	614,186
— Unrestricted balances with CBK	<u>999,910</u>	<u>650,093</u>
	<b><u>1,713,764</u></b>	<b><u>1,264,279</u></b>
	<b><u>2,093,803</u></b>	<b><u>1,547,464</u></b>

The expected credit losses on the above exposures was assessed as immaterial hence no adjustment has been made in these financial statements.

The cash reserve ratio requirement is based on the customer deposits with the bank as adjusted by the Central Bank of Kenya requirements. As at 31 December 2025 the cash reserve ratio requirement was 3.25% (2024 – 4.25%) of all customer deposits. These funds are however available for use by the Bank in its day-to-day interbank settlement and payments provided that on any given day this balance does not fall below 2% of the requirement and provided that the overall average in the month is at least 3.25% (2024 – 4.25%).

**12. DEPOSITS AND BALANCES DUE FROM BANKING INSTITUTIONS**

	2025 KShs'000	2024 KShs'000
— Placements with other banks	6,506,182	4,942,573
— Deposits and other balances with banks	<u>133,487</u>	<u>872,050</u>
	<b><u>6,639,669</u></b>	<b><u>5,814,623</u></b>

Expected credit losses on the above exposures was assessed as immaterial because they are held with counterparty banks that have a high credit rating, hence no adjustment has been made in these financial statements. The weighted average effective profit rate for deposits and placements with other banks at 31 December 2025 was 5.75% (2024 – 4.70%). All the above balances have maturities of less than 90 days from the date of acquisition.

**13. FINANCING ARRANGEMENTS**

	2025 KShs'000	2024 KShs'000
<b>Classification</b>		
Murabaha	12,276,103	9,233,752
Ijarah	<u>8,726,653</u>	<u>9,308,327</u>
<b>Gross financing arrangements</b>	<b><u>21,002,756</u></b>	<b><u>18,542,079</u></b>
Impairment provisions (Note 14 (b))	( 775,857)	( 705,043)
<b>Net financing arrangements</b>	<b><u>20,226,899</u></b>	<b><u>17,837,036</u></b>

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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13. FINANCING ARRANGEMENTS (Continued)	2025	2024
	KShs'000	KShs'000
<b>Repayable within:</b>		
Less than 3 months	3,366,132	4,328,042
3 months to 1 year	2,979,293	3,222,186
1 to 5 years	9,663,768	4,618,697
Over 5 years	<u>4,993,563</u>	<u>6,373,154</u>
	<b><u>21,002,756</u></b>	<b><u>18,542,079</u></b>
14. IMPAIRMENT PROVISION ON FINANCING ARRANGEMENTS		
(a) Impairment losses on financing arrangements	2025	2024
	KShs'000	KShs'000
Net re-measurement of loss allowance	87,368	363,374
Net financing arrangements originated	3,665	46,520
Financing arrangements recognised/(derecognised)	( 18,968)	<u>70,842</u>
<b>Charge for the year</b>	<b><u>72,065</u></b>	<b><u>480,736</u></b>
(b) Total impairment losses on financing arrangements are classified are as follows:		
Impairment losses on Murabaha	554,134	494,862
Impairment losses on Ijarah	<u>221,723</u>	<u>210,181</u>
	<b><u>775,857</u></b>	<b><u>705,043</u></b>
Impairment losses on off balance sheet items	<u>250</u>	<u>823</u>
15. OTHER ASSETS		
Prepayments	238,407	306,342
Other receivables	477,760	763,533
Refundable deposit	<u>30,509</u>	<u>30,485</u>
	<b><u>746,676</u></b>	<b><u>1,100,360</u></b>

Other receivables mainly relate to fees earned from services rendered and yet to be settled.

The expected credit losses on other receivables were assessed as immaterial given their short-term nature and insignificant probabilities of default, hence no adjustment has been made in these financial statements.

**DIB BANK KENYA LIMITED**  
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**16. PROPERTY AND EQUIPMENT**

<b>2025:</b>	<b>Leasehold improvements KShs'000</b>	<b>Equipment furniture and fittings KShs'000</b>	<b>Motor vehicles KShs'000</b>	<b>Work in progress* (WIP) KShs'000</b>	<b>Total KShs'000</b>
<b>Cost</b>					
At 1 January 2025	252,511	853,633	16,234	2,855	1,125,233
Additions	27,535	38,409	-	4,401	70,345
Transfer from WIP	-	373	-	( 373)	-
Disposal	( 8,295)	-	-	-	( 8,295)
At 31 December 2025	271,751	892,415	16,234	6,883	1,187,283
<b>Depreciation</b>					
At 1 January 2025	228,812	485,513	6,932	-	721,257
Charge for the year	12,601	142,232	2,375	-	157,208
Disposal	( 8,295)	-	-	-	( 8,295)
At 31 December 2025	233,118	627,745	9,307	-	870,170
<b>Carrying amount</b>					
<b>At 31 December 2025</b>	<b>38,633</b>	<b>264,670</b>	<b>6,927</b>	<b>6,883</b>	<b>317,113</b>

\*Work in in progress as at 31 December 2025 related to various projects that have commenced but not completed.

<b>2024:</b>	<b>Leasehold improvements KShs'000</b>	<b>Equipment furniture and fittings KShs'000</b>	<b>Motor vehicles KShs'000</b>	<b>Work in progress* (WIP) KShs'000</b>	<b>Total KShs'000</b>
<b>Cost</b>					
At 1 January 2024	280,841	452,683	6,734	242,964	983,222
Additions	434	157,986	9,500	2,855	170,775
Transfer from WIP	-	242,964	-	(242,964)	-
Disposal	( 28,764)	-	-	-	( 28,764)
At 31 December 2024	252,511	853,633	16,234	2,855	1,125,233
<b>Depreciation</b>					
At 1 January 2024	247,532	382,612	6,734	-	636,878
Charge for the year	10,044	102,901	198	-	113,143
Disposal	( 28,764)	-	-	-	( 28,764)
At 31 December 2024	228,812	485,513	6,932	-	721,257
<b>Carrying amount</b>					
<b>At 31 December 2024</b>	<b>23,699</b>	<b>368,120</b>	<b>9,302</b>	<b>2,855</b>	<b>403,976</b>

Included in the property and equipment are assets that were still in use with a cost value of KShs 770,242,488 which were fully depreciated as at 31 December 2025 (2024 – 691,996,108). The notional depreciation for the fully depreciated assets was KShs 163,117,773 (2024 – 161,527,765).

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. RIGHT-OF-USE ASSET**

The Bank leases office space for its use. Information about the leases in which the Bank is a lessee is presented below:

	<b>2025</b>	<b>2024</b>
	<b>KShs'000</b>	<b>KShs'000</b>
<b>(a) Right of Use Asset</b>		
Balance as at 1 January	181,048	183,952
Additions	99,793	65,416
Disposal	( 55,033)	-
Amortization charge for the year	( 78,407)	( 68,320)
<b>Balance as at 31 December</b>	<b><u>147,401</u></b>	<b><u>181,048</u></b>
<b>(b) Amount recognised in the profit or loss</b>		
Interest on lease liabilities	26,421	22,698
Gain on lease termination	4,280	-
Amortization charge for the year	( 78,407)	( 68,320)
	<b><u>109,108</u></b>	<b><u>91,018</u></b>

The maturity analysis of lease liabilities is presented in Note 22.

	<b>2025</b>	<b>2024</b>
	<b>KShs'000</b>	<b>KShs'000</b>
<b>(c) Amounts recognised in cash flows</b>		
Payment of principal lease liabilities	79,365	76,096
Interest paid on lease liabilities	( 26,421)	( 22,698)
<b>At the end of the year</b>	<b><u>105,786</u></b>	<b><u>98,794</u></b>

All of the property leases in which the Bank is the lessee contain only fixed payments. The total cash outflow for leases amount to KShs 106 million (2024 – KShs 99 million).

There are no restrictions or covenants imposed by leases and the Bank did not enter into any sale and leaseback transactions during the year (2024 – Nil).

**18. INTANGIBLE ASSETS - COMPUTER SOFTWARE**

	<b>Intangible</b>	<b>Work in</b>	
<b>2025:</b>	<b>assets</b>	<b>progress</b>	<b>Total</b>
	<b>KShs'000</b>	<b>(WIP)</b>	<b>KShs'000</b>
		<b>KShs'000</b>	
<b>Cost</b>			
At 1 January 2025	855,347	130,844	986,191
Transfer from WIP	2,484	( 2,484)	-
Additions	93,051	145,556	238,607
At 31 December 2025	<u>950,882</u>	<u>273,916</u>	<u>1,224,798</u>
<b>Depreciation</b>			
At 1 January 2025	544,046	-	544,046
Charge for the year	102,285	-	102,285
At 31 December 2025	<u>646,331</u>	<u>-</u>	<u>646,331</u>
<b>Carrying amount</b>			
At 31 December 2025	<u><u>304,551</u></u>	<u><u>273,916</u></u>	<u><u>578,467</u></u>

**DIB BANK KENYA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. INTANGIBLE ASSETS - COMPUTER SOFTWARE (Continued)**

<b>2024:</b>	<b>Intangible assets KShs'000</b>	<b>Work in progress (WIP) KShs'000</b>	<b>Total KShs'000</b>
<b>Cost</b>			
At 1 January 2024	757,511	104,524	862,035
Transfer from WIP	65,545	( 65,545)	-
Additions	32,291	91,865	124,156
At 31 December 2024	855,347	130,844	986,191
<b>Depreciation</b>			
At 1 January 2024	455,705	-	455,705
Charge for the year	88,341	-	88,341
At 31 December 2024	544,046	-	544,046
<b>Carrying amount At 31 December 2024</b>	<b>311,301</b>	<b>130,844</b>	<b>442,145</b>

WIP consist of ongoing IT software projects at different stages of completion.

<b>19. DEFERRED TAXATION</b>	<b>2025 KShs'000</b>	<b>2024 KShs'000</b>
The deferred tax asset, computed at the enacted rate of 30%, is attributable to the following items:		
Accelerated capital allowances	22,936	22,231
Provisions for impairment	( 249,389)	( 225,746)
Tax losses	(1,190,864)	(1,318,209)
	<b>(1,417,317)</b>	<b>(1,521,724)</b>
<b>The movement on the deferred tax asset account is as follows:</b>	<b>2025 KShs'000</b>	<b>2024 KShs'000</b>
As at 1 January	(1,521,724)	(1,592,679)
Expense/(credit) for the year	104,407	70,955
<b>At 31 December</b>	<b>(1,417,317)</b>	<b>(1,521,724)</b>

Effective 1<sup>st</sup> July 2025, a five year restriction on carry forward of tax losses under the Finance Act 2025 was introduced. Deferred tax asset relating to the Bank has been recognised to the extent that is recoverable from future profits. The Bank has recognised deferred tax asset of KShs 1,417,317,000 arising from carried forward tax losses. The recognition of this asset is supported by projected taxable profits supported by growth in deposits, financing assets, Non-funded income and a reduction in operating expenses in the next financial year amounting to KShs 1,558,954,000 for the Bank against which the deductible temporary differences and tax losses are expected to be utilized.

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	2025	2024
	KShs '000	KShs '000
<b>20. CUSTOMER DEPOSITS</b>		
Time deposits	12,655,884	17,346,382
Current accounts deposits	2,907,756	2,941,453
Savings accounts deposits	<u>10,357,720</u>	<u>2,347,373</u>
	<b><u>25,921,360</u></b>	<b><u>22,635,208</u></b>
<b>21. DEPOSITS AND BALANCES DUE TO BANKING INSTITUTIONS</b>	<u>-</u>	<u>100,030</u>
<b>22. LEASE LIABILITIES</b>		
Amounts due for settlement within 12 months	67,424	70,497
Amounts due for settlement after 12 months	<u>108,926</u>	<u>144,797</u>
	<b><u>176,350</u></b>	<b><u>215,294</u></b>
<b>(a) Lease liabilities movement</b>		
As at 1 January	215,294	225,973
Additions	99,793	65,417
Disposal	( 59,372)	-
Interest	26,421	22,698
Payments	<u>( 105,786)</u>	<u>( 98,794)</u>
<b>At 31 December</b>	<b><u>( 176,350)</u></b>	<b><u>( 215,294)</u></b>

Maturity analysis of lease liabilities based on undiscounted cash flows are as follows:

	2025	2024
	KShs '000	KShs '000
Year 1	81,918	97,951
Year 2	46,751	70,625
Year 3	41,293	37,669
Year 4	32,179	33,459
Year 5	<u>8,485</u>	<u>18,763</u>
	<b><u>210,626</u></b>	<b><u>258,467</u></b>

**23. OTHER LIABILITIES**

Accruals	46,031	47,627
Due to related parties (Note 29)	-	12,894
Deferred fee income	81,271	96,997
Other payables (see below)	<u>98,161</u>	<u>94,209</u>
	<b><u>225,463</u></b>	<b><u>251,727</u></b>

Deferred fee income relates to upfront fees on financing assets which is amortised over the life of the facilities.

	2025	2024
	KShs '000	KShs '000
<b>Other payables</b>		
Charity payable (Note 27)	942	1,740
Statutory payables	26,400	22,637
Profit in suspense	29,365	36,825
Bankers cheques payable	4,483	3,304
Other payables	<u>36,971</u>	<u>29,703</u>
	<b><u>98,161</u></b>	<b><u>94,209</u></b>

Other payables comprises of amount due to service providers.

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**24. PROVISION**

	2025 KShs '000	2024 KShs '000
Other provisions	<u>31,527</u>	<u>31,534</u>
<b>Movement in provisions</b>		
<b>Other payables</b>		
Balance as at 1 January 2025	31,534	52,376
Provisions used during the year	34	(15,151)
Provisions reversed during the year	( 41)	( 5,691)
Balance as at 31 December 2025	<u>31,527</u>	<u>31,534</u>

**Litigations**

In the ordinary course of business, the Bank is a defendant in various litigations and claims. Although there can be no assurances, the Directors believe, based on the information currently available and legal advice, that the claims can successfully be defended. Given the nature of these legal cases, the Directors are of the opinion that disclosing the details of each case can be expected to prejudice the position of the Bank with other parties. The Bank has however recognised a provision for present obligations where the payments are probable, and amounts can be estimated reliably. Provisions for litigations as at 31 December 2025 amounted to KShs 31,527,270 (2024 – KShs 31,533,773).

**25. SHARE CAPITAL**

	2025 KShs '000	2024 KShs '000
<b>(a) Authorised, issued and fully paid:</b>		
At 1 January 2025: 9,626,754 (2024 – 8,922,754) ordinary shares of KShs 1,000 each	9,626,754	8,922,754
Issue of shares during the year Nil (2024 –704,000) ordinary shares at KShs 1,000	-	<u>704,000</u>
<b>At 31 December 2025: 9,626,754 (2023 – 8,922,754) ordinary shares of KShs 1,000 each</b>	<b><u>9,626,754</u></b>	<b><u>9,626,754</u></b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

	2025 KShs '000	2024 KShs '000
<b>(b) Statutory credit risk reserve</b>		
As at 1 January 2025	-	109,042
Transfer to/(from) retained earnings	<u>684,351</u>	<u>(109,042)</u>
<b>As at 31 December 2025</b>	<b><u>684,351</u></b>	<b><u>-</u></b>

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26. **NOTES TO THE STATEMENT OF CASH FLOWS**

<b>(a) Reconciliation of loss before taxation to cash generated from operations</b>	<b>2025</b>	<b>2024</b>
	<b>KShs'000</b>	<b>KShs'000</b>
Profit/(loss) before taxation	302,469	103,431
<i>Adjustments for:</i>		
Depreciation of property and equipment (Note 16)	157,208	113,143
Impairment provision on financing arrangements (Note 14 (a))*	72,065	480,736
Effect of movements in exchange rate on cash held	( 3,522)	673
Gain on lease termination (Note 8(b))	( 4,280)	-
Amortization of right of use asset (Note 17(a))	78,407	68,320
Amortization of intangible assets (Note 18)	102,285	88,341
Interest on lease liabilities ( Note 17(c))	<u>26,421</u>	<u>22,698</u>
	<b><u>731,053</u></b>	<b><u>877,342</u></b>
<b>Changes in:</b>		
Financing arrangements	(2,461,928)	( 951,511)
Other assets	353,684	( 850,134)
Customer deposits	3,286,153	2,184,407
Balances due to financial institutions	( 100,030)	( 500,721)
Provisions	( 7)	( 20,842)
Other liabilities	<u>( 26,264)</u>	<u>( 29,928)</u>
<b>Cash generated from operations</b>	<b><u>1,782,661</u></b>	<b><u>708,613</u></b>

\*To align presentation with IAS 7.

<b>(b) Analysis of balances of cash and cash equivalents as shown in the financial position and notes</b>	<b>2025</b>	<b>2024:</b>
	<b>KShs'000</b>	<b>Restated (Note 11)</b>
	<b>KShs'000</b>	<b>KShs'000</b>
Cash on hand (Note 11)	380,039	283,185
Deposits and balances due from banking institutions (Note 12)	6,639,669	5,814,622
Current account with Central Bank of Kenya (Note 11)	<u>1,713,765</u>	<u>1,264,280</u>
	<b><u>8,733,473</u></b>	<b><u>7,362,087</u></b>

For the purposes of the statement of cash flows, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired.

<b>27. CHARITABLE WELFARE FUND</b>	<b>2025</b>	<b>2024</b>
	<b>KShs'000</b>	<b>KShs'000</b>
As at January and December	1,740	1,651
Additions during the year	2	
Donated to charitable activities	<u>( 800)</u>	<u>89</u>
<b>As at January and December</b>	<b><u>942</u></b>	<b><u>1,740</u></b>

Transfers to charitable welfare fund represents income deemed to be non-Shari'ah compliant either because it is from a non-Shari'ah compliant source or the underlying transactions had been found to be in breach of Shari'ah principles. The transfers as above have been presented within other liabilities.

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**28. CONTINGENCIES AND COMMITMENTS INCLUDING OFF BALANCE SHEET ITEMS**

	2025	2024
(a) Contingent liabilities	KShs'000	KShs'000
Letters of credit	20,148	452,375
Guarantees	1,871,591	299,758
Bills of collections	<u>109,679</u>	<u>177,364</u>
	<b><u>2,001,418</u></b>	<b><u>929,497</u></b>

The contingent liabilities are commitments by the Bank to make payments to third parties, on production of documents, on behalf of customers and are reimbursable by customers.

(b) The Bank has budgeted to incur a capital expenditure of KShs 658,678,294 as at 31 December 2026 (2025 – KShs 583,432,182).

**(c) Commitments to extend credit**

These are commitments in which the Bank enters into financial agreements to finance a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. The Bank may withdraw without incurring any charges from its contractual obligation to extend credit by giving reasonable notice to the customer.

	2025	2024
	KShs'000	KShs'000
<b>Commitments</b>		
Undrawn commitments	<u>6,458,224</u>	<u>2,390,185</u>

**29. 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 operational decisions.

Placements at 31 December 2025 include placements made in the Bank by Directors, their associates and companies associated to Directors. Advances to customers and deposits at 31 December 2025 include financing facilities and advances to companies associated to Directors employees of the bank and, also deposits held with related parties respectively.

	Directors		Employees/staff	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Movement in related party balances was as follows:				
<b>Deposits:</b>				
At 1 January	24,114	25,045	17,409	18,527
Net movement during the year	<u>(23,938)</u>	<u>( 931)</u>	<u>25,816</u>	<u>( 1,118)</u>
<b>At 31 December</b>	<b><u>176</u></b>	<b><u>24,114</u></b>	<b><u>43,225</u></b>	<b><u>17,409</u></b>

The above balances are part of customer deposits and has been reported in the statement of financial position.

	2025	2024
	KShs'000	KShs'000
<b>Balances due to related party – parent company</b>		
Dubai Islamic Bank PJSC	Nil	<u>12,894</u>

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**29. RELATED PARTY TRANSACTIONS (Continued)**

The related party transactions with Dubai Islamic Bank PJSC (The parent company) relate to reimbursement of travel expenses incurred by DIB Kenya Limited and paid for by the parent Bank.

As disclosed at Note 5(b), the Bank has a credit line of USD 75 million (KShs 9.7bn) with the parent company from which it can draw on a need basis to mitigate short term liquidity mismatches.

**Key management and directors remuneration**

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

	2025 KShs'000	2024 KShs'000
Key management	115,730	111,538
Executive director	17,633	13,837
Other directors	<u>8,693</u>	<u>10,970</u>

The remuneration of Directors and key executives is determined by the Board of Directors having regard to the performance of the individuals and market trends.

**30. FIDUCIARY ACTIVITIES**

At 31 December 2025, the Bank did not hold any asset security documents on behalf of customers (2024 – Nil).

**31. COUNTRY OF INCORPORATION**

The Bank is a wholly owned subsidiary of DIB Bank PJSC and is incorporated in Kenya under the Kenyan Companies Act, 2015. Its immediate holding company is Dubai Islamic Bank PJSC, which is incorporated and domiciled in the United Arab Emirates. The ultimate beneficial ownership of Dubai Islamic Bank PJSC includes the Government of Dubai, through its investment arm, which holds a 27.97% ownership interest.

**32. EVENTS AFTER REPORTING PERIOD**

There are no significant events after the reporting period which require to be adjusted or reported in these financial statements.

**33. CORRECTION OF ERRORS**

During the year ended 31 December 2025, the Bank identified certain errors relating to the classification of foreign exchange gain on currency revaluation in the statement of profit or loss and other comprehensive income and the classification of mandatory cash reserve ratio as part of cash and cash equivalents in the statement of cash flows. The adjustments have been applied retrospectively in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, and the comparative figures for the prior period have been restated accordingly.

**(a) Reclassification of foreign exchange revaluation gains in the income statement**

Gains on foreign currency dealings were previously reported as part of fees and commission income in its financial statements since 2018. Following a review, the Bank reclassified these gains to other income, as they arise from foreign currency trading and translation of foreign currency-denominated assets and liabilities. As a consequence, fee and commission income have been overstated and other income understated. The errors have been corrected by restating each of the affected financial statements line items for prior periods.

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**33. CORRECTION OF ERRORS (Continued)**

**(a) Reclassification of foreign exchange revaluation gains in the income statement (continued)**

The impact of the restatements to the financial statements is as summarised below:

**Statement of profit or loss for the year ended 31 December 2024 (extract)**

	2024		2024
	As previously reported KShs '000	Adjustments KShs '000	As restated KShs '000
Net income	904,872		904,872
Fees and commission income	991,197	(148,184)	843,013
Other income	809	148,184	148,993
<b>Operating income</b>	<b>1,896,878</b>	<b>-</b>	<b>1,896,878</b>

**(b) Reclassification of restricted cash in the statement of cash flows**

Mandatory cash reserve ration (CRR) which forms part of cash and cash equivalents were excluded from cash and cash equivalents in the statement of cash flows in its financial statements since 2018. CRR forms part of cash and balances with Central Bank of Kenya and were previously excluded from cash and cash equivalent balances. The cash reserve is freely accessible for utilisation throughout the day to support clearing and settlement of transactions. As a consequence, cash and cash equivalents in the statement of cash flows were understated. These errors have been corrected by restating the affected financial statement line item to accurately reflect the Bank's liquidity position. There was no impact on the 2024 investing activities and financing activities in the statement of cash flows.

The following table summarises the impact on the Bank's financial statement:

**Statement of cashflows for the year ended 31 December 2024 (extract)**

	2024		2024
	As previously reported KShs '000	Adjustments KShs '000	As restated KShs '000
Cash generated from operations	643,698	64,915	708,613
Payment of interest on lease liabilities	( 22,698)	-	( 22,698)
<b>Net cash generated from operating activities</b>	<b>621,000</b>	<b>64,915</b>	<b>685,915</b>
<b>Net cash used in investing activities</b>	<b>( 294,931)</b>	<b>-</b>	<b>( 294,931)</b>
<b>Net cash generated from financing activities</b>	<b>627,904</b>	<b>-</b>	<b>627,904</b>
<b>Increase in cash and cash equivalents</b>	<b>953,973</b>	<b>64,915</b>	<b>1,018,888</b>
Cash and cash equivalents at 1 January	5,794,601	549,271	6,343,872
Effect of movements in exchange rates on cash balance	( 673)	-	( 673)
<b>Cash and cash equivalents at 31 December</b>	<b>6,747,901</b>	<b>614,186</b>	<b>7,362,087</b>

There is no impact on the Bank's statement of financial position and statement of changes in equity for the year ended 31 December 2024.