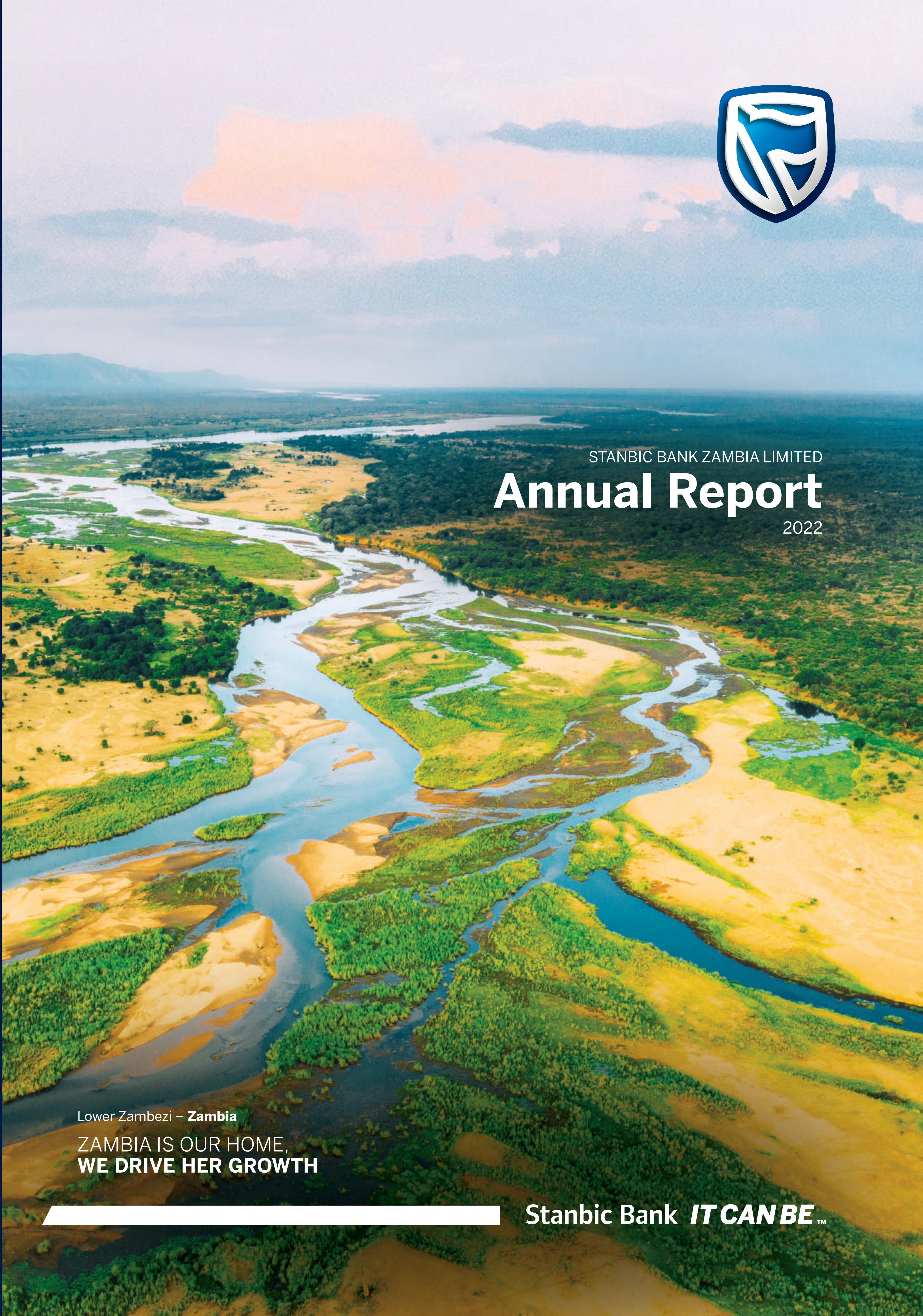


STANBIC BANK ZAMBIA LIMITED

Annual Report

2022

Lower Zambezi – **Zambia**

ZAMBIA IS OUR HOME,
WE DRIVE HER GROWTH

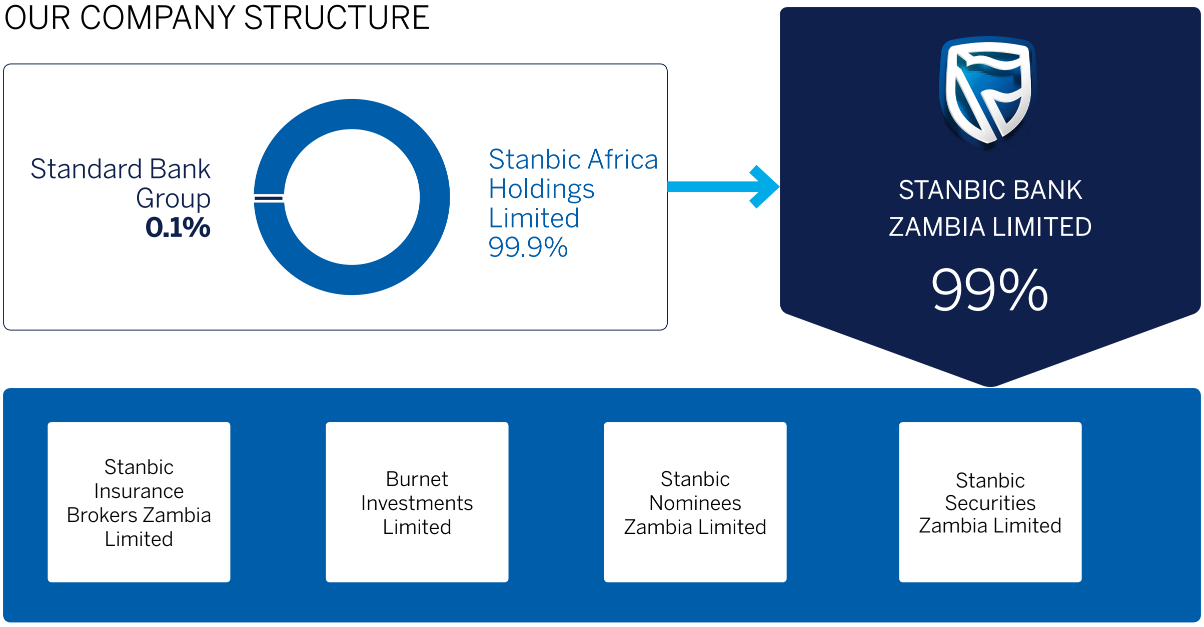
Stanbic Bank ***IT CAN BE***™

Contents

About Stanbic Bank Zambia Limited

Stanbic Bank Zambia Limited is part of the Standard Bank Group. Our purpose of existence is underpinned by our commitment to the development of Zambia, which we call our home and, thus, we drive its growth. In delivering this growth, we provide simple, relevant, and holistic solutions to our Clients through channels of choice in a seamless manner. We seek to consistently meet our Clients demands with precision and speed using technology to empower our people to deliver strong business results.

OUR COMPANY STRUCTURE



OUR INTEGRATED PILLARS OF OPERATION

Our business lines provide integrated solutions that drive the financial wellbeing of our diverse Clients in Zambia.

Corporate & Investment Banking (CIB)

provides corporate and investment services to the Government of the Republic of Zambia, parastals, large corporates, financial institutions and international counterparties

What we offer

- Global Markets
- Transactional Products and Services
- Investment Banking
- Corporate Banking

Consumer & High Net Worth Clients (CHNW)

provides banking and other financial services to individual Clients

What we offer

- Private Banking
- Executive Banking
- Achiever Banking

Business and Commercial Clients (BCC)

provides banking and other financial services to Business and Commercial Clients

What we offer

- Commerical Banking
- Agri Business
- SME Business

Client Solutions (CS)

provides solutions and products for all Clients across all business units.

What we offer

- Vehicle and Asset Finance
- Insurance and Brokerage Services
- Transactional Solutions
- Lending Solutions
- Deposits and Savings
- Card and Payments
- Investments Solutions

Corporate Functions

which include the enabling functions that provide partnership to the Business Units

What we offer

- Finance
- Information Technology
- Legal
- Human Capital
- Compliance
- Risk
- Marketing
- Internal Audit
- Operations

OUR VALUES

At Stanbic Bank Zambia Limited, our values shape who we are, what we do and how we do. As we pursue our motto, "Zambia is our home, we drive her growth", we are guided by our values which continue to reinforce our place in the Zambian market while delivering value to our spectrum of stakeholders.

Serving our Clients

Growing our people

Working in teams

Constantly raising the bar

Delivering to our Stakeholders

Being proactive

Respecting each other

Upholding the highest level of integrity

THANK YOU!

We thank you our valued customers and partners for your support in 2022 and for driving Zambia's growth.

Proud recipient of the
EMEA Finance Awards

Zambia's Best Bank 2022

Stanbic Bank *IT CAN BE*™

emeafinance

Awards

STANBIC BANK ZAMBIA

Zambia's Best Investment Bank 2022

Social Economic Impact

To achieve our purpose of Zambia is our home and how we drive her growth, we are committed to making a positive impact in delivering sustainable social, economic and environmental value in the communities in which we operate.

Through our Corporate Social Responsibility Policy, we have the four pillars of Education, Health, Enterprise Growth and Sustainable Finance & Climate Change that guide us in our support to communities.

ESG & CLIMATE CHANGE ACTION

As one of the country's largest financial institutions, we are committed to supporting sustainable economic growth. This includes ensuring that the social, economic, and environmental impacts of its activities create a net positive impact to support economic growth and poverty alleviation, in line with the United Nations Sustainable Development Goals.

Zambezi River Source Reforestation Project

To support the green economy, we partnered with Worldwide Fund (WWF) and Ministry of Green Economy for the Zambezi River Source Reforestation Project with the aim of replanting trees at the river source that have been depleted due to human encroachment.

We deemed the Project viable as the Zambezi River is at the heart of Zambia's economy providing energy, tourism, and livelihood support for the communities living along the river. To this end, we planted indigenous trees at the source in Ik'elenge and was joined by a multi-sectoral Ministries of Tourism, Land & Water Development as well as Green Economy. We also worked with the local villagers living close to the source of the river to sensitise them on the dangers of cutting down trees and the importance of undertaking sustainable farming activities such as beekeeping.

Keep Lusaka Clean & Green

We partnered with the Ministry of Local Government and Rural Development to implore citizens to be ambassadors of keeping the country clean, green and healthy and avoid littering, through the Keep Lusaka Clean initiative.

Through this initiative in partnership with Lusaka City Council and Chilanga Cement, we maintain that our drive is not a sprint, but a sustainable marathon aimed at maintaining cleanliness and planting trees in and around Lusaka. The Keep Lusaka Clean and Green initiative strongly aligns with our goals relating to Health and well-being. The goals are part of our business strategy to remain consistent in contributing to society's needs and priorities making cities sustainable.

Education

We support communities to access quality education and opportunities for life-long education and training, enabling them to acquire the knowledge and skills needed to thrive in an increasingly digitised world.

STEAM Programme

We partnered with Northmead School to introduce a Coding Programme aimed at promoting Science, Technology, Engineering, Arts and Mathematics; abbreviated as STEAM into the early learning schools.

The STEAM Programme will work to educate the pupils in a simple manner on the development and importance of the 4th Industrial Revolution as well as the relevance of STEAM subjects and innovation in a school curriculum. The purpose of working with the young scholars who are still in primary school is to increase their exposure to the STEAM subjects which includes coding from an early age.

Stanbic signs K6m deal with CHAZ to build 3 mothers' shelters

Under the health pillar of our Corporate Social Responsibility, The Bank also signed a memorandum of understanding with the Churches Health Association of Zambia to finance the construction of 3 mothers' waiting shelters at hospitals and clinics in underdeveloped and densely populated communities over the next 3 years starting in 2023. The mothers' shelters will reduce infant and maternal death amongst expecting mothers who need access to health care but are living far from health facilities.

OUR FLAGSHIP PROGRAMME FOR 2022

Buy-a-Brick Initiative

The Affordable Housing Projects: Buy-a-Brick & Habitat for Humanity

We believe housing and shelter is a basic need and human right. It is recognised by the United Nations and is included in the Sustainable Development Goal No. 11 aimed at promoting access to safe and affordable housing for all by 2030. Despite this recognition, of the importance of housing to human survival and wellbeing, the majority of Zambians (about 70%) continue to lack access to basic, decent, and affordable housing in both rural and urban areas.

Against this background we partnered with the People's Process on Housing & Poverty in Zambia and Zambia Homeless for Poor People's Federation, two local NGOs, to build a total of 67 low cost of houses for the vulnerable families in the high-density areas of Lusaka.

Still on efforts aimed at alleviating the housing deficit in the country, we have partnered with Habitat for Humanity, and we have built over 10 female-headed houses. Habitat for Humanity has been providing affordable housing solutions for low-income families in Zambia since 1984. Rural housing is at the heart of Habitat's mission in Zambia which is one of the fastest urbanizing countries in sub-Saharan Africa at a rate of 4% per year.

OTHER KEY INITIATIVES UNDER OUR PILLARS:

EDUCATION PILLAR

Stanbic hands over new school desks & chairs to Adrian Mung'andu Secondary School.

The Adrian Mung'andu Boys Boarding School is a new school recently built to cater for the boy child whose boarding facilities are scarce especially in Lusaka.

To help towards the opening of the school in 2023, we donated desks to the school to ensure the pupils are learning in a conducive environment.

"The Nayo Nayo strategy envisages the transformation of the Bank beyond traditional financial services into a Platform Business by 2026 that will provide solutions to our Clients across various ecosystems such as Agriculture, Trade and Manufacturing."

Chairman's Report

NET INTEREST INCOME

↑ 2% K1.8 Billion

2021: K1.8 Billion

ASSET BASE

↑ 18% K32.3 Billion

2021: K27.5 Billion

DR. ABRAHAM MWENDA
Board Chairman

2022 was another year during which period we resolutely lived up to our purpose: "Zambia is our home, we drive her growth". This was achieved in an operating environment were our Clients, our People and Society showed more resilience in the face of various international and domestic geo-political, economic, social, and environmental challenges.

The external environment was fraught with many challenges that adversely affected the country's economic growth in the year. The disruptions that were experienced in the supply of commodities such as wheat, fertilizer, and fuel, and the price shocks that resulted from the geo-political tensions between Russia and Ukraine continued to weaken the global economy as they contributed to high inflation across the globe and subsequent tightening in global financial conditions.

The foregoing international headwinds adversely affected Zambia by pushing up costs of imported products and constraining Foreign Direct Investment flows into the economy as international investors transferred capital funds from Emerging Markets back to Developed Markets to take advantage of higher yields. Lingering effects of the Covid-19 pandemic on supply-chain and demand-chain disruptions, tightening global financial conditions and the real estate slowdown in China also contributed to a subdued global growth environment. This led the IMF to lower the 2022 and 2023 global growth estimates to 2.7% and 3.2% respectively from 3.6%.

We saw Zambia get on a programme with the IMF where it announced its support through a $1.3 billion 38-month Extended Credit Facility (ECF) arrangement to support restoration of the country's macroeconomic stability and foster higher, more resilient, and inclusive economic growth. The government's on-going talks with external creditors on the restructuring of the country's foreign currency debt will have a material impact on the economy's performance over the medium-term. The country has not been servicing its foreign currency debt obligations since October 2020 when it first defaulted on Eurobond repayments. This nonpayment of its external debt obligations has enabled the country to support the local currency without depleting foreign exchange reserves, which improved from USD1.2 billion in December 2020 to USD3.1 billion as at 30th September 2022. A successful restructuring of the external debt stock will allow the country to service its FX debt without putting the economy in distress. Such a debt restructure will also bolster investors and businesses positive sentiment and confidence in the economy that, in turn, is expected to improve the country's FDI inflows that are vital for boosting economic growth. It is the expectation of the Ministry of Finance and National Planning that the successful restructuring of the country's external debt will be completed in the earlier part of 2023.

To improve Zambia's investment and business environment, we saw the Authorities make several key macroeconomic policy pronouncements that were aimed at promoting key sectors of the economy. The policy interventions were expected to help accelerate rebuilding of the Zambian economy by creating an enabling investment and business environment that creates sustainable jobs to ultimately better the lives of the Zambian citizenry. The Authorities, further, continued to demonstrate commitment towards transparency, good governance, and strong macroeconomic policies to promote a stable economic environment in the nation.

In 2022, the Bank launched its new five-year strategy, The Nayo Nayo Strategy. The new Strategy envisages the transformation of the Bank beyond traditional financial services into a Platform Business by 2026 that will provide solutions to our Clients across various industrial ecosystems such as Agriculture, Trade, Manufacturing, and Mining. This will ensure that the Bank is well positioned to meet its Clients' needs more holistically, compete in the future, and diversify current income streams. Our approach in supporting the economy was in line with the Government's objective of inclusive and sustainable economic growth and development as we prioritised support to Zambia's key economic growth sectors. In this sense, we were totally dedicated to providing support to the industries that drove economic transformation, such as agriculture, manufacturing, power, infrastructure, and real estate, among others. The Bank continued to reinvent itself to increase its competitiveness and ensure its sustainability for many years to come. As we progress in 2023, we can confidently state that the Bank remains capable of successfully handling the country's various global and domestic economic headwinds. EMEA Finance recognised Stanbic Bank Zambia Limited as the 'Best Bank' and 'Best Investment Bank' in Zambia under the African Banking awards for 2022. This is in recognition of the Bank's efforts to better serve its Customers and outstanding performance across several categories.

Board and Executive Changes

The Bank takes pride in its leadership as it continues to be led by a strong Board and Management team. We are pleased to welcome onto the Board, Mr. Ian Graham Robinson who joined the Board in April 2022.

This appointment to the Board enhances the skills set of the Board by introducing specialised competences in agriculture and further augments skills in finance and business management.

At the Executive level, The Head of Legal and Company Secretary, Ms. Doris C Tembwe, exited the Bank in March 2022. Consequent to Ms. Tembwe's exit, Mr. Joshua Kabwe was appointed as Head of Legal, and we welcomed Ms. Chanda Kasanda-Magubbwi as the Head of Governance and Company Secretary. On Behalf of the Board allow me to thank Ms. Tembwe for her exceptional 21 years of service to Stanbic Bank Zambia Limited.

Looking forward, a hard road lies ahead in contributing to building stronger, sustainable, and inclusive economic growth in Zambia. We are determined to continue supporting the country with this process through the effective and efficient execution of our new 'Nayo Nayo 26' Strategy.

I wish to conclude by thanking the Board, Management, and Staff of the Bank, and more importantly, our Clients and Stakeholders for being part of such a great winning team!

“We are embracing the rapid changes in our environment and are making extensive use of new technology, digital capabilities and data to deliver on our purpose.”

Chief Executive’s Review

PROFIT AFTER TAX

K1.037 Billion

↑ 14%

2021: K912 Million

MWINDWA SIAKALIMA
Chief Executive

The year 2022 can best be described as a year of transition into an era where the world has learnt how to live with and navigate Covid-19 and its impact. The pandemic’s impact on the world economy subsided but unfortunately, this was followed by geopolitical tensions in Europe that saw pressure on global food and oil prices. Global inflation rose, thus negatively impacting interest rates in well-established and developed economies negatively. These pressures ultimately clouded the global economic outlook with the World Bank cutting its estimates of global economic growth in 2023 and 2024.

The Economy was forecast to grow by 3% in 2022, up from 2.7% in 2021. The Bank of Zambia estimates that growth will improve to 4% and 4.1% in 2023 and 2024, respectively. Agriculture, Manufacturing, Tourism, Retail and Wholesale trade, Financial and Services, Mining, and Telecoms are expected to underpin the continued economic growth in 2023. Government policy interventions to encourage local entrepreneurship development, including the increased funding through use of the Constituency Development Funds and other empowerment initiatives like Citizens Economic Commission, also supported growth in 2022 and are catalysts for further economic growth into the future.

While the economic growth was positive in 2022, it was, nonetheless, subdued. This could be seen in the Stanbic PMI readings, which averaged 50.5 in Q3 and 48.8 in Q4 2022. A PMI reading of 50 and above is indicative of improving private sector activity while one below 50 indicates deteriorating conditions. This view was supported by the Bank of Zambia Quarterly Survey of Economic Conditions conducted in Q3 2022. The Survey found that Business conditions had deteriorated in the year largely due to weak demand for orders, low-capacity utilisation, and low levels of investments. The slower than targeted economic growth is one of the major reasons the Central Bank kept the policy rate unchanged at 9% in 2022 despite inflation been outside its targeted 6-8% range.

Inflation sharply declined to9.9% at the end of 2022, an improvement from the 16.4% at the end of 2021. Despite this reduction, the contractionary fiscal policy adopted to rein in the fiscal deficit from 10.4% of GDP recorded in 2021 to a target of 6.7% of GDP committed in the 2022 National Budget, further cooled economic growth.

The Kwacha-US Dollar exchange that started 2022 at ZMW16.6/USD appreciated to ZMW15,2/USD on 1st September 2022 on attainment of the IMF deal. Since then, the currency depreciated gradually to close the year at ZMW18.2/USD. The pressure on the currency in the 3rd and 4th Quarters of 2022 was largely driven by the perennial seasonal demand for agricultural inputs and on-going demand for petroleum products. Subdued offshore participation in the Bank of Zambia Treasury Bill and Bond auctions also reduced inflows of USD to support the domestic currency.

Despite the subdued private sector business activity, Stanbic Bank Zambia recorded a strong financial performance in the year. Profit After Tax increased by 14% from ZMW912 million in 2021 to ZMW1.037 billion in 2022. This increase in PAT was supported by growth in Loans and Advances to Customers and Financial Investments of 33.1% and 67.9%, respectively. Income from the higher than prior year loan book and financial investments was, however, offset by falling interest rates yields. The Commercial Bank’s average lending rate fell to a weighted average of 25.2% in 2022 from 25.68% in 2021. The average weighted yield on Treasury Bills reduced to 13.16% in 2022 from 19.18% in 2021 while those on Treasury bonds reduced to 22.13% from 29.59% over the same period.

The average Kwacha exchange rate to the USD appreciated to K16.78 in 2022 from K19.84 in 2021 thereby adversely impacting revenue from USD investment assets in Kwacha terms. Despite these shifts in the balance sheet and economy, the PAT achieved in 2022 is the highest PAT on record and positions the Bank well for future growth and to realise its strategic objectives. The Board, Management and Staff remain thankful to our customers for this achievement, which was only possible with their support.

2022 marks the first year of the Nayo Nayo Strategy, which runs up to 2026. The Strategy is anchored on three priority pillars, namely: Transforming our client experience, Executing with excellence, and Driving sustainable growth and value.

As a Bank, we believe Zambia is our Home and we drive her growth. As a responsible corporate citizen, we also strive to ensure that our activities result in uplifting the wellbeing of communities in which we operate. The Bank, in 2022, handed over 67 housing units to vulnerable members of our community. This was under the Bank's Buy-a-Brick Housing Empowerment Initiative which aims to work with various partners to bridge the country's estimated housing deficit of 3 million houses by building quality and decent houses for vulnerable families. The Bank, together with its partners (People's Process on Housing and Poverty in Zambia, Slum Dwellers International, and the Zambia Homeless and Poor Peoples Federation) aims to build and handover additional houses in 2023. The Bank also signed a memorandum of understanding with the Churches Health Association of Zambia to build 3 mothers' shelters over the next 3 years, starting in 2023. The mother's shelters will reduce mother and infant mortalities for at-risk communities by providing healthcare facilities to expecting mothers without ready access to such facilities.

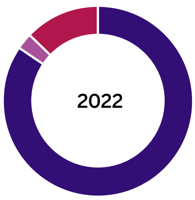
To demonstrate our resolve to contribute to the Government's efforts to mitigate the adverse impact of climate change on the economy, the Bank worked with various partners to launch the Secure Zambezi Project. This Project aims to restore the Zambezi River Source Headwaters ecosystem by planting over 1 million trees. The Project will work with local communities and reintroduce species of indigenous flora and fauna into the Zambezi Headwaters ecosystem. Additionally, the project will help improve awareness on ecosystem restoration and biodiversity management in the area. The nursery established as part of the initiative will also support local livelihoods and guarantee supply of indigenous trees critical for reforesting the area. The Zambezi is Zambia's longest and Africa's fourth longest river. These efforts will help conserve an area that is off critical importance to the nation and Southern Africa region.

I am confident that despite the country's economic headwinds experienced in 2022, the Zambian economy will continue to rebound in 2023 and beyond. The Bank is well positioned to continue supporting this growth trajectory and achieve the objectives of the Nayo Nayo Strategy. Working together with our staff, customers, and partners we will realise our purpose: 'Zambia is our Home we Drive Her Growth.' Stanbic Bank It Can Be.

Financial Review

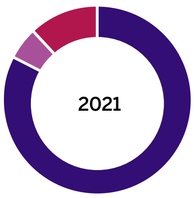
Gross loans and advances to Customers

2022 Gross loans and advances (ZMW'000)



	2022
Other Lending	9 088 849
Mortgages	307 489
Vehicle & Asset Finance	1 345 083

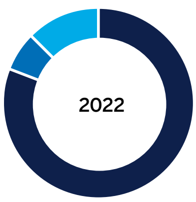
2021 Gross loans and advances (ZMW'000)



	2021
Other Lending	6 681 073
Mortgages	446 795
Vehicle & Asset Finance	944 197

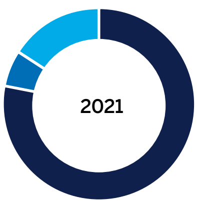
Current accounts and deposits from Customers

2022 Current accounts and deposits (ZMW'000)



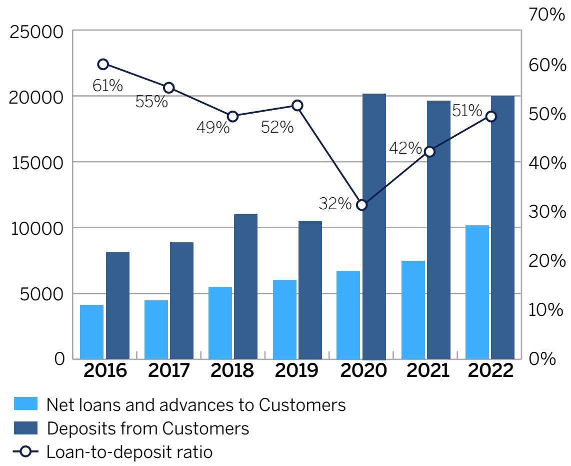
	2022
Current Accounts	16 376 923
Savings	1 312 449
Term Deposits	2 513 473

2021 Current accounts and deposits (ZMW'000)

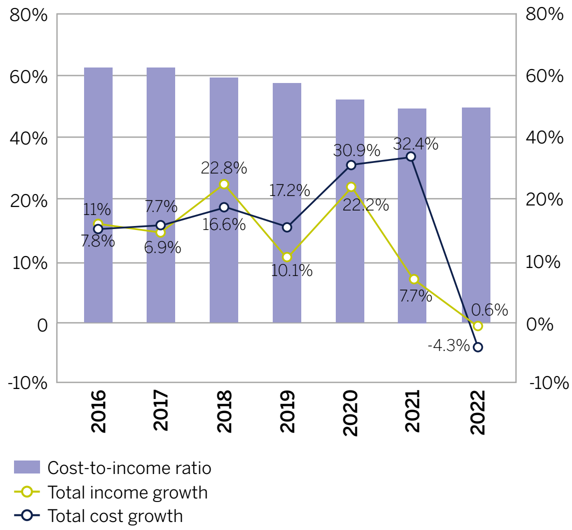


	2021
Current Accounts	14 374 303
Savings	1 102 553
Term Deposits	2 899 786

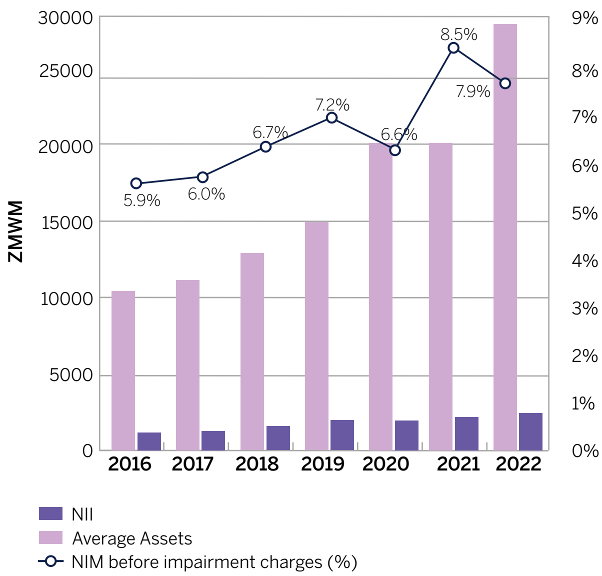
Loan-to-deposit ratio



Cost-to-income ratio



Average balance sheet (ABS), Net interest income (NII) and Net interest margin (NIM)



Highlights

↑ 14%

K1.037 Billion

PROFIT
AFTER TAX
2021: K912 million

K916 Million

TOTAL DIRECT AND
INDIRECT TAX
CONTRIBUTION

Corporate & Investment Banking

OUR BUSINESS

Corporate and Investment Banking (CIB) serves the banking, finance, trading, transactional, investment and advisory needs of a wide range of multinational companies, local and regional businesses, financial institutions, governments and parastatals operating within the country.

HELEN LUBAMBA
Head Corporate & Investment Banking

Our unshakeable strategic focus on Africa emanates from the top and is driven through our in-depth relationships with our chosen Clients. Our focused approach is entrenched in the relationship and solution team. This strategy is continuously refined to ensure that we have the right People, who retain and acquire the desired Clients and fully understand, anticipate, and deliver the right solutions for a sustainable franchise.

Zambia is our home, and we drive her growth. In contributing to the country realising her potential, we aspire to be the leading corporate and investment banking business in, for and across Zambia. Our focus remains on the sectors that drive the country's growth and to sustainably provide the appropriate solutions, products, and services to support this.

Our Products and Services

Our Client Coverage team members, who are the cornerstone of our business, foster strategic relationships with our Clients. They work with our specialised product areas in CIB and across the wider bank to ensure that we show up as an integrated financial services provider. The team is are cardinal in the delivery of a consistent and superior Client experience, supported by innovative solutions.

Our specialised products and solutions units consist of:

- Transactional Products and Services (TPS) team, provide access to a comprehensive suite of solutions aimed at servicing our Client's transactional needs. Our TPS team processes the largest transaction volumes in the country and in this regard, sit in the top 5 countries within the Standard Bank Group.
- Our Investment Banking business has a long history of arranging and advising on key and complex transactions in our economy. It is the only Investment Banking team in Zambia that houses in-country the full expertise and product specialisation resources. This allows us to offer innovative solutions which gives us first-mover advantage which further entrenches our standing with our Clients. Access to specialist teams in Standard Bank Group allows us to leverage off their advisory, corporate debt and capital markets solutions. In recent years the team have won EMEA Finance Awards for Best Investment Bank in Zambia for 2021 and 2022, as well as the Euromoney-Awards for Excellence, for Best Investment Bank in Zambia for 2022.
- Global Markets team provide trading services and risk management solutions across financial markets in response to Client investment and strategies. The business unit, through its dealing room, provides a gateway for trade transactions between counterparties, leveraging off both our onshore and offshore visibility. We continue to be a market leader through the extensive global network with financial institutions.

Our Clients

The abatement of the COVID-19 pandemic for a large part of 2022 brought global relief, only for many countries, like Zambia, to be impacted by the disruptions of the Russia-Ukraine conflict. In addition to this global geo-political headwind, the anxiety around the completion of the IMF deal and its implications on the state of the sovereign have remained a key focal point for the economic recovery of our nation. It has been imperative for us to leverage on building exceptional capabilities and delivering transformational solutions to support our Clients in another period that presents unique challenges. Through these cycles, we remain committed to our purpose, "Zambia is our Home; We Drive her Growth", through supporting our Clients in key economic sectors. With our deep expertise in the mining and energy sectors, we are a leading financier to these two economic drivers in Zambia, having invested over USD2 billion and USD1 billion in the mining and energy sectors, respectively, over the last decade. Furthermore, we have continued to provide credit lines to various oil marketing companies (OMCs) to support the importation and distribution of petroleum products across the country.

We recognise that manufacturing is key to the economy, contributing over 9% to GDP as at close of 2021. With the receding trends in globalisation, this has given rise to localisation that presents opportunities in the manufacturing sector within our local economies.

We have partnered with our Clients in realising the growth opportunities with key market transactions targeted at both our local corporates and multinational corporates (MNCs).

In the telecommunications sector, we have continued to grow our partnerships with Mobile Network Operators (MNOs) in delivering transactional solutions for consumers across the country, further fostering increased participation and inclusivity in financial services. The growth of third-party partnerships through our integrations with MNOs has also fostered growth in innovative bespoke solutions that transform Client and partner experiences.

In line with our Client Focus strategy, we have continued to organize virtual and physical Thought Leadership sessions in the form of Economic Briefings, Sector Conferences and Webinars alongside in-person networking events.

Our People

As CIB, we remain committed to being a Human First business. Even as we continue to strive to execute with excellence for our Clients, we have not forgotten the People Promise. We are committed to supporting our staff to show up as the best version of themselves through acquiring the right skills, achieving the right work-life balance, and creating an environment that supports honesty, respect, dignity, and diversity. Through deliberate collaboration, we have remained steadfast in preparing our People for the future. A future-ready skills training curriculum has been created for our teams to guide and encourage our People to grow their career through learning.

Our Society

Our success is intrinsically linked to the societies in which we operate. With this understanding we focus not only on meeting an array of financial needs in Zambia, but also on addressing pertinent issues that will improve lives. As we deliver financial solutions to our Clients, we ensure that we do so in a manner that does not harm our environment, with environmental impact assessments and assurance provided where relevant.

We believe that, as a legitimate Zambian bank, having a sustainable positive Social, Economic and Environmental (SEE) impact in our society is not only our obligation, but a virtue we believe in. To serve our community, the CIB team embarked on three welfare initiatives for 2022: the donation of various goods to God at Work Orphanage in Ng'ombe township, the donation of 3 hand washing water tanks and 200 school jerseys to pupils at Mahopo Primary School in Lusaka and the rehabilitation of the ablutions at Mother of Millions Sandulula Women Empowerment Facility in Kitwe.

Consumer & High Net Worth Clients

OUR BUSINESS

Consumer and High Net Worth Clients (CHNW) provides banking solutions and other financial services to personal (individual) Clients in Zambia. These Clients are served through our comprehensive Digital Channels, Branch and Private Banking Coverage.

MULENGA SILWAMBA
Head Consumer & High Net Worth Clients

MAIN MARKETS
Non-Relationship Managed Clients

AFFLUENT & HIGH NET WORTH
Relationship Managed Clients

Our core solutions and services cut across every personal Client journey. Our aim is to shape our Business around the Client journey with the goal of delivering what matters to our Clients' growth requirements.

Overview

In each of the Client segments, CHNW continues to focus on:

- **Enhanced Client relationship management.**
- **Enhanced Client retention.**
- **Effectiveness and Efficiency of our distribution and service platforms.**

We continued to harness Client experiences by deeply understanding and delivering what matters to our Clients. Our operating model enables us to drive retention of existing Clients and acquisition of new Clients by holistically understanding our Clients' ecosystem. Understanding our Client needs is key to ensuring that we provide suitable Client focused solutions. This is achieved through a collaborated effort in teams that include CIB, BCC, and support functions using the ecosystem and a local market initiative model.

In 2022, our Client journey focused on leveraging the capabilities of our 'core banking system' to deliver client-centric enhancements. We continued to grow through developments such as digital loans, enhanced payments capabilities, and increased digital utilisation. Strategic partnerships played a crucial role in this journey, and they continued to be a focal point.

We are encouraged by the fact that our Clients' expectations are never static. Hence the need to continuously innovate in meeting Clients expectations. As a result, we continue with our Client Journeys methodology, which above all puts the Client at the heart of every business process. This has allowed us to interrogate and better understand our Clients' evolving financial as well as lifestyle needs. The continuous improvement has an added benefit of driving efficiency as we continue to simplify the landscape of existing business processes and solutions.

This year, we strongly embarked on a Financial Fitness Academy with representation across Zambia covering in excess of ten organisations, which form part of our bank ecosystem with the aim to:

- Empower and educate our Clients' with a strong savings culture
- Enhance visibility and create partnerships
- Support our youth and instill a financially fit culture

Empowering our Clients to make informed decisions on banking solutions, products, and services CHNW further embarked on a Corporate and Social Responsibility by partnering with Bauleni Youth with special needs school where Financial Fitness training is being conducted for the youth.

Campaigns

Our Culture Blitz is on-going and helping re-brand who we are as Consumer and High Net Worth Clients. As part of this exercise a number of internal and external campaigns have been introduced including:

- **Loan in 3mins Campaign – Launched a Digital Loan campaign to drive asset acquisition. During the month of March we focused on promoting loans to women clients by offering them further reduced interest rates for the campaign period.**

- **Twenshe Motor Insurance Campaign – Aimed at improved VAF sales through affluent and high net worth Customers.**

Greatness is in all of us!
Apply for a Stanbic Loan in three minutes and use up to K500,000 to unleash your personal path to greatness!
Stanbic Bank IT CAN BE

Business & Commercial Clients

EDWARD KARA BANDA
Head Business & Commercial Clients

OUR BUSINESS

Business & Commercial Clients (BCC) provides banking solutions and other beyond Banking Financial Services to commercial, agriculture and micro small to medium business enterprises Clients in Zambia by creating and delivering value to Clients. Clients are served through our comprehensive self-service digital channels, distribution network and relationship management teams.

With regard client to diversity in BCC, we embrace financial inclusion where we support and partner with all our different types of Customers starting with Micro Small and Medium scale Enterprises all the way to Corporates and Agribusiness Clients.

Our Customer diversity also includes Medium-to-Large scale local corporates as well as Secondary Agribusiness Clients and Primary Agribusiness Farmers who are managed through our relationship-based model.

Customer growth and scaling continues to be achieved through Ecosystems and Local Market Initiatives (LMI) identified solutions and executed through Customer Services Teams (CSTs).

Our mission is to become the leading Financial Services provider for Business & Commercial Clients in Zambia by focusing on:

- **Transforming Client experience through our Client Centricity strategy by radically transforming their experience through understanding and delivering what matters to the Client.**
- **Executing with excellence through Service Digitization based on Client journeys by providing what matters to Clients resulting in efficiencies and resilience.**
- **Providing sustainable growth and value creation to Clients by being Future Ready and developing capabilities through innovation and getting into strategic partnerships and pivoting into a platform-based business.**

Our core solutions and services cut across every business Client journey. Our aim is to shape ourselves around the Client journey, delivering what matters to our Clients and partner with them in their growth journey.

Overview

In each of the Client Segments, Business & Commercial Clients continued to focus on:

- Enhanced Client Relationship Management.
- Enhanced Client growth and retention.
- Effectiveness and Efficiency of our distribution and service platforms and;
- Creating Value in the value chain through the Ecosystem

We continued to radically re-define Clients experiences by deeply understanding and delivering what matters to our Clients. Our operating model enables us to drive growth, retention of existing Clients and acquisition of new Customers by holistically understanding our Clients ecosystem. This positioned us well to understand their needs entirely and, therefore, provide suitable Client focused solutions.

Our execution focus continued to leverage the capability of our core banking system to deliver Client-led channel enhancements. We have continued to develop digital collections and payments capabilities through innovation and strategic partnerships.

We are encouraged by the fact that customer expectations are never static hence the need to continuously innovate to deliver to our Customers' expectations. As a result, we introduced the Customer Journey methodologies, which has allowed us to interrogate and better understand our Customers' evolving financial needs to enhance Customer experience through:

- The introduction of digital loans, following Customer insights as we continue to improve efficiencies and provide solution driven capabilities,
- Trader Direct Digital channels (Nomanini) for our Micro Small-Scale Customers by providing virtual stock loans facilitated through MNOs, physical stock loans facilitated through identified distributors, integrators, and manufacturers. This is an all-digitized solution targeted to the unbanked and to partner them in their growth aspirations,
- Continued simplification of existing business processes for both digital, Branch Services, and Cash-in-Transit (CIT) customised structures, and;
- E-Commerce Collections for professional bodies and Clients that are involved in Online Sales.

COVID-19

We supported our Clients to ensure that they continued operating by offering them our digital and e-Commerce platforms. We noted a sharp increase in digital transactions by over 90%. This has resulted in improved efficiencies in the delivery of our transactional Banking capabilities. In addition, for Clients that were negatively impacted, we supported them through relief programs such as:

- **Capital repayment holidays and extended tenor of facility in line with moratorium.**
- **Short-Term Facilities as stop-gap relief.**
- **Long-Term Facilities Restructured to support our Clients.**
- **Employer Guarantees extensions where applicable.**

Client Solutions

OUR BUSINESS

Client Solutions Zambia was created for the purpose of delivering innovative, open architecture and cost-effective solutions to Client Segments and Strategic Distribution Partners

CHANDA MWILA
Head Client Solutions

THE VALUE WE OFFER

Client Solutions Zambia was created for the purpose of delivering innovative, open architecture and cost-effective solutions to Client Segments and Strategic Distribution Partners

Service the solution needs of the three Client Segments:

- Consumer and High Net Worth Clients (CHNW)
- Business and Commercial Clients (BCC)
- Corporate and Investment Banking (CIB)

Build Strategic Distribution and Solution Partnerships to complement the Client value proposition (open architecture) and to distribute the full, or parts of, the value proposition :

- Banking, Insurance, Investments, Non-financial Services (Beyond Banking) and B2B2C/B2B2B (incl. white labelling)

2022 has been a year of settling and delivering on the mandate to work towards improving the client experience and delivering value, while building our Beyond Financial Services capabilities. The latter is a key component of delivering the Bank's Platform Business.

Everyday Banking

Our focus on enhancing digital and cashless transactions entailed launching the "Swipe or Tap 2 Drive" campaign with the grand prize of a Nissan Magnate and also our state of-the-art Point of Sale devices. These devices improved connectivity and WiFi capability as evident from the transactional volumes, which increased by 33% from 2021, with WiFi capability allowing us to serve remote Clients more effectively.

In the world of enhanced cyber-crime, transactional security is a key priority to us. Thus, we launched enhanced security on our card platform and additionally a new and more robust e-commerce portal for online sales and purchases.

Post the COVID-19 pandemic economic impact, we worked to enhance financing to Clients in various sectors with new measures introduced to increase tenure and maximum value of credit extension to Clients in expanded sectors of the economy.

Partnerships and Beyond

In line with enhancing our reach beyond traditional banking, the Client Solutions team delivered a Partnership Framework that allows us to deliver non-banking financial services, through key strategic partners while managing third-party risks. Key Partnerships undertaken include services around micro-lending, health, nutrition, and ancillary vehicle and mobile asset services.

Financial fitness continued to provide added value to Clients with accreditation of Financial Fitness teams providing expanded capability to service Clients' saving, spending and investment needs.

Vehicle and Asset Finance

As part of the drive to digitise and modernise the VAF proposition, we embarked on delivering on the 11 points in the Client Value chain that we identified. As such we have delivered:

- Premium Finance – to allow for extended terms on insurance cover
- Digital Onboarding – facilitating remote and digitised access to our VAF capability
- 7-year Financing – first on the market providing affordable monthly repayments

Through our partnerships in the motor and equipment industry, we launched low interest and low deposit propositions supporting different sectors of the economy, chief of which were the Agri and Trading sectors.

We delivered over K 2billion in financing to the broad spectrum of Clients in the retail, commercial and corporate space.

Platform Business

In addition to the partnerships, we embarked on several client journeys to determine how we can improve on delivery and enhancement of our client solutions offerings. We continue to work with regulators and lawmakers to complete the build-out and launch a new platform capability servicing different ecosystems.

Insurance

Stanbic Insurance Brokers Zambia Limited, a subsidiary of Stanbic Bank Zambia Limited, remains the first Bank Insurance Broker subsidiary, licenced by the Pensions and Insurance Authority (PIA). Through Stanbic Insurance Brokers Zambia Ltd, we provide competitive Life and/or NonLife insurance solutions. Solutions available include Motor Comprehensive, Homeowners, Marine Insurance, Group Life Assurance, Group Funeral Cover, Group Motor, Commercial Property, Goods-in-Transit, Group Medical and Crop Insurance (Farm Pack Policies) through partnerships with top Insurance firms. During 2022, the business achieved a key milestone by providing the first ever Aircraft Insurance solutions.

ACTION AUTO
CREATING CUSTOMERS FOR LIFE

ISUZU

Vehicle and Asset Finance

RELAX!

Time is on your side

When it comes to buying a new car... we have put time on your side.

You can now pay your lease over seven years. That's more time with less pressure. With partnerships with all the leading brands you can afford to get exactly the wheels that you want!

Call 8200 to find out how.

UPTO 7 YEARS TO PAY

Stanbic Bank *IT CAN BE*™

Corporate Governance Statement

OUR BUSINESS

The Board operates on the understanding that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustaining performance and preserving value.

CHANDA KASANDA-MAGUBBWI
Head Governance and Company Secretary

Conflict of Interest
In keeping with the Bank's commitment to upholding the highest levels of integrity and aligned to the well-established Conflict of Interest Policy, all Directors were required to disclose their business interests as a standing agenda item. At the beginning of the year, Directors made standing declarations specifying matters of interest, which could be potential areas of conflict.

Code of Ethics
The Bank made tremendous efforts in ensuring that decisions and actions taken, were within the parameters of the law and the Standard Bank Group (the "Group") Code of Ethics. The code of ethics is informed by the Group values and international best practice. This code is applicable to the Board, staff members and to all operations of the Bank.

During the year, the Board was able to monitor staff conduct through a quarterly reporting process. The focus on ethics was imperative in retaining trust and confidence of our stakeholders.

1. Board Leadership

1.1 The Responsibilities of the Board of Directors

The Board of Directors is the Bank's highest decision-making body and is ultimately responsible for good corporate governance. The Board plays an oversight role in the Bank's operations, with the responsibility to deliver value to its shareholders through implementation of the Nayo Nayo Strategy, which was rolled out in 2022. In the reporting period, the Board discharged many of its functions including compliance risk management, oversight on capital expenditure, and operational and internal controls of the Bank.

We are glad to report that in discharging its mandate, the Board exuded independence and was well informed.

1.2 Role of the Board Chairman

The Bank has a unitary board structure with the segregation of the roles of Chairman from that of the Chief Executive. This separation provides for appropriate checks and balances within the corporate governance tenets. The Chairman is an independent non-executive director as are the majority of directors on the Board. The split of executive, non-executive and independent directors ensures a balance of power on the board, so that no individual or group of individuals can dominate board processes or decision making and ensures the appropriate level of challenge. For the Board to function effectively, a productive working relationship fostered on trust, open communication and mutual respect must exist between the board, management, Customers, workforce and stakeholders.

The Board Chairman, Dr. Abraham Mwenda provided effective leadership and ensured that the culture both within and outside the boardroom created an environment, which allowed for the Board to focus on strategy, performance, value creation, accountability, transparency and a responsible risk culture. This was made possible because of the preparations that Dr. Mwenda and the Directors made in advance of the Board meetings, and the effective use of the unrestricted access to management and company information. Dr. Mwenda set the Board agenda beforehand for meetings, with particular focus on what would aid with the Board's role and the decision-making process. Dr. Mwenda also ensured that conflict of interest was managed effectively, with declarations of conflict being invited at every meeting and provided effective guidance and mentorship to new directors.

In accordance with the Bank of Zambia Corporate Governance Directives, Dr. Mwenda chaired the Board Remuneration and Nomination Committee.

1.3 Role of the Company Secretary

The Company Secretary's duties can be broken down into four main areas namely; guiding the Board and senior management on their duties and responsibilities both collectively and individually; ensuring that the Bank complies with all relevant laws and regulations; strategic communication between the Bank and its key stakeholders thus ensuring that the Board and management are informed about stakeholders' legitimate and reasonable expectations of the Bank; and undertaking governance duties such as planning and scheduling of meetings, keeping the records of the company, and being the 'conscience of the Bank' by ensuring that the Board makes decisions that are in the long term interests of the Bank.

Ms. Doris Chomba Tembwe served as Company Secretary during the reporting period until 10 March 2022. Following her departure, Mr. Joshua Kabwe served as Acting Company Secretary until 10 October 2022, when Ms. Chanda Kasanda-Magubbwi was appointed Head Governance & Company Secretary. All the officers delivered on their duties within the parameters of the law in 2022. The Board is confident that an arm's length relationship exists between it and the Head Governance & Company Secretary.

2. Board Functioning

2.1 Composition

During the year under review, the Board of Directors was composed of 10 members, the majority of whom are non-executive and independent. The Board remains multi skilled, knowledgeable and experienced. The current directors' array of skills and acumen included domestic and international experience in banking, economics, accounting, agriculture, legal, risk management, information technology, mining and finance. The Board ensures that directors possess the skills, knowledge and experience to fulfil their duties. The Directors bring a balanced mix of attributes to the Board and regularly consider Board members individually and collectively to ensure the Board remains strategically, demographically and operationally appropriate.

2.2 Board Meetings

In 2022, the Board held four regular meetings during which it was provided with necessary documentation at least five business days prior to each of the scheduled meetings. The Board also had 5 ad hoc meetings in 2022.

In discharging its duties, the Board was complemented by 6 Committees, namely:

The Board Audit Committee (BAC)

The role of BAC this committee is to assist the Board in reviewing the Bank's financial position and to safeguard its assets independently. This includes assessing the integrity and effectiveness of the accounting, financial, compliance and internal control systems. It also ensures the independence and effectiveness of the internal and external audit functions.

The BAC was chaired by Ms. Milangu Kampata and held four meetings during the year.

Board Remuneration and Nominations Committee (REMCO):

The role of REMCO is to assist the Board by reviewing the recruitment process for the Board, executives and key senior staff of the Bank. It further establishes formal selection criteria for prospective directors and participates in the Board evaluation process. REMCO also provides oversight over remuneration and compensation of executives and key senior staff. The Committee further reviews and assesses the adequacy of the Bank's corporate governance principles. It is also responsible for promoting ethical behaviour across the Bank.

REMCO was chaired by Dr. Abraham Mwenda and held four meetings in the year.

Board Loans Review Committee (BLRC):

The BLRC ensures that effective credit governance is in place in order to provide for the adequate management, measurement, monitoring and control of credit risks including country risk.

BLRC was chaired by Ms. Susan Mulikita and held four meetings during the year under review.

Board Risk Committee (BRC)

The BRC provides oversight on the management of risks across the Bank. It reviews and assesses the integrity of the risk management systems and ensures that risk policies and strategies are effectively and efficiently managed. The BRC receives formal and informal communication from the Chief Risk Officer.

BRC was chaired by Mr. Neil Surgey and held four meetings during the year under review.

Large Loans and Insider Lending Board Approving Committee (LLILBAC)

The LLILBAC considers and approves large loan exposures and inside lending within the Bank. It comprises a majority of non-executive directors.

LLILBAC was chaired by Mr. Anthony Mukutuma and held 1 meeting during the year under review. The Business of the LLILBAC Committee was primarily undertaken by the Board in 2022.

Board Technology and Information Committee (BTIC)

The BTIC is charged with the responsibility of overseeing the governance of technology and information in a way that supports the organisation in setting and achieving its strategic objectives.

The BTIC was chaired by Mr. Bejoy Nettikadan and held four meetings during 2022.

2.3 Board Effectiveness and Evaluation

To assess the extent to which the Board achieved its goals against the set objectives, board effectiveness evaluation was conducted on 28th September 2022. The evaluation included performance assessments for the Chairperson, Chief Executive, Board Committees and individual Directors. The Board review of the Board revealed that the performance of the Board and its committees continues to be effective and fit for purpose and relevant action points were also noted for implementation.

2.4 Board Training and Induction

Board training conveys the knowledge and understanding needed by Board members in order to effectively and efficiently carry out their roles as members of the Bank's Board of Directors. During the year under review, Board training was conducted to equip the Board with knowledge and skills in various trending matters pivotal to successful implementation of the Bank's new Nayo Nayo Strategy (The Governing body's role in Risk, Compliance, Technology & Information and Assurance, Information Security Awareness, Environmental and Social Risk Training, Anti-Money Laundering and The Internal Capital Adequacy and Assessment Process (ICAAP)). The company secretary arranges an appropriate induction programme for all new directors. This includes an explanation of their fiduciary duties, responsibilities and discussions with management to facilitate an understanding of the Bank's affairs and operations. Directors are regularly appraised, wherever relevant, of any new legislation and changing commercial risks that may affect the affairs of the Bank or its subsidiaries. In terms of the mandate of the board, directors can obtain independent professional advice in order to act in the best interests of the Bank.

Table 1: Overview of Directors - Including Diversity and Experience

	Abraham Mwenda	Antonio Coutinho	Mwindwa Siakalima	Neil Surgey	Susan Mulikita	Milangu Kampata
Gender	Male	Male	Male	Male	Female	Female
Nationality	Zambian	Mozambican	Zambian	South African	Zambian	Zambian
Appointment Date	May 2020	April 2021	August 2019	March 2020	May 2020	December 2017
Committee Membership*	REMCO (Chairman)	REMCO/BAC BTIC/LLILBAC	#	BRC (Chairman) REMCO/BTIC LLILBAC	BTIC/BAC BLRC (Chairman)	BAC (Chairman) BRC/LLILBAC
Attendance at Planned Board Meetings	4/4	4/4	4/4	3/4	4/4	4/4
Attendance at ad hoc Board Meetings	5/5	2/5	5/5	2/5	5/5	5/5
Attendance at Board Evaluations	1/1	1/1	1/1	x	1/1	1/1
Attendance at Planned Committee Meetings	4/4	12/12	4/4	9/12	12/12	8/8
Attendance at ad hoc Committee Meetings	2/2	3/3	3/3	3/3	1/1	1/1
Mining						
Information Technology		√			√	
Finance & Economics	√	√	√	√		√
Banking	√		√	√		
Legal					√	
Risk Management	√		√	√	√	√
Agriculture						
Business Administration	√		√			√

	Bejoy Nettikadan	Anthony Mukutuma	Ian Robinson	Helen Lubamba
Gender	Male	Male	Male	Female
Nationality	Indian	British	Zambian	Zambian
Appointment Date	December 2017	December 2021	April 2022	December 2017
Committee Membership*	BRC/LLILBAC BTIC (Chairman) BLRC	LLILBAC (Chairman) BRC/BAC	BLRC LLILBAC	#
Attendance at Planned Board Meetings	4/4	4/4	3/3	4/4
Attendance at ad hoc Board Meetings	4/5	4/5	4/4	5/5
Attendance at Board Evaluations	1/1	1/1	1/1	1/1
Attendance at Planned Committee Meetings	12/12	8/8	3/3	4/4
Attendance at ad hoc Committee Meetings	1/1	1/1	1/1	1/1
Mining		√		
Information Technology	√			
Finance & Economics	√	√		√
Banking				√
Legal				
Risk Management				
Agriculture			√	
Business Administration	√	√	√	√

Key
N/A – Was not a Director at the time of the meeting
√ - Relevant experience and skill applicable to a director
X – Apologies
#- Was not part of any committee at the time of reporting

* BAC refers to Board Audit Committee;
* BLRC refers to Board Loans Review Committee;
* BRC refers to Board Risk Committee;
* REMCO refers to Board Remuneration and Nominations Committee.

Accountability

Relationships with Shareholders

Shareholders play an integral part in the corporate governance of the Bank and the Board ensures that they are kept fully informed through information provided by the management, including its Annual Report which is readily available to all shareholders. It is the role of shareholders to appoint the Board of Directors and the external auditors, which role extends to holding the Board accountable and responsible for efficient and effective corporate governance.

Stakeholder Engagement

In keeping with good governance and in ensuring that the trust and confidence of our key stakeholders is maintained, the Bank utilised various platforms such as, online business engagement sessions and other corporate social initiatives to meet its stakeholder engagement requirements. Managing the effects of the COVID-19 pandemic has had an impact on the extent of the stakeholder engagements.

Remuneration

The Bank's guidelines on remuneration of executive and non-executive directors remain at levels that are fair and reasonable in a competitive market for the skills, knowledge, experience required, nature and size of the Bank.

During every annual general meeting, based on recommendation by the Board and subject to review by the REMCO, the shareholders fix the remuneration of non-executive directors.

Non-executive directors are paid fixed fees for their service on the Board and Board committees; these include a retainer that has been calculated in line with market practices. There are no contractual arrangements for compensation for loss of office. Non-executive directors do not receive short-term incentives or participate in any long-term incentive schemes.
During the year 2022 the total gross remuneration paid to non-executive directors was K4 233 358.

Going concern

With regard to going concern, the Board annually undertakes an assessment of whether the business will continue to be a going concern at the preparation of financial statements at the year end. During the year under review, the Board evaluated the relevant facts and assumptions and, on this basis, has continued to view the Bank as a going concern for the foreseeable future.
Statement of Compliance

The Bank put in place measures and processes to ensure the Bank's compliance with the Bank of Zambia Corporate Governance Directives. In accordance with the Bank of Zambia Corporate Governance Directives 2016, the Board of Directors confirms that:

- As required by Directive 7.12, a statement on the responsibilities of the Board has been included in the Annual Report.
- As required by Directive 11.2, an annual evaluation of the Board and its committees was conducted in the reporting period.
- As required by Directive 18.8, information about compensation practices have been provided including the composition and mandate of the Board Committee responsible for remuneration.
- As required by Directive 20.3, the fees paid to the auditors by the Bank distinguishing audit and non-audit fees have been disclosed in the Annual Report.
- As required by Directive 21.2, the adequacy of the accounting records and effectiveness of the system of governance and risk management have been adhered to.
- As required by Directive 21.3, appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently.
- As required by Directive 21.4, the International Financial Reporting Standards have been adhered to in preparation of the Bank's financial statements for the year ended 31 December 2022.
- As required by Directive 21.5, the Bank has complied with the Corporate Governance Directives.
- As required by Directive 23.7, the Bank has in place a code of ethics which was strictly complied with in the reporting period.
- As required by Directives 24.4, the annual report includes information of how the Bank has served the interests of its stakeholders

Board of Directors

Dr. Abraham Mwenda
Board Chairman
Appointed May, 2020

Dr. Mwenda is a seasoned economics, finance and management professional with over 30 years of experience. He has vast knowledge and experience in Economics, Finance, and Management with various skills including central banking, development banking, public finance, strategic management & business policy, and impact investment, consultancy, and management solutions. Following his academic career (University of Zambia), he has held key positions in the financial sector on both local (Bank of Zambia, Development Bank of Zambia, and Ministry of Finance) and international (World Bank and African Development Bank) platforms. He is a holder of a PhD in Economics, an MBA in Finance and BA in Economics and Business Administration.

Mr. Antonio Coutinho
Non-Executive Director
Appointed April, 2021

Mr. Coutinho is the Regional Chief Executive for Zambia. He has extensive knowledge and experience in operations, finance and technology. He holds a Bachelor of Commerce.

Mr. Mwindwa Siakalima
Chief Executive
Appointed August, 2019

Mwindwa is a Chartered Accountant with a career spanning over 21 years. He is a Fellow of the Association of Chartered Certified Accountants and the Zambia Institute of Chartered Accountants. He also holds a BA Degree in Accounting & Finance and an MBA in Finance from the University of Manchester.

Mr. Bejoy Nettikadan
Non-Executive Director
Appointed December, 2017

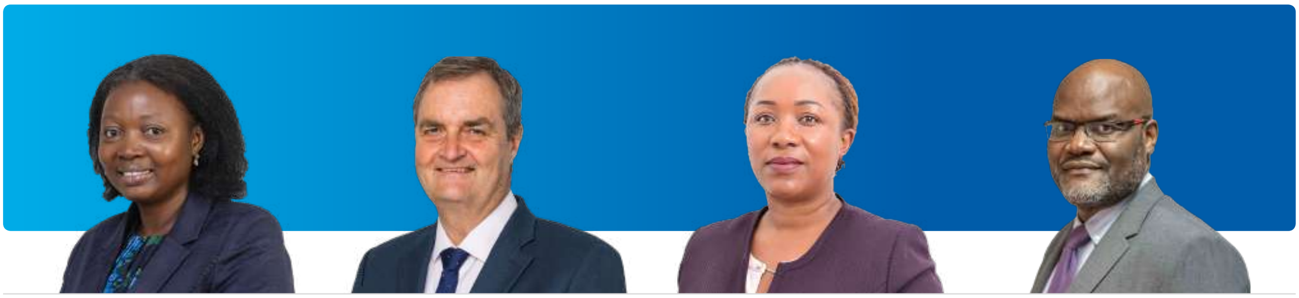
Bejoy is a finance professional and a passionate entrepreneur who has over 19 years of experience in finance and the information and communications technology sectors. He is the founder and CEO of the NetOne Group, a leading Technology services group.

Ms. Helen Lubamba
Executive Director
Appointed December, 2017

Helen has a career spanning over 25 years in financial services, primarily in the investment banking, corporate finance and insurance sectors. She holds a Bachelor of Science Honours Degree in Mathematics, Operational Research and Economics from University of Essex, is an ACGMA designation holder, and holds a Masters in Leadership in Sustainable Finance with the Frankfurt School of Finance.
Previous roles include that of Head of Investor Relations at Liberty Holdings in Johannesburg; Business Analyst EMEA division at Citigroup, Senior Associate at Lehman Brothers and Regional Financial Controller at XL Group all in the United Kingdom.

Mr. Ian Robinson
Non-Executive Director
Appointed April, 2022

Ian is the Managing Director and Shareholder of Kushiya/ Lugonzi Estates Limited Group of Companies specialized in dairy, sugarcane, maize, beef and game. He has over 22 years of diverse experience in the agriculture and wildlife sectors. He holds a Diploma in Agriculture with a distinction in Engineering, a Certificate in Artificial Insemination, and a Professional Hunter's Licence.



Ms. Milangu Kampata

Non-Executive Director
Appointed December, 2017

Milangu is a qualified accountant with over 20 years vast local and international financial and business work experience servicing diverse clientele in various sectors and organisations. She holds a Bachelor of Accountancy, is a fellow of the Association of Chartered Certified Accountants and a member of the Zambia Institute of Chartered Accountants (ZICA). She is also a member of the Revenue Appeals Tribunal and founder of ACTCO Accountants.

Mr. Neil Surgey

Non-Executive Director
Appointed March, 2020

Mr. Surgey is a qualified accountant with an extensive banking career spanning more than 17 years of experience. He retired from the Standard Bank Group where he was the Group Chief Risk Officer and Group Ethics Officer. He is a holder of a Bachelor of Commerce.

Ms. Susan Mulikita

Non-Executive Director
Appointed May, 2020

Ms. Mulikita has vast knowledge in law as well as Information and Communication Technology (ICT)/telecommunications. She has over 20 years of track record in handling diverse areas of ICT telecommunications law, policy, regulation, operations and management. She is a holder of a Bachelor of Laws degree and a Master of Laws in Information and Communication Technology.

Mr. Anthony Mukutuma

Non-Executive Director
Appointed December, 2021

Mr. Mukutuma is the General Manager at Kansanshi Mining Plc, a position he has held since June, 2020. He is a seasoned mining expert. He holds a Bachelor of Engineering (Chemical Engineering with Minerals Engineering) and MBA (Accounting & Finance). He is currently a Director and Board Member of the Australian Minerals Industry Research Association- Africa.

Executive / Governance committee


1. Mr. Mwindwa Siakalima


2. Ms. Helen Lubamba


3. Ms. Muelnga Silwamba


4. Mr. Edward Kara Banda


9. Mr. Walubita Luwabelwa


10. Mr. Wisdom Shanengeta


11. Mrs. Kasonde Gondwe


12. Ms. Ngoza Nyirenda

1 **Mr. Mwindwa Siakalima**
Chief Executive

Mwindwa is a Chartered Accountant with a career spanning over 21 years. He is a Fellow of the Association of Chartered Certified Accountants and the Zambia Institute of Chartered Accountants. He also holds a BA Degree in Accounting & Finance and an MBA in Finance from University of Manchester.

2 **Ms. Helen Lubamba**
Head Corporate & Investment Banking

Helen has a career spanning over 25 years in financial services, primarily in the investment banking, corporate finance and insurance sectors.She holds a Bachelor of Science Honours Degree in Mathematics, Operational Research and Economics from University of Essex, is an ACGMA designation holder, and holds a Masters in Leadership in Sustainable Finance with the Frankfurt School of Finance.Previous roles include that of Head of Investor Relations at Liberty Holdings in Johannesburg; Business Analyst EMEA division at Citigroup, Senior Associate at Lehman Brothers and Regional Financial Controller at XL Group all in the United Kingdom.

3 **Ms. Mulenga Silwamba**
Head Consumer & High Net Worth Clients

Mulenga is a career banker with over 20 years banking experience both locally and internationally. Mulenga has been with Stanbic Bank Zambia since 2019 and is currently Head of Consumer and High NetWorth Clients. Mulenga has previously managed a cluster of Branches at UK leading Bank, Lloyds Banking Group. She studied Accountancy.

4 **Mr. Edward Kara Banda**
Head of Business & Commercial Client

Edward Kara Banda is a Masterclass Certified Accomplished Professional Banker with deep understanding in Client Relationship Management, Product Management in Cash Management, Trade and Custody product suite, Credit & Risk Management, Transactional Banking and Information Technology with over 25 years' experience of which 14 years of that with Stanbic Bank. Of the 14 years with Stanbic Bank, he spent 3 years working at Standard Bank Eswatini. He is a holder of Post Graduate Degree and MBA fromThe University of Glamorgan,Wales and Masterclass in Client Strategic Management fromThe University of Cape Town.

5 **Ms. Chanda Mwila**
Head Client Solutions

Chanda is a seasoned, Duke Corporate Education board trained Banker with 20 years' experience in Corporate Banking, having held senior positions in 3 International Banks. Prior to joining Stanbic Zambia in 2013, Chanda gained experience in managing and solutioning for Clients spanning several industries and sectors including but not limited to Global Corporates, Local Corporates, Financial Institutions, Public Sector, and International Development Organisations. She holds a Bachelor of Arts Degree in Development Studies from the University of Zambia and a Master of Business Administration from University of Warwick.

6 **Mr. Joshua Kabwe**
Head of Legal

Joshua is a qualified legal practitioner and an advocate of the High Court of Zambia with experience in corporate and commercial law, banking and finance and dispute resolution. Prior to joining the Bank in 2017, Joshua worked in private practice where he provided legal advice to diverse Clients. He holds a Bachelor of Laws Degree from University of Zambia and a Master of Laws degree from University of the Western Cape, South Africa. Joshua is also a member of the Law Association of Zambia.

5. Ms. Chanda Mwila

6. Mr. Joshua Kabwe

7. Ms. Mizimo Musokotwane

8. Mr. David Chansa

13. Ms. Chanda Kasanda-Magubbwi

7 **Ms. Mizimo Musokotwane**
Chief Finance & Value Management Officer

Mizimo is a Chartered Accountant with a career spanning over 20 years. She is a fellow of the Association of Chartered Certified Accountants and the Zambia Institute of Chartered Accountants. She also holds a Bachelor of Science Degree in Applied Accounting and an Master of Business Administration from Oxford Brookes University.

8 **Mr. David Chansa**
Chief Risk Officer

David is a risk management professional with over 20 years of experience in internal audit, risk management and academia. He has spent many years working in roles that exposed him to the African markets in which the Standard Bank Group has presence. David is ACCA, CIMA and CIA qualified, and holds a degree in Agricultural Sciences from UNZA.

9 **Mr. Walubita Luwabelwa**
Chief Compliance Officer

Walubita is an advocate of the High Court of Zambia with experience in compliance, governance and corporate law. He has worked across private practice, academia and broadcasting sectors. Walubita holds a Bachelor of Laws Degree from the University of Zambia and a Master of Laws Degree in Commercial law from the University of Cape Town (UCT). He is also a Fellow of the Institute of Directors of Zambia (FIoDZ) and a member of the Law Association of Zambia.

10 **Mr. Wisdom Shanengeta**
Chief Technology & Operations Officer

Wisdom is a career banker with 23 years of banking experience; he has served in various capacities across the banking sector. He holds a MBTI Master of International Business, a Master of Leading Innovation and Change (MALIC), Bachelor's Degree in Business Studies (BaBs) and Diplomas in Project Management from Cambridge University, Diploma in Banking and Finance from Manchester University and Institute of Financial Services and Certificates in Banking and Accounting.

11 **Ms. Kasonde Gondwe**
Head People Culture

Kasonde has been with Stanbic Bank for the last 7 years. Prior to working for Stanbic, she worked for 14 years in Corporate Banking across various portfolios. Kasonde joined the Bank in 2015 in Human Capital as Head Learning and Development before moving to her current role in 2018. Kasonde holds a BA Degree in Economics and a Masters in Development Finance.

12 **Ms. Ngoza Nyirenda**
Head Credit

Ngoza has over 15 years of experience in Finance, Business Support & Recovery, Corporate and Retail Banking Risk Management. In addition to her professional experience which spans across various key sectors, Ngoza holds a Master's in Business Administration from EBS Heriot Watt University- UK and is a fellow of both the Association of Chartered Certified Accountants(ACCA) and the Zambia Institute of Chartered Accountants (ZICA).

13 **Ms. Chanda Kasanda-Magubbwi**
Head Governance & Company Secretary

Chanda has 14 years of legal practice experience with over 10 of those in the banking and financial services sector in Zambia and South Africa and has held leadership positions at both local and regional levels supporting various country legal teams. Chanda is a qualified lawyer who holds a Bachelor of Law Degree from the University of Zambia, and a Master of Laws Degree from the University of California at Berkeley in the United States of America. She is also a member of the Law Association of Zambia.

Information & Technology Governance Statement

WISDOM SHANENGETA
Chief Technology & Operations Officer

13.1 PLATFORM BUSINESS

13.1.1 Beyond Banking, Insurance & Investments

During the year 2022, the Information and Technology strategy incrementally built on the digital foundations laid during preceding years by making further enhancements to its e-channels and encouraging Customers to use online services to benefit from instant gratification and to access the wide variety of electronic products and services offered by the blended platform of the bank's IT systems with those of its affiliate strategic partners. In the same spirit of partnering to harness the power of ecosystems for mutual advantage, the bank onboarded more corporate Clients who subscribed to its idea of host-to-host system integration by directly interfacing proprietary systems used by respective corporate Customers with the bank's platform to meet specific bespoke transaction needs of allied corporate Clients

13.1.2 Leveraging The National Financial Switch (NFS)

During the year 2022, more use cases were on-boarded onto the Zambia Electronic Clearing House National Financial Switch. Initially, Customers could only deposit funds directly into their bank account using early adopters such as Airtel and MTN agents, however, now that more e-money operators have been on-boarded on the National Financial Switch (NFS), bank Customers have a wider range of options through which they can deposit funds directly into their bank account, for example, they can now also use 543 Konsekonse, Kazang, Zoona and many other e-money agents connected to NFS. It is because of this enablement that the bank placed billboards on sites of partner e-money operators publicising that Stanbic Bank Deposits are accepted at those sites. The interoperability of e-wallet and bank account continued to contribute immensely towards promoting government's drive and aspirations for financial inclusion.

13.1.3 Statutory Payments Partnerships

Other integrations added to the existing ones included the National Health Insurance Management Authority (NHIMA). To make future integrations are seamless and swift, we established the Application Programming Interface (API) marketplace framework which aims to bring into reality the ease with which alliance partners can plug and play (integrate) their respective IT-platforms with the bank without taking too long or coming up with unnecessary complex IT-architecture. Another key partnership with Smart Zambia was established which led to ongoing efforts to integrate with the Government Services Bus (GSB) to automate statutory payments which are currently manually settled by citizens.

13.1.4 Platform Engineering Skills

13.1.4.1 Training of Staff

As part of future ready transformation which has been occasioned by the Forth Industrial Revolution also termed as the "Digital Age", the era of Internet of Things, Big Data, 3D printing, Cryptocurrencies, Natural Programming Language, Artificial Intelligence, Machine Learning Robotics and Cloud Computing to mention a few. The digital age has created a situation where there is a global scarcity of competently proficient IT personnel to support and innovate across this broad spectrum of technological advancements. In response to this threat, the Bank invested in future ready skills training where several staff members where certified in AWS cloud, Azure, data Science, Robotic Process Automation among others.

13.1.4.2 Grooming a Reservoir of Future Skills

The Bank also initiated the Engineering Skills Development Programme that aims at enhancing engineering skills not only for Bank staff but also the nation at large. Therefore, the Bank partnered with Northmead Primary School where Grade Six (6) pupils are being taught and mentored by bank staff in computer programming skills. The Bank is also working with Liquid Intelligent Technologies who are providing free internet connectivity to the school. To achieve its long-term objective, the bank supplied equipment to aid the circa 600 pupils to use in their computer programming lessons.

13. 2 Operational Excellence

13.2.1 Always On

To compliment the high investment in multiple online channels and in keeping with our aspirations to operate an IT platform which is ALWAYS ON and ALWAYS SECURE; we trained and certified staff in Site Resilience Engineering (SRE) principles and this immensely contributed towards achieving higher system stability and availability. SRE also extended to testing and running all our in-country IT systems from our Disaster Recovery (DR) site for a period of three (3) months to test the bank's ability to operate smoothly from an alternative computer data centre in case of any shocks on our primary production site which would render our systems inoperative. This is in keeping with best practice to assure continuation of service to our Customers. Furthermore, we extended the coverage of system monitoring tools such as "Splunk" to other mission critical service applications to trigger any system failure events automatically so that service recovery measures are instituted instantly.

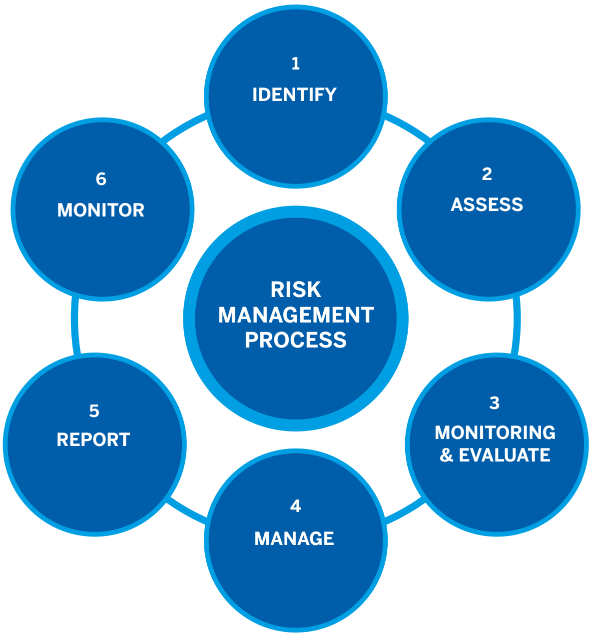
13.2.2 Always Secure

From an ALWAYS SECURE perspective, apart from ensuring that the bank continued complying with local and international standards and respective legislation on data privacy and data security. The bank took strides to ameliorate the effects of identity fraud connected to mobile phone SIM card swaps which were pervasive across the financial industry during 2022; the bank and its partners the Mobile Network Operators (MNO) instituted measures to detect and thwart SIM swap related fraud attempts. That notwithstanding, the training and awareness of all stakeholders in safeguarding critical information remains cardinal. To this end, the bank continued to conduct annual training and awareness sessions of all bank staff including the board of directors. Furthermore, our marketing department also kept sending tips to Customers using various platforms through SMS and Facebook alerting Customers to exercise due diligence as they interact with digital platforms to avoid falling prey to social engineering scams such vishing, phishing, smishing and so on which attempt to elude Clients to divulge their critical information which would render their bank or e-wallet account susceptible to hacking.

In concluding, we would like to thank our esteemed Customers for their support during 2022, they are the reason for our striving to better their service experience, they are indeed the blood life of our business.

Risk Management Statement

Risk management is the process of identifying, assessing and controlling threats to the Bank's capital, liquidity and earnings on a continuous basis. Threats stem from a variety of sources which include economic conditions, financial, political, regulatory, legal liabilities, strategic execution, accidents, pandemics, people, systems and natural disasters. The threats are viewed on both a current and forward-looking basis, covering both normal and stress conditions.



Each of the above steps is described below in detail:

- Identify – NFR tools facilitate the identification of NFRs to enable prioritisation of material risks.
- Assess – Application of quantitative and qualitative measures to determine the level of risk. This process defines the impact of the risk both from a probability and impact perspective.
- Measure or Evaluate – Effective control measures reduce or eliminate risk. Considering the overall costs and benefits of remedial actions and provide recommendations.
- Manage – Recommend the best control or combination of controls after doing an analysis. Formulate a risk management / treatment plan to avoid, transfer, mitigate, transform, accept the risk based on risk appetite, materiality and cost of control.
- Monitor – Periodically review indicators or other qualitative measures to ensure the effectiveness of controls and monitor trends.
- Report – Escalate residual high-risk profile and any material incidents or changes highlighted by the monitoring process or risk management techniques like Risk assessments and Scenarios.

In addition to the above process, a key element of risk management is embedding a risk-awareness culture across the Bank.

In addition to the above process, a key element of risk management is embedding a risk-awareness culture across the Bank.

Risk Governance

Segregation of duties remains key in successful implementation of an effective risk management plan. In this regard, the Bank has adopted the globally acceptable practice of three lines of defense. This approach ensures clear independence and challenge between different lines while ensuring effective collaboration in attaining the Bank's overall strategy. The three lines of defense are distinct in there functions:

First line: Functions that own and manage risks. This involves day to day effective risk management, in accordance with agreed risk policies, appetite and controls, at an operational level;

Second line: Functions that provide independent oversight. Their key function is to provide the first line of defence with the tools, including frameworks and policies, to effectively manage their risk. In executing this they will ensure appropriate understanding of business strategy and drivers to ensure that there is healthy tension in probe and challenge with a view of improving risk management capabilities and providing assurance over the adequacy of the first line of defence;

Third line: Functions that provide independent assurance as to the Board and senior management on the effectiveness of risk management in the first and second lines.

Board of Directors

The board has the ultimate responsibility for the oversight of risk and approval of risk appetite. It oversees the management of material risks through regular reviews of key risk exposures and governance standards. The Board further provides oversight over the implementation and embedment of the Bank's risk culture, governance framework and ensures that an effective risk management process exists and is maintained throughout the financial institution.

The board achieves this through delegation to its sub committees which include:

Board Loans Review Committee:
This committee ensures that effective credit governance is in place in order to provide for the adequate management, measurement, monitoring and control of credit risk, including country risk.

Board Risk Committee:
This committee monitors the Bank's risk profile against approved risk appetite. The committee also reviews adequacy of management actions and assesses the integrity of the risk control systems in place and ensures effective and timely resolution of all material risks.

Board Audit Committee:
This committee reviews effectiveness of established internal controls and action plans to regularise material lapses in controls. The committee provides an independent evaluation of the adequacy and effectiveness of the Bank's internal control systems, accounting practices, information systems, and auditing processes.

Board Technology Information
Committee – This committee oversees governance of the Bank's technology and information risks. These may be as a result of the Bank's digital strategy, use of technology, the integrated nature of products and platforms with associated

third-party risks. The committees enables the Bank transition to a platform business, driven by technology and the cloud.

Executive Management

The Executive Committee (EXCO) responsible for defining and executing the strategy, with Board oversight. It designs and implements an effective risk management programme. The Board delegates day to day risk management is to EXCO and its sub committees, which include:

Management Committee (MANCO): This committee assists EXCO in operationalizing the strategy of the Bank as approved by the Board. This includes overseeing the operational requirements and monitoring performance of the business of the Bank against strategic imperatives.

Credit Risk Management Committee (CRMC): This committee has a defined credit oversight role as determined by the Board of Directors ("Board") through the Board Loans Review Committee from time to time. The purpose of CRMC is to establish and define the principles under which the country is prepared to assume credit risk and the overall framework for the consistent and unified governance, identification, measurement, management and reporting of credit risk.

Risk Oversight Committee (ROC): This committee is responsible for the identification, measurement and control of key risks, and ensuring that the controls, processes, procedures and systems employed meet the Bank's risk appetite and the requirements of the regulatory authorities.

Asset and Liability Committee (ALCO): This committee is responsible for all matters relating to capital, funding, liquidity, interest rate risk of the banking book (IRRBB) and market risk for the bank.

Information Technology Steering Committee (IT SteerCo): This committee holds the mandate to manage of technology, digital and information risk types, considering the bank's digital transformation journey in view of the platform business agenda. Its sphere of influence ranges from technology innovation risks to cyber security related issues.

Over and above the established committees, risk management is the responsibility of every employee. This ensures risk ownership at all levels of the organisation and plays a key role in ensuring the right risk culture is in place.

Risk Appetite

Risk Appetite is an expression of judgement by management about the maximum level of risk that the Bank is willing to take in pursuit of its financial and strategic objectives. Risk appetite cannot just be calculated but requires a debate amongst management and ultimately an agreement on the maximum risk exposure that the Board and shareholders will be comfortable with. The concepts of risk appetite, risk tolerance and risk capacity are operationalised through the specification of a Risk Appetite Statement, which is made up of risk appetite dimensions. These dimensions may be either qualitative or quantitative.

RISK APPETITE STATEMENT							
RISK APPETITE DIMENSION							
PORTFOLIO LIMITS BY RISK TYPE							
CREDIT			OPERATIONAL RISK	MARKET	LIQUIDITY	IRRBB
LOSS RATIO	Non Performing Loan (NPL) %	CONCENTRATIONS	OPERATIONAL LOSSES	Value at Risk (VaR)	TERM LENDING CAPACITY	INTEREST RATE SENSITIVITY

Key risks considered include but are not limited to the following:

- Credit risk: The risk of loss arising from failure of counterparties to meet their financial or contractual obligations when due. It comprises of counterparty risk, settlement risk, country risk and concentration risk. Credit risk is the principal income-generating risk of the bank and is managed comprehensively to ensure that the earnings from risk-taking are appropriately compensating for expected and unexpected losses;

- Market risk: the risk of change in the actual and/or effective market value of earnings or future cash flows of a portfolio of financial instruments including commodities caused by adverse movements in market variables such as equity, bond and commodity prices, currency exchange rates, interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of the above variables;

- Interest rate risk: the exposure of a bank's financial condition to adverse movements in interest rates. This arises due to a maturity mismatch between the bank's assets and liabilities. Changes in interest rates affect the Bank's earnings by changing Net Interest Income (NII);

- Liquidity risk: the risk that a bank, although balance sheet solvent, cannot maintain or generate enough cash resources to meet its payment obligations in full as they fall due, or can do so only on materially disadvantageous terms.
- Business risk: the risk of loss due to adverse operating conditions caused by market pressure such as decreased demand, increased competition, or cost increases, or by bank specific choices such as poor choice of strategy, reputational damage or the decision to absorb costs or losses to preserve reputation.

- Non-Financial Risk (NFR): NFR is defined as part of a broad term which is usually classified by way of exclusion, that is, any risks other than the traditional financial risks of market, credit, and liquidity. NFR includes operational risks. Operational Risk (OR) in the Bank is defined as the risk of loss suffered as a result of the inadequacy of, or a failure in, internal processes, people and / or systems or from external events.

This includes but not limited to the following specialised Non-financial risk types:	This excludes:
• Business Disruption Risk • Conduct Risk • Compliance Risk • Cyber Risk • Environmental, Social and Governance Risk • Financial Accounting Risk • Tax Risk • Financial Crime Risk • Information Risk (including Data Privacy Risk) • Legal Risk • Model Risk • Operational Risk • People Risk • Physical Assets, Safety and Security Risk • Technology Risk • Third-party Risk • Transaction processing Risk	• Strategic Risk • Reputational risk • Business risk

The Bank has a set of risk governance standards for each major risk type which form the basis of policies and procedures. The risk standards set the minimum governance, monitoring, control and reporting criteria for each of the main risks. The standards, frameworks and policies are reviewed and updated to keep in line with changes in the Bank's risk profile and changes in industry, regulation, technology and the economy in general.

Capital plan

Capital risk is the risk of the Bank having insufficient capital resources to meet minimum requirements set by the regulator as well as support business growth.

The Bank has a capital plan that provides an assessment of how the Bank manages its capital in the short and medium term. The capital plan integrates the risk appetite, business strategy and capital requirements with the aim of ensuring that changes in capital demand arising from growth in exposures and changes in the business risk profile can be funded over a 3-year planning horizon. The Bank is fully compliant with the current minimum capital threshold of ZMW520m (or 10% of Risk Weighted Assets). In addition to the minimum regulatory requirements, the Bank maintains an appropriate capital buffer in setting its capital threshold or Risk appetite. This appetite is determined by taking into consideration all its material risks, how these risks are managed and mitigated, and stress testing outcomes.

Managing Capital

Stanbic Bank has adopted the Internal Capital Adequacy Assessment Process (ICAAP) as an effective tool in planning for its capital. ICAAP is a forward-looking tool that articulates the capital management processes within the organisation and, provides an internal assessment of the level of capital required to be held against all material risks the Bank is or may become exposed to in meeting current and future business needs. The ICAAP sets to achieve the following:

- Ensure that the Bank is adequately capitalised to meet minimum regulatory capital requirements set by Bank of Zambia (BOZ) in accordance with Basel II requirements and on a forward-looking basis in line with business targets set by the board;
- Maintain enough capital resources to support the Bank's risk appetite;
- Maintain an optimal capital structure that takes into consideration both regulatory and shareholder interests;
- Promote efficient use of capital through:
- Internal allocation of capital resources;
- Monitoring of the return on equity and risk adjusted returns at a granular level; and
- Link and achieve alignment of the business strategy to risk appetite, risk exposure, capital resources and return dimensions.

Stress Testing

Stress testing is a key management tool and facilitates a view of the organisation's risk tendency. Risk tendency is the forward-looking view of how the Bank's risk profile may change as a result of portfolio effects and/or changes in economic conditions.
Stress testing typically refers to shifting the values of individual parameters that affect the financial position of a firm and determining the effect on the firm's business. Stress testing supports several business processes including:

- Strategic planning and budgeting;
- The Internal Capital Adequacy Assessment Process (ICAAP), including capital planning and management, and the setting of capital buffers;
- Liquidity planning and management;
- Informing the setting of risk appetite statements;
- Providing a forward-looking assessment of the impact of stress conditions on the organisation's risk profile;
- Identifying and proactively mitigating risks through actions such as reviewing and changing risk limits, limiting exposures and hedging;
- Facilitating the development of risk mitigation or contingency plans across a range of stressed conditions; and
- Supporting communication with internal and external stakeholders.

The bank conducts stress testing at legal entity level which is an aggregate of stress testing at portfolio risk level i.e. credit, operational, liquidity and market risk. Stress testing within the Bank is actionable, with the results from stress testing informing decision making at the appropriate management levels including strategic business decisions of the board and senior management.

Environment, Social and Governance-Related Emerging Risks

The Bank's processes and activities give rise to ESG-related risks and opportunities. These include risks arising from the bank's own operations and risks arising from activities by Clients financed by the bank. The Bank is cognizant of the effects of climate change on its operations, its Clients and the country at large.

In addition to climate-related risks, the bank continues to drive alignment of its business activities, including lending and investment portfolios, with Zambia's ESG agenda and international best practise. In order to drive sustainable economic growth, the bank strives to invest in or finance transactions in industries that have a positive environmental and social impact, while fostering sound corporate governance.
As part of its ESG programme, the Bank has partnered with WWF, GIZ and the government to plant trees at the source of the Zambezi River under the "Lets Secure Zambezi" initiative.

Governance

The Bank through its management committees continues to monitor ESG risks and efforts being made by the bank towards positive environmental and social impact, and governance-related matters. This speaks to the Bank's commitment towards sustainability. The Risk Oversight Committee oversees risk management across the Bank, including ESG risk, and is responsible for embedding ESG risk: identification, classification, analysis, monitoring and reporting. The Credit Risk Management Committee assesses composition of the bank's lending portfolio. The Committee also sets concentration limits or thresholds of portfolios, ensuring they are in line with risk appetite. The board and its committees are also responsible for:

- Overseeing implementation of applicable policies and frameworks.
- Reviewing management outputs of ESG initiatives.
- Assessing executive performance in relation to policy commitments and targets.
- The relevant policies guide business in achieving sector specific ESG commitments and targets as well as in considering ESG risk in client, investment and lending related processes.

Directors' Report

The Directors submit their report together with the audited consolidated and separate financial statements for the year ended 31 December 2022, which disclose the state of affairs of the Bank and its subsidiaries (together 'Stanbic Group'). The financial statements are expressed in Kwacha, the currency of Zambia, rounded to the nearest thousand.

Principal activities

The principal activities of Stanbic Group are the provision of commercial and retail banking services, custodial services and lease financing. Details of subsidiary entities are given in the notes to the financial statements under note 12.

Share capital

Stanbic Group has an authorised share capital of ZMW 416,000,000 in compliance with the Bank of Zambia minimum capital requirements. Details of the Group's issued share capital are included in note 15 to the financial statements.

Operating results and dividends

	2022	2021
	ZMW '000	ZMW '000
Net interest income	**1 841 962**	1 810 219
Net fee and commission income	**565 712**	547 444
Trading income	**491 033**	668 031
Profit for the year	**1 037 208**	912 388

During the year a dividend of ZMW 550 000 000 was declared (2021: Nil).

Developments during the year

The year 2022 for the Group marked the first year of the Nayo Nayo '26 strategy on its future ready transformation journey into a platform business. Much emphasis was placed on improving customer experience through additional investments in Information Technology systems as well as ensuring improvements on the product offerings available throughout the various segments.

Staff remuneration

The total remuneration of employees for the year amounted to ZMW 653 159 844 (2021: ZMW 622 165 005) as disclosed in 24.7 to the financial statements. The average number of employees was as follows:

Month	Number	Month	Number
January	**744**	July	**741**
February	**743**	August	**741**
March	**743**	September	**744**
April	**740**	October	**748**
May	**740**	November	**754**
June	**735**	December	**754**

Stanbic Group recognises its responsibility regarding the occupational health, safety, and welfare of its employees and has put in place measures to safeguard them.

Gifts and donations

During the year Stanbic Group made donations of ZMW 4 313 417 (2021: ZMW 3 763 806) to various charitable organisations and events.

Directors' Report (continued)

Property and equipment

Stanbic Group purchased property and equipment amounting to ZMW 53 947 436 (2021: ZMW 18 740 000) during the year as disclosed in note 13.1 to the financial statements.

In the opinion of the directors, there was no significant difference between the carrying value of property and equipment and its market value.

Research and development

During the year, Stanbic Group did not conduct research and development activities (2021: Nil).

Related party transactions

As required by the Banking and Financial Services Act of Zambia, related party transactions are disclosed in note 27 of the financial statements.

Directors' emoluments and interests

Directors' emoluments and interests are disclosed in the financial statements in accordance with the Companies Act of Zambia under note 27.

Prohibited borrowings or lending

There were no prohibited borrowings or lending as defined under Sections 72 and 73 of the Banking and Financial Services Act of Zambia.

Risk management and control

The Group, through its normal operations, is exposed to a number of risks, the most significant of which are credit, market, operational and liquidity risks. The Group's risk management objectives and policies are disclosed in Note 4 to the financial statements.

The Directors have approved policies to mitigate the above risks by introducing controls that are designed to safeguard the Group's assets while allowing sufficient freedom for the normal conduct of business. The Audit and Loan Review Committees carry out independent reviews to ensure compliance with financial and operational policies.

Compliance function

The Group has in place a compliance function whose responsibility is to monitor compliance with the regulatory environment and the various internal control processes and procedures.

Know your customer and anti-money laundering policies

The Group has adopted a Know Your Customer (KYC) policy, anti-money laundering policies and adheres to current legislation in these areas.

The directors who held office during the year were:

Abraham Mwenda	Chairman
Antonio Coutinho	Regional Chief Executive
Mwindwa Siakalima	Chief Executive
Bejoy Nettikadan	Non - Executive
Susan Mulikita	Non - Executive
Milangu Kampata	Non - Executive
Neil Surgey	Non - Executive
Anthony Mukutuma	Non - Executive
Ian Robinson	Non - Executive (appointed April 2022)
Helen Lubamba	Executive Director

Environmental, Social and Governance (ESG) related emerging risks

Matters related to environmental, social and governance emerging risks have been disclosed in the annual report on page 33.

Auditor

The auditors, KPMG, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the annual general meeting.

Company Secretary

01 March 2023

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated and separate annual financial statements that give a true and fair view of Stanbic Bank Zambia Limited and its subsidiaries, comprising the consolidated and separate statements of financial position at 31 December 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated and separate financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and the requirements of the Banking and Financial Services Act, Securities Act and the Companies Act of Zambia. In addition, the directors are responsible for preparing the annual report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the ability of the Bank and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the consolidated and separate financial statements

The consolidated and separate financial statements of Stanbic Bank Zambia Limited and its subsidiaries, as identified in the first paragraph, were approved by the Board of directors on 01 March 2023 and are signed on its behalf by:

Chairman **Chief Executive**

Director **Company Secretary**

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Independent Auditor's Report
To the shareholders of Stanbic Bank Zambia Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Stanbic Bank Zambia Limited ("the group and bank") set out on pages 41 to 103, which comprise the consolidated and separate statements of financial position as at 31 December 2022, and the consolidated and separate statements of profit or loss, consolidated and separate statements of other comprehensive income, statements of changes in equity and consolidated and separate statement of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Stanbic Bank Zambia Limited as at 31 December 2022, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and in compliance with the requirements of the Companies Act, Banking and Financial Services Act and the Securities Act of Zambia.

Basis for opinion

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

Key audit matters

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

Impairment of loans and advances to customers

Refer to note 3.4 financial assets and financial liabilities (impairment significant accounting policy), note 4.1 credit risk section of the financial risk management disclosures, note 5.1 key sources of estimates uncertainty and note 10 loans and advances.

This key audit matter applies to the consolidated and separate financial statements.

Key audit matter	*How the matter was addressed*

Loans and advances to customers comprise a large portion of the Group's and Bank's assets. This was an area of focus due to management exercising significant judgment and using subjective assumptions, when determining both the timing and the amounts of the expected credit loss ("ECL") for loans and advances to customers.
 	
Key areas of significant judgment included:
 	
• The identification of exposures with significant deterioration in credit quality assessed by reference to the internal rating system adopted by the Group.
 	
• Assumptions used in the ECL models such as the forward-looking macroeconomic expectations factors (e.g. foreign exchange rate, Gross Domestic Product (GDP), Consumer Price Index (CPI) and the policy interest rate).
 	
• The measurement of modelled provisions, which is dependent upon key assumptions relating to probability of default ("PD"), loss given default ("LGD"), exposures at default (EAD), significant increase in credit risk (SICR) and expected future recoveries discounted to present value
 	
Due to the significant judgement applied by management, the impairment of loans and advances to customers was considered to be a key audit matter.
	Our procedures included:
	
	• We tested the design, implementation and operating effectiveness of relevant controls over;
	  ◦ management's approval of credit origination of the loans and advances to customers;
	  ◦ monitoring of facilities issued (i.e. early identification of impaired accounts and approval of manual impairments/write-offs);
	  ◦ review and approval of expected credit loss models; and
	  ◦ periodic review and monitoring of macroeconomic data.
	
	• We tested the completeness and accuracy of inputs into the expected credit loss models such as loan exposures, days in arrears, default, asset classifications and other customer specific data by comparing the inputs to supporting documentation.
	
	• We assessed the appropriateness of transfers between stages by testing, on a sample basis, whether financial assets transferred to stage 2, met the Group and Bank's definition of significant increase in credit risk.
	
	• We assessed the reasonableness of macro-economic data used to develop metrics of forecasting by comparing the Group and Bank's assumptions to externally available information.
	
	• For credit impaired assets classified as stage 3, we assessed the reasonableness and timing of expected cash flows by taking into account the type of collateral held and comparing with historical recovery period and valuations performed by independent valuers.
	
	• With the involvement of specialists, we evaluated compliance of the expected credit loss models with *IFRS 9, Financial instruments* and the appropriateness of modelling principles applied, including the re-performance of PD, EAD, LGD, SICR and ECL calculations. In addition, we considered whether management had incorporated sufficient forward looking stress tests in the PDs and LGDs.
	
	• We assessed the adequacy of the disclosure made in the financial statements in accordance with the requirements of IFRS 9.

KPMG

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of Zambia, the Directors' Responsibility in respect of the preparation of the financial statements and the information included in the Overview, Business Review and Ensuring our Sustainability sections. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and in compliance with the requirements of the Companies Act, Banking and Financial Services Act and the Securities Act of Zambia, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 Group's and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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Report on Other Legal and Regulatory Requirements

Companies Act of Zambia

In accordance with Section 259 (3) (a) of the Companies Act of Zambia (the Act), we consider and report that:

- there is no relationship, interest or debt we have with the Group and Bank; and
- there were no serious breaches of corporate governance principles or practices by the directors. The statement is made on the basis of the corporate governance provisions of the Act, Part VII – Corporate Governance of the Companies Act of Zambia.

Banking and Financial Services Act of Zambia

In accordance with section 97(2) of the Banking and Financial Services Act of Zambia, we consider and report that:

- the Bank made available all necessary information to enable us to comply with the requirements of this Act.
- the Bank has complied with the provisions, regulations, rules and regulatory statements specified in or under this Act; and
- there were no transactions or events that came to our attention that affect the well-being of the Bank that are not satisfactory and require rectification including:
  - (i) transactions that are not within the powers of the Bank or which is contrary to this Act; or
  - (ii) a non-performing loan that is outstanding, has been restructured or the terms of the repayment have been extended, whose principal amount exceeds five percent or more of the regulatory capital of the Bank.

Securities Act of Zambia

In accordance with Rule 18 of the Securities (Accounting and Financial Reporting Requirements) Rules (SEC Rules), Statutory Instrument No.163 of 1993, we consider and report that:

- the consolidated and separate statements of financial position and consolidated and separate statements of profit or loss and other comprehensive income were in agreement with the Group and Bank's accounting records; and
- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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KPMG Chartered Accountants **27 March 2023**

Cheelo Humuwele **AUD/F001044**

Partner signing on behalf of the Firm

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group 2022 ZMW '000	Group 2021 ZMW'000	Bank 2022 ZMW '000	Bank 2021 ZMW'000
Assets					
Cash and balances with the central bank	6	**7 244 054**	3 995 657	**7 244 054**	3 995 657
Loans and advances to banks	6.1	**6 092 098**	9 915 338	**6 092 098**	9 915 338
Derivative assets	7	**25 939**	85 395	**25 939**	85 395
Trading assets	8	**1 293 980**	1 292 091	**1 293 980**	1 292 091
Financial investments	9	**6 080 370**	3 621 262	**6 080 370**	3 621 262
Loans and advances to customers	10	**10 358 290**	7 682 068	**10 358 290**	7 682 068
Other assets	11	**436 199**	108 515	**435 435**	108 093
Interests in subsidiaries	12	**-**	-	**79 307**	79 307
Property, equipment and right of use assets	13	**459 474**	439 449	**364 267**	350 743
Intangible assets	14	**185 367**	209 248	**185 367**	209 248
Deferred tax asset	19	**113 032**	111 729	**113 032**	111 729
Total assets		**32 288 803**	27 460 752	**32 272 139**	27 450 931
Equity and liabilities					
Equity		**4 067 710**	3 701 039	**3 944 642**	3 581 721
Equity attributable to the ordinary shareholder		**4 067 710**	3 701 039	**3 944 642**	3 581 721
Ordinary share capital	15	**416 000**	416 000	**416 000**	416 000
Reserves		**3 651 710**	3 285 039	**3 528 642**	3 165 721
Liabilities		**28 221 093**	23 759 713	**28 327 497**	23 869 210
Derivative liabilities	7	**29 978**	3 100	**29 978**	3 100
Trading liabilities	18	**3 573 056**	1 951 206	**3 573 056**	1 951 206
Current tax liability	25	**32 094**	61 420	**30 755**	61 256
Deposits from Banks	17	**791 013**	514 025	**791 013**	514 025
Deposits and current accounts	17	**20 202 845**	18 376 642	**20 236 912**	18 411 579
Subordinated debt	21	**271 778**	251 281	**271 778**	251 281
Other borrowings	21	**2 326 414**	2 089 250	**2 326 414**	2 089 250
Provisions and other liabilities	20	**993 915**	512 789	**1 067 591**	587 513
Total equity and liabilities		**32 288 803**	27 460 752	**32 272 139**	27 450 931

The financial statements on pages 41 to 103 were approved for issue by the Board of Directors on 1 March 2023 and are signed on its behalf by;

Chairman

Chief Executive

Director

Company Secretary

The notes on pages 47 to 103 are an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS

for the year ended 31 December 2022

	Note	Group		Bank	
		2022 ZMW '000	2021 ZMW'000	**2022 ZMW '000**	2021 ZMW'000
Net interest income		**1 841 962**	1 810 219	**1 829 147**	1 797 789
Interest income calculated using the effective interest rate method	24.1	**2 302 871**	2 336 768	**2 302 871**	2 334 811
Interest expense	24.2	**(460 909)**	(526 549)	**(473 724)**	(537 022)
Non-interest revenue		**1 084 255**	1 246 037	**1 089 121**	1 210 274
Net fee and commission revenue	24.3	**565 712**	547 444	**554 592**	515 087
Fee and commission revenue		**653 083**	631 244	**641 963**	598 887
Fee and commission expense		**(87 371)**	(83 800)	**(87 371)**	(83 800)
Trading revenue	24.4	**491 033**	668 031	**491 033**	668 031
Dividend income	24.5	**-**	-	**16 000**	-
Other revenue	24.5	**27 510**	30 562	**27 496**	27 156
Total income		**2 926 217**	3 056 256	**2 918 268**	3 008 063
Credit impairment recovery/(charges)	24.6	**50 943**	(117 066)	**50 943**	(117 066)
Net income before operating expenses		**2 977 160**	2 939 190	**2 969 211**	2 890 997
Staff costs	24.7	**(653 160)**	(622 165)	**(653 160)**	(622 165)
Other operating expenses	24.8	**(805 876)**	(828 959)	**(805 975)**	(806 366)
Total operating expenses		**(1 459 036)**	(1 451 124)	**(1 459 135)**	(1 428 531)
Profit before taxation		**1 518 124**	1 488 066	**1 510 076**	1 462 466
Taxation	25	**(480 916)**	(575 678)	**(476 618)**	(570 852)
Profit for the year		**1 037 208**	912 388	**1 033 458**	891 614

The notes on pages 47 to 103 are an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Note	Group		Bank	
		2022 ZMW '000	2021 ZMW'000	**2022 ZMW '000**	2021 ZMW'000
Profit for the year		**1 037 208**	912 388	**1 033 458**	891 614
Other comprehensive income after taxation for the year		**(670 537)**	241 336	**(670 537)**	241 336
Net change in debt financial assets measured at fair value through other comprehensive income	15	**(76 494)**	126 006	**(76 494)**	126 006
Deferred tax on change in fair value	25	**23 441**	(40 290)	**23 441**	(40 290)
Revaluation gains	15	**-**	95 543	**-**	95 543
Dividend		**(550 000)**	-	**(550 000)**	-
Deferred tax on revaluation gains		**2 646**	(24 144)	**2 646**	(24 144)
Net change in expected credit losses	9	**(70 130)**	84 221	**(70 130)**	84 221
Total comprehensive income for the year		**366 671**	1 153 724	**362 921**	1 132 950

The notes on pages 47 to 103 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2022

Group	Note	Share capital	Statutory reserves	Credit risk reserve	Fair Value Through Other Comprehensive Income Reserve	Revaluation reserve	Retained earnings	Total equity
		ZMW '000	ZMW '000	ZMW '000	ZMW '000	ZMW '000	ZMW '000	ZMW '000
Balance at 1 January 2021		416 000	7 700	226 488	4 159	92 140	1 800 828	2 547 315
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	912 388	912 388
Other comprehensive income, net of income tax		-	-	-	169 937	61 911	9 488	241 336
Net change in fair value	**15**	-	-	-	210 227	-	-	210 227
Deferred tax on change in fair value		-	-	-	(40 290)	-	-	(40 290)
Revaluation gains		-	-	-	-	95 543		95 543
Transfer of realised revaluation surplus to retained earnings		-	-	-	-	(9 488)	9 488	-
Deferred tax on revaluation surplus	**25**	-	-	-	-	(24 144)	-	(24 144)
Total comprehensive income		-	-	-	169 937	61 911	921 876	1 153 724
Decrease in credit risk reserve	**15**	-	-	(77 049)	-	-	77 049	-
Balance at 31 December 2021		416 000	7 700	149 439	174 096	154 051	2 799 753	3 701 039
Balance at 1 January 2022		**416 000**	**7 700**	**149 439**	**174 096**	**154 051**	**2 799 753**	**3 701 039**
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	**1 037 208**	**1 037 208**
Other comprehensive income, net of income tax		-	-	-	**(123 183)**	**(6 842)**	**(540 512)**	**(670 537)**
Net change in fair value	**15**	-	-	-	**(146 624)**	-	-	**(146 624)**
Deferred tax on change in fair value	**25**	-	-	-	**23 441**	-	-	**23 441**
Transfer of realised revaluation surplus to retained earnings		-	-	-	-	**(9 488)**	**9 488**	-
Dividends		-	-	-	-	-	**(550 000)**	**(550 000)**
Deferred tax on revaluation surplus	**25**	-	-	-	-	**2 646**	-	**2 646**
Total comprehensive income		-	-	-	**(123 183)**	**(6 842)**	**496 696**	**366 671**
Decrease in credit risk reserve	**15**	-	-	**(12 618)**	-	-	**12 618**	-
Balance at 31 December 2022		**416 000**	**7 700**	**136 821**	**50 913**	**147 209**	**3 309 067**	**4 067 710**

The notes on pages 47 to 103 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2022

Bank	Note	Share capital	Statutory reserves	Credit risk reserve	Fair Value Through Other Comprehensive Income Reserve	Revaluation reserve	Retained earnings	Total equity
Balance at 1 January 2021		416 000	7 700	226 488	4 159	20 406	1 774 018	2 448 771
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	891 614	891 614
Other comprehensive income, net of income tax		-	-	-	169 937	61 911	9 488	241 336
Net change in fair value	15	-	-	-	210 227	-	-	210 227
Deferred tax on change in fair value	25	-	-	-	(40 290)	-	-	(40 290)
Transfer of realised revaluation surplus to retained earnings		-	-	-	-	(9 488)	9 488	-
Revaluation gains		-	-	-	-	95 543	-	95 543
Deferred tax on revaluation surplus	25	-	-	-	-	(24 144)	-	(24 144)
Total comprehensive income		-	-	-	169 937	61 911	901 102	1 132 950
Increase in credit risk reserve	15	-	-	(77 049)	-	-	77 049	-
Balance at 31 December 2021		416 000	7 700	149 439	174 096	82 317	2 752 169	3 581 721
Balance at 1 January 2022		**416 000**	**7 700**	**149 439**	**174 096**	**82 317**	**2 752 169**	**3 581 721**
Total comprehensive income for the year								
Profit for the year		**-**	**-**	**-**	**-**	**-**	**1 033 458**	**1 033 458**
Other comprehensive income, net of income tax		**-**	**-**	**-**	**(123 183)**	**(6 842)**	**(540 512)**	**(670 537)**
Net change in fair value	15	**-**	**-**	**-**	**(146 624)**		**-**	**(146 624)**
Deferred tax on change in fair value	25	**-**	**-**	**-**	**23 441**	**-**	**-**	**23 441**
Transfer of realised revaluation surplus to retained earnings		**-**	**-**	**-**	**-**	**(9 488)**	**9 488**	**-**
Dividends		**-**	**-**	**-**	**-**	**-**	**(550 000)**	**(550 000)**
Deferred tax on revaluation surplus	25	**-**	**-**	**-**	**-**	**2 646**	**-**	**2 646**
Total comprehensive income		**-**	**-**	**-**	**(123 183)**	**(6 842)**	**492 946**	**362 921**
Decrease in credit risk reserve	15	**-**	**-**	**(12 618)**	**-**	**-**	**12 618**	**-**
Balance at 31 December 2022		**416 000**	**7 700**	**136 821**	**50 913**	**75 475**	**3 257 733**	**3 944 642**

The notes on pages 47 to 103 are an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CASHFLOWS

for the year ended 31 December 2022

	Note	Group and Bank	
		2022 ZMW '000	2021 ZMW'000
Profit before tax		**1 518 124**	1 488 066
Adjusted for:		**(165 584)**	313 083
Credit impairment charges		**(50 943)**	117 066
Depreciation of property and equipment		**59 612**	63 676
Amortisation of intangible asset		**23 881**	23 882
Profit on sale of property and equipment		**1 996**	(562)
Accrued interest income on loans and advances		**(488 697)**	(367 751)
Provision for management fees		**66 718**	45 536
Accrued interest expense customer deposits		**221 849**	431 236
Net cash flows from operating activities		**1 352 540**	1 801 149
Changes in operating funds			
Change in income-earning assets	26.4	**(5 908 983)**	(1 277 105)
Change in deposits and other liabilities	26.5	**4 488 843**	586 153
Cash flows used in operating activities		**(1 420 140)**	(690 952)
Income tax paid	26.6	**(485 457)**	(551 594)
Net cash (used in) / generated from operating activities		**(553 057)**	558 603
Cash flows from investing activities			
Acquisition of property and equipment (expanding operating capacity)	13	**(53 947)**	(18 740)
Principal element of lease payment		**(43 292)**	(23 527)
Proceeds from sale of property and equipment		**538**	2 807
Net cash used in investing activities		**(96 701)**	(39 460)
Cash flows from financing activities			
Dividend payment		**(310 000)**	-
Net cash used in financing activities		**(310 000)**	-
Net (decrease) / increase in cash and cash equivalents		**(959 758)**	519 143
Effects of exchange rate changes		**(3 487)**	3 428
Cash and cash equivalents at the beginning of the year		**12 047 214**	11 524 643
Cash and cash equivalents at the end of the year	26.7	**11 083 969**	12 047 214

The notes on pages 47 to 103 are an integral part of these financial statements.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

1. Reporting entity

Stanbic Bank Zambia Limited ("the Bank") is incorporated in Zambia under the Companies Act of Zambia as a limited liability company and is domiciled in Zambia. These consolidated financial statements comprise the Bank and its subsidiaries, collectively the "Group". The Bank is also licensed under the Banking and Financial Services Act of Zambia, to conduct commercial and retail banking services. The address of its registered office is:

Stanbic House Plot 2375, Addis Ababa Drive, Longacres Lusaka.

2. Basis of accounting

Going concern basis of accounting

The Group is domiciled in Zambia and is in the business of the provision of commercial and retail banking services, custodial services and lease financing. The Group has concluded that there are no material uncertainties that may cast significant doubt on its ability to continue as a going concern; however, reaching that conclusion involved significant judgement as follows;

Management continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate.

For the year ended 31 December 2022, the Group recognised a net profit ZMW 1 037 208 000 (2021: ZMW 912 388 000) with total assets as at 31 December 2022 of ZMW 32 288 803 000 (2021: ZMW 27 460 752 000). The Group has resources comprising cash and cash equivalents, other highly liquid assets and unused credit lines available at the date of authorisation of these financial statements.

The appropriateness of the going concern basis of accounting is dependent on the continued availability of funding in the form of customer deposits, financial institutions term debt and subordinated debt.

Also, to respond to a severe downside scenario, management has the ability to take mitigating actions to reduce costs, optimise the Group's cash flow and preserve liquidity. Based on these factors, management has a reasonable expectation that the Group has adequate resources.

2.1 Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Banking and Financial Services Act, Companies Act and the Securities Act of Zambia. Details of the Group's accounting policies including changes during the year are included in notes 2.4 and 3.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items :

- financial assets classified at fair value through OCI and Fair Value Through Profit or Loss (FVTPL) are measured at fair value; and
- buildings are accounted using the revaluation model

2.3 Functional and presentation currency

These consolidated and separate financial statements are presented in Zambian Kwacha ('ZMW' or 'K'), which is the functional and presentation currency of Stanbic Bank Zambia Limited and its subsidiaries. All amounts have been rounded to the nearest thousands except, when otherwise indicated.

2.4 Changes in accounting policies

The accounting policies are consistent with those reported in the previous year. There are no new or amended standards that are effective for the current reporting period. The Group also did not early adopt any amended standards during the current reporting period.

Interest rate benchmarks and reference interest rate reform

The Financial Stability Board had initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets.

During the 2021 financial year, the LIBOR's administrator, the Intercontinental Exchange Benchmark Administration Limited, announced it would no longer publish EUR, CHF, JPY and GBP related LIBOR rates for all tenors after 31 December 2021. The ICE Benchmark Administration Limited (IBA) had adopted a two-stage approach for the cession of the USD LIBOR rates with the one week and two month USD LIBOR rates no longer being published after 31 December 2021 and the remaining being the overnight, one month, three month, six month and 12 month rates no longer being published after 30 June 2023. The LIBOR rates which the group is exposed to will be replaced by Secured Overnight Financing Rate (SOFR), Sterling Overnight Index Average (SONIA), Euro Short Term Rate (ESTR), Tokyo Overnight Average (TONA) and Swiss Average Rate Overnight (SARON).

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

2. Basis of accounting (continued)
2.4 Changes in accounting policies (continued)

The Group has several USD LIBOR linked contracts that extend beyond 30 June 2023 and focus in 2022 was placed on the planning and transition of these exposures ahead of the cessation date. The Group ceased booking new LIBOR linked exposures, apart from limited circumstances to align with industry guidance and best practice. New exposures are booked using the ARRs being SOFR, SONIA, ESTR, TONA and SARON. In certain instances, other suitable rates are used, such as Central Bank Policy Rates.

By way of policy, all new contracts or exposures referencing IBORs include robust fallback language, and work is underway in some areas to actively transition legacy exposures away from LIBOR. Changes in impacted systems are being implemented and ready to book at new rates. Communications to clients are underway via multiple platforms along with one-to-one conversations. The Group is also ensuring that the staff have attended educational webinars and received the required updates and communication.

Financial instruments impacted by the reform which are yet to transition

	GBP LIBOR	USD LIBOR	EURIBOR	Other IBORs
	2022	2022	2022	2022
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Total assets recognized on the balance sheet subject to IBOR reform		**725 548**	-	
Derivative assets	-	-	-	-
Financial investments	-	-	-	-
Loans and advances	-	**725 548**	-	-
Trading assets	-	-	-	-
Total liabilities recognized on the balance sheet subject to IBOR reform		**271 778**	-	
Derivative liabilities	-	-	-	-
Deposits and debt funding	-	**271 778**	-	-
Trading liabilities	-	-	-	-
Total off balance sheet exposures subject to IBOR reform				
Off balance sheet items	-	-	-	-

3. Significant accounting policies

3.1 Basis of consolidation

3.1.1 Business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group (see 3.1.4). The consideration transferred on the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages the fair value of the pre-existing equity
- interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Any goodwill arising from business transactions for entity under common control are accounted for at book value using the pooling of interest method. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

3. Significant accounting policies (continued)
3.1 Basis of consolidation (continued)

3.1.2 Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.3 Special purpose entities

Special purpose entities are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of financial assets. These entities may take different legal forms. A special purpose entity, including a securitisation vehicle is consolidated when the substance of the relationship between the Group and the special purpose entity indicates that the Group controls the entity.

3.1.4 Subsidiaries

Subsidiaries are investees controlled by the Group. The Group 'controls' an investee if it is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

3.1.5 Loss of control

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

3.1.6 Transactions eliminated at consolidation

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

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of Group entities at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at the date of reporting. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss (except when recognised in OCI as part of qualifying cash flow hedges and net investment hedges to the extent that the hedge is effective).

3.3 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, restricted balances held with the Central Bank and highly liquid financial assets with original maturities three months or less, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents disclosed in the statement of cash flows consist of cash and cash equivalents, cash on hand and balances with Central Bank less the cash reserve requirement.

3.4 Financial assets and financial liabilities

Initial measurement - financial instruments All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss.

Financial instruments are recognised (derecognised) on the date the Group commits to purchase (sell) the instruments (trade date accounting).

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

3. Significant accounting policies (continued)

3.4 Financial assets and financial liabilities (continued)

IFRS 9 - accounting policies for financial instruments

Financial assets

Amortised cost	A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): • held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and • the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss - default.
Fair value through OCI	Includes: A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): • held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and • the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss - default. Equity financial assets which are not held for trading and are irrevocably elected (on an instrument-by instrument basis) to be presented at fair value through OCI.
Held for trading	Those financial assets acquired principally for the purpose of selling in the near term (including all derivative financial assets) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Included are commodities that are acquired principally for the purpose of selling in the near future or generating a profit from fluctuations in price or broker-trader margin.
Designated at fair value through profit or loss	Financial assets are designated to be measured at fair value to eliminate or significantly reduce an accounting mismatch that would otherwise arise.
Fair value through profit or loss - default	Financial assets that are not classified into one of the above mentioned financial asset categories.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

3. Significant accounting policies (continued)

3.4 Financial assets and financial liabilities (continued)

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortised cost or fair value as follows:

Amortised cost	Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.
Fair value through OCI	Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue. Interest income on a debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss.
Held for trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.
Fair value through profit or loss - default	Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.

Impairment

ECL is recognised on debt financial assets classified as at either amortised cost or fair value through OCI, financial guarantee contracts that are not designated at fair value through profit or loss as well as loan commitments that are neither measured at fair value through profit or loss nor are used to provide a loan at a below market interest rate.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a SICR at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement basis of the ECL, which is set out in the table that follows, is measured as the unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	A lifetime ECL allowance is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3	A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired: • default • significant financial difficulty of borrower and/or modification • probability of bankruptcy or financial reorganisation • disappearance of an active market due to financial difficulties.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

3. Significant accounting policies (continued)

3.4 Financial assets and financial liabilities (continued)

The key components of the impairment methodology as described as follows:

Significant increase in credit risk(SICR)	At each reporting date the Group assesses whether the credit risk of its exposures has increased significantly since initial recognition by considering the change in the risk of default occurring over the expected life of the financial asset. Credit risk of exposures which are overdue for more than 30 days are also considered to have increased significantly.
Low credit risk	Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the exposure's ability to fulfil its contractual obligations.
Default	The Group's definition of default has been aligned to its internal credit risk management definitions and approaches. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets: • significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower) • a breach of contract, such as default or delinquency in interest and/or principal payments • disappearance of active market due to financial difficulties • it becomes probable that the borrower will enter bankruptcy or other financial reorganisation • where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the group would not otherwise consider. Exposures which are overdue for more than 90 days are also considered to be in default.
Forward-looking information	Forward-looking information is incorporated into the Group's impairment methodology calculations and in the Group's assessment of Significant Increase in Credit Risk (SICR). The Group includes all forward looking information which is reasonable and available without undue cost or effort. The information will typically include expected macro-economic conditions and factors that are expected to impact portfolios or individual counterparty exposures.
Write-off	Financial assets are written off when there is no reasonable expectation of recovery. Financial assets which are written off may still be subject to enforcement activities.

ECLs are recognised within the statement of financial position as follows:

Financial assets measured at amortised cost (including loan commitments)	Recognised as a deduction from the gross carrying amount of the asset (group of assets). Where the impairment allowance exceeds the gross carrying amount of the asset (group of assets), the excess is recognised as a provision within other liabilities.
Off-balance sheet exposures (excluding loan commitments)	Recognised as a provision within other liabilities.
Financial assets measured at fair value through OCI	Recognised in the fair value reserve within equity. The carrying value of the financial asset is recognised in the statement of financial position at fair value.

Financial liabilities

Nature	
Held-for-trading	Those financial liabilities incurred principally for the purpose of repurchasing in the near term (including all derivative financial liabilities) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial liabilities are designated to be measured at fair value in the following instances: to eliminate or significantly reduce an accounting mismatch that would otherwise arise where the financial liabilities are managed and their performance evaluated and reported on a fair value basis where the financial liability contains one or more embedded derivatives that significantly modify the financial liability's cash flows.
Amortised cost	All other financial liabilities not included in the above categories.

Subsequent measurement

Subsequent to initial measurement, financial liabilities are classified in their respective categories and measured at either amortised cost or fair value as follows:

Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Amortised cost	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

3. Significant accounting policies (continued)

3.4 Financial assets and financial liabilities (continued)

Derecognition and modification of financial assets and liabilities

Financial assets and liabilities are derecognised in the following instances

	DERECOGNITION	MODIFICATION
Financial assets	Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the Group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in the transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group enters into transactions whereby it transfers assets, recognised in its statement of financial position, but retains either all or a portion of the risks or rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all risks and rewards include securities lending and repurchase agreements. When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction, similar to repurchase transactions. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.	Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within noninterest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes. If the terms are not substantially different for financial assets or financial liabilities, the group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within noninterest revenue (for all other modifications).
Financial Liabilities	Financial liabilities are derecognised when the financial liabilities' obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.	

Derivatives and embedded derivatives

In the normal course of business, the group enters into a variety of derivative transactions for both trading and hedging purposes. Derivative financial instruments are entered into for trading purposes and for hedging foreign exchange, interest rate, inflation, credit, commodity and equity exposures. Derivative instruments used by the group in both trading and hedging activities include swaps, options, forwards, futures and other similar types of instruments based on foreign exchange rates, credit risk, inflation risk, interest rates and the prices of commodities and equities.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparties to the transaction.

3.5 Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.
Financial guarantee contracts are initially recognised at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee. Financial guarantee contracts are subsequently measured at the higher of the:

- present value of any expected payment, when a payment under the guarantee has become probable
- unamortised premium.

3.6 Share capital

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

3.7 Deposits debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are the Group's source of debt funding.

When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (sale and repurchase agreement), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

3. Significant accounting policies (continued)

3.7 Deposits debt securities issued and subordinated liabilities (continued)

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

3.8 Property and equipment

Equipment, furniture, vehicles and other tangible assets are measured at cost less accumulated depreciation and accumulated impairment losses. Property and equipment are measured at cost on initial recognition. Buildings are measured at revalued amount less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where significant parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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

The cost of replacing a part of an item of property or equipment is recognised in the carrying amount of the item or is recognised as a separate asset as appropriate, if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Maintenance repairs and other costs of the day to day servicing of property and equipment, which do not meet these criteria, are recognised in profit or loss as incurred. Depreciation, impairment losses and gains or losses on disposal of assets are included in statement of comprehensive income.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leasehold buildings are depreciated over the period of the lease or over a lesser period, as is considered appropriate.

The assets' residual values and useful lives and the depreciation method applied are reviewed and adjusted if appropriate, at each financial year-end. The estimated useful lives of tangible assets for the current and comparative periods are as follows:

Buildings	40 years
Computer equipment	3 to 5 years
Motor vehicles	5 years
Office equipment	5 to 10 years
Furniture and fittings	5 to 13 years
Capitalised leased assets	over the shorter of the lease term or its useful life
Leasehold improvements	4 years

Revaluation surplus

The policy of the Group is to independently re-value its properties, periodically but not more than five years. The market value is based on the open market values. The surplus arising on the revaluation of properties is initially credited to a revaluation surplus, which is a non-distributable reserve. A transfer is made (net of tax) from this reserve to retained earnings each year, equivalent to the difference between the actual depreciation charge for the year and the depreciation charge based on historical values, in respect of the re-valued assets.

If the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset, thereafter the remaining decrease is recognised as profit or loss.

3.9 Capitalisation of borrowing costs

Borrowing costs that relate to qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale and are not measured at fair value) are capitalised. All other borrowing costs are recognised in the statement of comprehensive income.

3.10 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses from the date that the assets are available for use. Intagible assets are measured at cost on intial recognition.
Costs associated with developing or maintaining computer software programmes and the acquisition of software licences are generally recognised as an expense as incurred.

However, direct computer software development costs that are clearly associated with an identifiable and unique system, which will be controlled by the Group and have a probable future economic benefit beyond one year, are recognised as intangible assets.

Expenditure subsequently incurred on computer software, is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation is recognised in operating expenses on a straight-line basis, at rates appropriate to the expected lives of the assets (2 to 15 years) from the date that the asset is available for use. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if necessary.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

3. Significant accounting policies (continued)

3.11 Lease accounting policies

<table>
<tr><th>Type and description</th><th>Statement of financial position</th><th>Income statement</th></tr>
<tr><td colspan="3">IFRS 16 - Lessee accounting policies</td></tr>
<tr><td>Single lessee accounting model

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

• leases of low value assets; and

• leases with a duration of twelve months or less.</td><td>Lease liabilities:

Initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the group) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. The group's internal funding rate is the base on which the incremental borrowing rate is calculated. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

• Amounts expected to be payable under any residual value guarantee;
• The exercise price of any purchase option granted in favour of the group, should it be reasonably certain that this option will be exercised;
• Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.</td><td>Interest expense on lease liabilities:

A lease finance cost, determined with reference to the interest rate implicit in the lease or the group's incremental borrowing rate, is recognised within interest expense over the lease period.</td></tr>
<tr><td></td><td>Right of use assets:

Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

• lease payments made at or before commencement of the lease;
• initial direct costs incurred; and
• the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.
The group applies the cost model subsequent to the initial measurement of the right of use assets.</td><td>Depreciation on right of use assets:

Subsequent to initial measurement, the right of use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the group at the end of the lease term, whereby the right of use assets are depreciated on a straight-line basis over the remaining economic life of the asset. This depreciation is recognised as part of operating expenses.</td></tr>
<tr><td></td><td>Termination of leases:

When the group or lessor terminates or cancels a lease, the right of use asset and lease liability are derecognised.</td><td>Termination of leases:

On derecognition of the right of use asset and lease liability, any difference is recognised as a derecognition gain or loss in profit or loss.</td></tr>
</table>

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

3. Significant accounting policies (continued)

3.11 Lease accounting policies (continued)

<table>
<tr><th>Type and description</th><th>Statement of financial position</th><th>Income statement</th></tr>
<tr><td colspan="3">IFRS 16 - Lessee accounting policies (continued)</td></tr>
<tr><td>All leases that meet the criteria as either a low value or a short term lease are accounted for on a straight line basis over the the lease term.</td><td>Accruals for unpaid lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease expense are recognised.</td><td>Payments made under these leases, net of any incentives received from the lessor, are recognised in operating expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination takes place.</td></tr>
<tr><td rowspan="2">Reassessment and modification of leases</td><td colspan="2">Reassessment of lease terms and lease modifications that are not accounted for as a separate lease:
When the group reassesses the terms of any lease (i.e. it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised.

For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right of use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right of use asset is reduced to zero any further reduction in the measurement of the lease liability is recognised in profit or loss.

For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right of use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.</td></tr>
<tr><td colspan="2">Lease modifications that are accounted for as a separate lease:

When the group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the group accounts for these modifications as a separate new lease. This accounting treatment equally applies to leases which the group elected the short-term lease exemption and the lease term is subsequently modified.</td></tr>
<tr><td colspan="3">IFRS 16 - Lessor Accounting policies</td></tr>
<tr><td>Finance leases

Leases, where the group transfers substantially all the risk and rewards incidental to ownership, are classified as finance leases.</td><td>Finance lease receivable, including initial direct costs and fees, are primarily accounted for as financing transaction in backing activities, with rentals and instalments receivable, less unearned finance charges, being included in loans and advances.</td><td>Finance charges earned within interest income are computed using the effective interest method, which reflects a constant periodic rate of return on the investment in the finance lease. The tax benefits arising from investment allowances on assets leased to clients are accounted for within direct taxation.</td></tr>
<tr><td>Operating leases

All leases that do not meet the criteria of a financial lease are classified as operating leases.</td><td>The asset underlying the lease continues to be recognised and accounted for in terms of the relevant group accounting policies. Accruals for outstanding lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease income are recognised.</td><td>Operating lease income net of any incentives given to lessees, is recognised on the straight-line basis, or a more representative basis where applicable, over the lease term and is recognised in operating income.

When an operating lease is terminated before the lease period has expired, any payment received/(paid) by the group by way of a penalty is recognised as income/(expense) in the period in which termination takes place.</td></tr>
</table>

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

3. Significant accounting policies (continued)

3.11 Lease accounting policies (continued)

IFRS 16 - Lessor lease modifications	
Finance leases	When the group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the group accounts for these modifications as a separate new lease. All other lease modifications that are not accounted for as a separate lease are accounted for in terms of IFRS 9, unless the classification of the lease would have been accounted for as an operating lease had the modification been in effect at inception of the lease. These lease modifications are accounted for as a separate new lease from the effective date of the modification and the net investment in the lease becomes the carrying amount of the underlying asset.
Operating leases	Modifications are accounted for as a new lease from the effective date of the modification.

3.12 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions for legal claims are recognised on a prudent basis for the estimated cost for all legal claims that have not been settled or reached conclusion at the reporting date. In determining the provision management considers the probability and likely settlement (if any). Reimbursements of expenditure to settle the provision are recognised when and only when it is virtually certain that the reimbursement will be received.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Contingent liabilities include certain guarantees, other than financial guarantees and letters of credit pledged as collateral security. Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the Notes to the consolidated and separate financial statements unless they are remote.

3.13 Employee benefits

(a)Post-employment benefits
Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Group operates a defined contribution plan, based on a percentage of pensionable earnings funded by both employer and employees, the assets of which are generally held in separate trustee-administered funds. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(b)Termination benefits

Termination benefits are recognised as an expense when the Group is committed without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

3. Significant accounting policies (continued)

3.13 Employee benefits ***(continued)***

(c) Short-term benefits
Short-term benefits consist of salaries, accumulated leave payments, bonuses and any non-monetary benefits such as medical aid contributions. Short- term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(d) Share based payment transactions
The fair value of equity-settled share options is determined on the grant date and accounted for as staff costs over the vesting period of the share options, with a corresponding increase in the share- based payment reserve. Non-market vesting conditions are not considered in the valuation but are included in the estimate of the number of options expected to vest. At each reporting date, the estimate of the number of options expected to vest is reassessed and adjusted against income and equity over the remaining vesting period.

On vesting of share options, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer. On exercise of equity-settled share options, proceeds received are credited to share capital and premium.

(e)Other staff benefits
The Group also operates a staff loans scheme for its employees for the provision of facilities such as house, car and other personal loans. From time to time, the Group determines the terms and conditions for granting of the above loans with reference to the prevailing market interest rates and may determine different rates for different classes of transactions and maturities.

In cases where the interest rates on staff loans are below market rates, a fair value calculation is performed using appropriate market rates. The Group recognises, in the profit or loss, the resulting staff loan benefit arising as a result of marked to market adjustment, on a straight line basis over the remaining period to maturity. The marked to market staff loans are included under loans and advances to customers while the unamortised staff benefit are included under other assets in the statement of financial position.

3.14 Taxation
Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. Current tax represents the expected tax payable or receivable on taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of the previous year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values of assets and liabilities for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognised for the following temporary differences:

- on the initial recognition of assets or liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and
- related to investments in subsidiaries to the extent that it is probable that these differences will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses, tax credits and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

3. Significant accounting policies (continued)

3.15 Revenue and expenditure

Description	Recognition and measurement
Net interest income	Interest income and expense (with the exception of borrowing costs that are capitalised on qualifying assets, that is assets that necessarily take a substantial period of time to get ready for their intended use or sale and which are not measured at fair value) are recognised in net interest income using the effective interest method for all interest-bearing financial instruments. In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts 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. Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin-yielding assets or liabilities into the statement of financial position, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate. Where the estimates of payments or receipts on financial assets or financial liabilities are subsequently revised, the carrying amount of the financial asset or financial liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is calculated by computing the present value of the adjusted cash flows at the financial asset or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in net interest income. When a financial asset is classified as stage 3 impaired, interest income is calculated on the impaired value (gross carrying amount less specific impairment) based on the original effective interest rate. The contractual interest income on the gross exposure is suspended and is only recognised in credit impairments when the financial asset is reclassified out of stage 3. Dividends received on preference share investments classified as debt form part of the group's lending activities and are included in interest income.
Trading revenue	Trading revenue comprises all gains and losses from changes in the fair value of trading assets and liabilities, together with related interest income, expense and dividends.
Net fee and commission revenue	Fee and commission revenue, including accounting transaction fees, card-based commission, documentation and administration fees, electronic banking fees, foreign currency service fees, insurance based fees and commissions, and knowledge-based fees and commissions are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period. Loan syndication fees, where the group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised to the income statement as interest income. The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract. Fee and commission expenses, included in net fee and commission revenue, are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is presented as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue.
Customer loyalty programmes	The group's banking activities operate a customer loyalty programme in terms of which it undertakes to provide goods and services to certain customers. The reward credits are accounted for as a separately identifiable component of the fee and commission income transactions of which they form a part. The consideration allocated to the reward credits is measured at the fair value of the reward credit and is recognised over the period in which the customer utilises the reward credits. Expenses relating to the provision of the reward credits are recognised in fee and commission expenses as and when they are incurred.
Dividend income	Dividends are recognised in interest income (other revenue) for debt (equity instruments) when the right to receipt is established. Scrip dividends are recognised as dividends received where the dividend declaration allows for a cash alternative.
Other revenue	Other revenue comprises of revenue that is not included in any of the categories mentioned above this could include dividends on equity financial assets, underwriting profit from the group's short-term insurance operations and related insurance activities and re-measurement gains and losses from contingent consideration on disposals and purchases.

3.16 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU 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 or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate assets are allocated.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

3. Significant accounting policies (continued)

3.16 Impairment of non-financial assets (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGU's), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

For other assets, 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.

3.17 New standards and interpretations not yet adopted

The following new standards, and amendments are not yet effective for the year ended 31 December 2022 and have not been applied in preparing these annual financial statements.

Title: IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)
Effective date: deferred the effective date for these amendments indefinitely
The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be applied prospectively and are not expected to have a material impact on the group's financial statements

Title: IAS 1 Presentation of Financial Statements (amendments)
Effective date: 1 January 2024
The first amendment clarifies how to classify debt and other liabilities as current or non-current. The objective of the amendment is aimed to promote consistency in applying the requirements by helping entities determine whether, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also includes clarifying the classification requirements for debt an entity might settle by converting it into equity. These are clarifications, not changes, to the existing requirements, and so are not expected to affect entities' financial statements significantly. The impact on the annual financial statements has not yet been fully determined, however not expected to have a significant impact on the group.

The second amendment to IAS 1 requires a company to classify debt as non-current only if the company can avoid settling the debt in the 12 months after the reporting date. However, a company's ability to do so is often subject to complying with covenants. For example, a company might have long-term debt that could become repayable within 12 months if the company fails to comply with covenants in that 12-month period.

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements and the aim of the amendments therefore is to improve the information companies provide about long-term debt with covenants. The amendments will be applied retrospectively and are not expected to have a material impact on the group's financial statements.

Title: IFRS 16 Leases (narrow scope amendments)
Effective date: 1 January 2024
The amendments add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. IFRS 16 had not previously specified how to measure the transaction when reporting after that date. The amendments add to the sale and leaseback requirements in IFRS 16, thereby supporting the consistent application of the standard. These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction. The amendments will be applied retrospectively and are not expected to have a material impact on the group's financial statements.

4. Financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

By their nature, the Group's activities are principally related to the use of financial instruments including derivatives. The Group accepts deposits from customers at both fixed and floating rates, and for various periods, and seeks to earn above-average interest margins by investing these funds in high - quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

Thus the Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Group has exposure to the following risks from financial instruments:

- Credit risk;
- Market risk;
- Liquidity risk and
- Non financial risk

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

4. Financial risk management (continued)

4.1 Credit risk

Definition

Credit risk is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk (including borrowers and trading counterparties), concentration risk and country risk.

Approach to managing and measuring credit risk

The Group's credit risk is a function of its business model and arises from wholesale and retail loans and advances, guarantee commitments, as well as from the counterparty credit risk arising from derivative and securities financing contracts entered into with our customers and trading counterparties. The management of credit risk is aligned to the group's three lines of defence framework. The business function owns the credit risk assumed by the Group and as the first line of defence is primarily responsible for its management, control and optimisation in the course of business generation.

The credit function acts as the second line of defence and is responsible for providing independent and objective approval and oversight for the credit risk-taking activities of business, to ensure the process of procuring revenue, while assuming optimal risk, is undertaken with integrity. Further second-line oversight is provided by the group risk function through independent credit risk assurance.

The third line of defence is provided by the internal audit function under its mandate from the Audit Committee.

Credit risk is managed through:

- Maintaining a culture of responsible lending and a robust risk policy and control framework
- Identifying, assessing and measuring credit risk across the group, from an individual facility level through to an aggregate portfolio level
- Defining, implementing and continually re-evaluating risk appetite under actual and stressed conditions
- Monitoring the group's credit risk exposure relative to approved limits
- Ensuring that there is expert scrutiny and approval of credit risk and its mitigation independently of the business functions

A credit portfolio limit framework has been defined to monitor and control the credit risk profile within the group's approved risk appetite. All primary lending credit limits are set and exposures measured on the basis of risk weighting in order to best estimate exposure at default (EAD). Pre-settlement counterparty credit risk (CCR) inherent in trading book exposures is measured on a potential future exposure (PFE) basis, modelled at a defined level of confidence, using approved methodologies and models, and controlled within explicit approved limits for the counterparties concerned.

Credit risk mitigation

Wherever warranted, the Group will attempt to mitigate credit risk, including CCR to any counterparty, transaction, sector, or geographic region, so as to achieve the optimal balance between risk, cost, capital utilisation and reward. Risk mitigation may include the use of collateral, the imposition of financial or behavioural covenants, the acceptance of guarantees from parents or third parties, the recognition of parental support, and the distribution of risk.

Collateral and parental guarantees are widely used to mitigate credit risk. Credit risk mitigation policies and procedures ensure that risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements of operational management for legal, practical and timely enforcement. Detailed processes and procedures are in place to guide each type of mitigation used.

In the case of collateral where the Group has an unassailable legal title, the Group's policy is such that collateral is required to meet certain criteria for recognition in Loss Given Default (LGD) modelling, including:

- Is readily marketable and liquid
- Is legally perfected and enforceable
- Has a low valuation volatility
- Is readily realisable at minimum expense
- Has no material correlation to the obligor credit quality
- Has an active secondary market for resale

Guarantees and related legal contracts are often required, particularly in support of credit extension to groups of companies and weaker obligors. Guarantors include banks, parent companies, shareholders and associated obligors. Creditworthiness is established for the guarantor as for other obligor credit approvals.

Credit portfolio characteristics and metrics in terms of IFRS 9

Maximum exposure to credit risk

Debt financial assets at amortised cost and FVOCI as well as off-balance sheet exposure subject to an ECL are analysed and categorised based on credit quality using the group's master rating scale. Exposures within Stage 1 and 2 are rated between 1 to 25 in terms of the group's master rating scale. Exposures that are not within 1 to 25 are considered to be in default.

Default

The Group's definition of default has been aligned to its internal credit risk management definitions and approaches. Whilst the specific determination of default varies according to the nature of the product, it is generally Determined (aligned to the BASEL definition) as occurring at the earlier of:

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

4. Financial risk management (continued)

4.1 Credit risk ***(continued)***

- where, in the Group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The Group will not rebut IFRS 9's 90 days past due rebuttable presumption.

A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:

- significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower)
- a breach of contract, such as default or delinquency in interest and/or principal payments
- disappearance of active market due to financial difficulties
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation
- where the group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the group would not otherwise consider.

Exposures which are overdue for more than 90 days are also considered to be in default.

(a) Exposure to credit risk - Group IFRS 9

The credit quality of the portfolio of loans and advances can be assessed by reference to the internal rating system adopted by the Group as shown below:

Group – Maximum exposure to credit risk – 31 December 2022

Loans and advances at amortised cost	Total ZMW'000	SB 1 -12 ZMW'000		SB 13 -20 ZMW'000		SB 21-25 ZMW'000		Default
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3
BCC and CHNW	**5 053 284**	**738 714**	**-**	**3 744 558**	**12 154**	**23 738**	**58 119**	**476 001**
CIB	**5 688 137**	**2 055 324**	**-**	**2 970 821**	**209 164**	**441 742**	**11 086**	**-**
Gross carrying amount	**10 741 421**							
Less: Interest in suspense	**(79 414)**							
Less: Expected credit losses for loans and advances	**(303 717)**							
Net carrying amount of loans and advances measured at amortised cost	**10 358 290**							
Financial investments at amortised cost								
Gross carrying amounts	**5 514 518**	**913 960**				**4 600 558**		
Less: Total expected credit losses for financial investments	**(180 235)**							
Net carrying amount of financial investments measured at amortised cost	**5 334 283**							
Financial investments at fair value through OCI								
Gross carrying amounts	**746 087**					**705 884**	**40 203**	
Less: Total expected credit losses	**(23 285)**							
Total financial investment at fair value through OCI	**722 802**							
Off balance sheet exposures								
Letters of credit	**749 721**							
Guarantees	**2 948 224**							
Total exposure to off-balance sheet credit risk	**3 697 945**							
Expected credit losses for off-balance sheet exposure	**(17 073)**							
Net carrying amount of off-balance sheet exposures	**3 680 872**							
Total exposure to credit risk on financial assets subject to an expected credit loss	**20 096 247**							
Add the following other banking activities exposures:								
*Cash and balances with the central bank	**7 244 054**							
Loans and advances to banks	**6 092 098**							
Derivative assets	**25 939**							
Trading assets	**1 293 980**							
**Other assets	**428 624**							
Total exposure to credit risk	**35 180 942**							

*These balances are classified as FVTPL
** Other assets excludes prepayments

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

4. Financial risk management (continued)

4.1 Credit risk (continued)

Bank – Maximum exposure to credit risk – 31 December 2022								
Loans and advances at amortised cost	**Total ZMW'000**	**SB 1 -12 ZMW'000**		**SB 13 -20 ZMW'000**		**SB 21-25 ZMW'000**		**Default**
		Stage 1	**Stage 2**	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**	**Stage 3**
BCC and CHNW	**5 053 284**	**738 714**	**-**	**3 744 558**	**12 154**	**23 738**	**58 119**	**476 001**
CIB	**5 688 137**	**2 055 324**	**-**	**2 970 821**	**209 164**	**441 742**	**11 086**	**-**
Gross carrying amount	**10 741 421**							
Less: Interest in suspense	**(79 414)**							
Less: Expected credit losses for loans and advances	**(303 717)**							
Net carrying amount of loans and advances measured at amortised cost	**10 358 290**							
Financial investments at amortised cost								
Gross carrying amounts	**5 514 518**	**913 960**				**4 600 558**		
Less: Total expected credit losses for financial investments	**(180 235)**							
Net carrying amount of financial investments measured at amortised cost	**5 334 283**							
Financial investments at fair value through OCI								
Gross carrying amounts	**746 087**					**705 884**	**40 203**	
Less: Total expected credit losses	**(23 285)**							
Total financial investment at fair value through OCI	**722 802**							
Off balance sheet exposures								
Letters of credit	**749 721**							
Guarantees	**2 948 224**							
Total exposure to off-balance sheet credit risk	**3 697 945**							
Expected credit losses for off-balance sheet exposure	**(17 073)**							
Net carrying amount of off-balance sheet exposures	**3 680 872**							
Total exposure to credit risk on financial assets subject to an expected credit loss	**20 096 247**							
Add the following other banking activities exposures:								
*Cash and balances with the central bank	**7 244 054**							
Loans and advances to banks	**6 092 098**							
Derivative assets	**25 939**							
Trading assets	**1 293 980**							
**Other assets	**427 861**							
Total exposure to credit risk	**35 180 179**							

*These balances are classified as FVTPL
** Other assets excludes prepayments

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

4. *Financial risk management (continued)*

4.1 Credit risk ***(continued)***

Maximum exposure to credit risk before collateral held or other credit enhancements Credit risk exposures relating to on and off-statement of financial position assets are as follows:

Group – Maximum exposure to credit risk – 31 December 2021

Loans and advances at amortised cost	**Total ZMW'000**	**SB 1 -12 ZMW'000**		**SB 13 -20 ZMW'000**		**SB 21-25 ZMW'000**		**Default**
		Stage 1	**Stage 2**	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**	**Stage 3**
BCC and CHNW	4 024 408	657 817	-	2 645 547	-	-	296 498	424 546
CIB	4 047 657	1 556 746	-	1 616 977	17 120	813 435	22 622	20 757
Gross carrying amount	8 072 065	2 214 563	-	4 262 524	17 120	813 435	319 120	445 303
Less: Interest in suspense	(69 383)							
Less: Expected credit losses for loans and advances	(320 614)							
Net carrying amount of loans and advances measured at amortised cost	7 682 068							
Financial investments at amortised cost								
Gross carrying amounts	2 771 814					2 679 352	92 462	
Less: Total expected credit losses for financial investments	(207 542)							
Net carrying amount of financial investments measured at amortised cost	2 564 272							
Financial investments at fair value through OCI								
Gross carrying amounts	1 056 990						1 056 990	
Less: Total expected credit losses	(93 415)							
Total financial investment at fair value through OCI	963 575							
Off balance sheet exposures								
Letters of credit	155 717							
Guarantees	4 145 546							
Total exposure to off-balance sheet credit risk	4 301 263							
Expected credit losses for off-balance sheet exposure	(24 683)							
Net carrying amount of off-balance sheet exposures	4 276 580							
Total exposure to credit risk on financial assets subject to an expected credit loss	15 486 495							
Add the following other banking activities exposures:								
*Cash and balances with the central bank	3 995 657							
Loans and advances to banks	9 915 338							
Derivative assets	85 395							
Trading assets	1 292 091							
**Other assets	99 112							
Total exposure to credit risk	30 874 088							

*These balances are classified as FVTPL
** Other assets excludes prepayments

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

4. Financial risk management (continued)

4.1 Credit risk (continued)

Bank – Maximum exposure to credit risk – 31 December 2021								
Loans and advances at amortised cost	**Total ZMW'000**	**SB 1 -12 ZMW'000**		**SB 13 -20 ZMW'000**		**SB 21-25 ZMW'000**		**Default**
		Stage 1	**Stage 2**	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**	**Stage 3**
BCC and CHNW	4 024 408	657 817	-	2 645 547	-	-	296 498	424 546
CIB	4 047 657	1 556 746	-	1 616 977	17 120	813 435	22 622	20 757
Gross carrying amount	8 072 065	2 214 563	-	4 262 524	17 120	813 435	319 120	445 303
Less: Interest in suspense	(69 383)							
Less: Expected credit losses for loans and advances	(320 614)							
Net carrying amount of loans and advances measured at amortised cost	7 682 068							
Financial investments at amortised cost								
Gross carrying amounts	2 771 814					2 679 352	92 462	
Less: Total expected credit losses for financial investments	(207 542)							
Net carrying amount of financial investments measured at amortised cost	2 564 272							
Financial investments at fair value through OCI								
Gross carrying amounts	1 056 990						1 056 990	
Less: Total expected credit losses	(93 415)							
Total financial investment at fair value through OCI	963 575							
Off balance sheet exposures								
Letters of credit	155 717							
Guarantees	4 145 546							
Total exposure to off-balance sheet credit risk	4 301 263							
Expected credit losses for off-balance sheet exposure	(24 683)							
Net carrying amount of off-balance sheet exposures	4 276 580							
Total exposure to credit risk on financial assets subject to an expected credit loss	15 486 495							
Add the following other banking activities exposures:								
*Cash and balances with the central bank	3 995 657							
Loans and advances to banks	9 915 338							
Derivative assets	85 395							
Trading assets	1 292 091							
**Other assets	98 690							
Total exposure to credit risk	30 873 666							

*These balances are classified as FVTPL
** Other assets excludes prepayments

The above table represents a worst case scenario of credit risk exposure to the Group at 31 December 2022 and 2021 without taking account of any collateral held or other credit enhancements attached.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from both its loans and advances portfolio and investment securities available-for-sale based on the following:

- 96% of the loans and advances portfolio is categorised as performing (2021: 92%);
- mortgage loans and instalment sale and leases are supported by collateral;
- large corporates have dedicated relationship managers monitoring company performance and other factors that could indicate potential
- default; and
- all investment securities which the Group has invested in are issued by the Bank of Zambia or the Federal Reserve Bank which are considered risk free investments.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

4. *Financial risk management (continued)*

4.1 Credit risk *(continued)*

b) Collateral

The fair value of collateral held for sub-standard loans is ZMW 326 167 000 (2021: ZMW 354 320 000). The discounted value of the security is ZMW 4 770 000 (2021: ZMW 22 350 000).

4.2. Market Risk

4.2.1 Market risk measurement techniques

Definition

Market risk is defined as the risk of a change in market value, actual or effective earnings or future cashflows of a portfolio of financial instruments, including commodities, caused by adverse moves in market variables such as equity, bond and commodity prices, currency exchange rates and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of these variables.

Approach to managing market risk

The Group policy is that all trading activities are undertaken within the Bank's Global Markets trading operations. The market risk function is independent of trading operations and accountable to the Assets and Liabilities Committee ('ALCO').

Market risk teams are responsible for identifying, measuring, managing, monitoring and reporting market risk as outlined in the market risk governance standard. Exposures and excesses are monitored and reported daily. Where breaches in limits and triggers occur, actions are taken by market risk function to move exposures back in line with approved market risk appetite, with such breaches being reported to management and ALCO.

The Group thus manages market risk through a suite of risk measurement techniques, including Value at Risk (VaR), Stress Value at Risk (SVaR), stress testing, stop loss triggers, back testing and specific business unit and product controls.

a) VaR and SVaR

The Group applies 'Value at Risk' methodology ("VaR") to both its trading and banking portfolios. VaR is the loss with a given probability defined as the confidence level, over a given period of time. The Bank uses the historical VaR and SVaR approach to quantify market risk under normal conditions and under stressed conditions.

Normal VaR is defined with a 1 day holding period, 95% confidence interval and historical data for the last 12 months. Stress VaR provides an indication of the potential losses that could occur under extreme market conditions and where longer holding periods may be required to exit positions. Stress VaR is defined with a 10-day holding period, worst case and uses the same methodology as normal VaR, except that historical data period is required to cover at least 5 years of data.

(b) Stop-loss triggers

Stop-loss triggers are used to protect the profitability of the trading desks and are monitored by market risk on a daily basis. The triggers constrain cumulative or daily trading losses through acting as a prompt to review or close-out positions.

(c) Stress tests

Stress testing provides an indication of the potential losses that could occur under extreme but plausible market conditions, including where longer holding periods may be required to exit positions. Stress tests comprise individual market risk factor testing, combinations of market factors per trading desk and combinations of trading desks using a range of historical and hypothetical simulations.

(d) Back-testing

The Group back-tests its VaR models to verify the predictive ability of the VaR calculations and ensure the appropriateness of the models within the inherent limitations of VaR. Back-testing compares the daily hypothetical profit and losses under the one-day buy and hold assumption to the prior day's calculated VaR. In addition, VaR is tested by changing various model parameters, such as confidence intervals and observation periods to test the effectiveness of hedges and risk mitigation instruments.

(e) Specific business unit and product controls

Other market risk limits and controls specific to individual business units include permissible instruments, concentration of exposures, gap limits, maximum tenor, stop-loss triggers, price validation and balance sheet substantiation.

Reporting of Market Risk

Market risk has reporting procedures that highlight for attention within market risk or by management all forms of exposures, i.e. limit breaches or other reports that will periodically be required for submission to different stakeholders (e.g. local ALCO, local Board and Internal Capital Adequacy Assessment Process (ICAAP) stakeholders).

Trading Portfolio VaR by risk type Group and Bank

Amounts ZMW'000	**2022**			2021		
	Average	**High**	**Low**	Average	High	Low
Interest rate trading	**652**	**1 594**	**240**	481	1 047	77
Foreign exchange risk	**2 342**	**6 284**	**132**	1 954	5 182	132
Total VaR	**2 994**	**7 878**	**372**	2 435	6 229	209

The above two VaR results are extracted from the Group state of the art risk engine called Calypso Enterprise Risk Services – ERS. ERS calibrates VaR based on actual historical yield and foreign exchange rates moves applied onto current positions.

4.2.2 Foreign exchange risk

Group's foreign exchange trading desk is exposed to currency risk in all currencies it is mandated to trade. This is on all foreign exchange transactions undertaken on mandated Global Markets products. The Assets and Liabilities Committee (ALCO) sets the foreign exchange overnight Net Open Positions – NOP limits. These items of limits are monitored on a daily basis. The table below summaries the Group's exposure to foreign currency exchange rate risk at 31 December 2022. Included in the table are the Group's financial instruments at carrying amounts categorised by currency.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

4. Financial risk management (continued)

4.2 Market risk (continued)

4.2.2 Foreign exchange risk (continued)

GROUP

2022	**ZAR (ZMW'000)**	**USD (ZMW'000)**	**GBP (ZMW'000)**	**EURO (ZMW'000)**	**ZMW (ZMW'000)**	**TOTAL (ZMW'000)**
Assets						
Cash and balances with the Central Bank	**49 233**	**3 485 248**	**6 810**	**6 026**	**3 696 737**	**7 244 054**
Loans and advances to banks	**206 097**	**4 723 178**	**19 157**	**331 175**	**812 491**	**6 092 098**
Derivative assets	**-**	**-**	**-**	**-**	**25 939**	**25 939**
Trading assets	**-**	**-**	**-**	**-**	**1 293 980**	**1 293 980**
Financial investments	**-**	**913 993**	**-**	**-**	**5 166 377**	**6 080 370**
Loans and advances to customers	**-**	**3 973 226**	**-**	**-**	**6 385 064**	**10 358 290**
Other assets	**6 808**	**30 402**	**5 149**	**2 468**	**391 372**	**436 199**
Total financial assets	**262 138**	**13 126 047**	**31 116**	**339 669**	**17 771 960**	**31 530 930**
Liabilities						
Derivative liabilities	**-**	**-**	**-**	**-**	**29 978**	**29 978**
Trading liabilities	**-**	**-**	**-**	**-**	**3 573 056**	**3 573 056**
Deposits from banks	**-**	**-**	**-**	**-**	**791 013**	**791 013**
Other borrowings	**-**	**-**	**-**	**-**	**2 326 414**	**2 326 414**
Customer deposits	**174 811**	**11 059 315**	**27 230**	**339 814**	**8 601 675**	**20 202 845**
Provisions and other liabilities	**88 339**	**122 453**	**1 484**	**771**	**506 914**	**719 961**
Subordinated debt		**271 778**	**-**	**-**	**-**	**271 778**
Total financial liabilities	**263 150**	**11 453 546**	**28 714**	**340 585**	**15 829 050**	**27 915 045**
Net position on-statement of financial position	**(1 012)**	**1 672 501**	**2 402**	**(916)**	**1 942 910**	**3 615 885**
Net position off statement of financial position	**(43 403)**	**(1 842 227)**	**(8)**	**(414 489)**	**(1 397 818)**	**(3 697 945)**
Overall open position	**(44 415)**	**(169 726)**	**2 394**	**(415 405)**	**545 092**	**(82 060)**
2021	ZAR (ZMW'000)	USD (ZMW'000)	GBP (ZMW'000)	EURO (ZMW'000)	ZMW (ZMW'000)	TOTAL (ZMW'000)
Assets						
Cash and balances with the Central Bank	14 853	2 484 035	10 202	4 046	1 482 521	3 995 657
Loans and advances to banks	36 578	7 090 735	7 253	378 251	2 402 521	9 915 338
Derivative assets	-	-	-	-	85 395	85 395
Trading assets	-	-	-	-	1 292 091	1 292 091
Financial investments	-	-	-	-	3 621 262	3 621 262
Loans and advances to customers	-	1 439 131	-	-	6 242 937	7 682 068
Other assets	-	53 366	543	21 638	32 968	108 515
Total financial assets	51 431	11 067 267	17 998	403 935	15 159 695	26 700 326
Liabilities						
Derivative liabilities	-	-	-	-	3 100	3 100
Trading liabilities	-	-	-	-	1 951 206	1 951 206
Deposits from banks	-	-	-	-	514 025	514 025
Other borrowings	-	-	-	-	2 089 250	2 089 250
Customer deposits	141 648	10 299 548	20 187	356 623	7 558 636	18 376 642
Provisions and other liabilities	107 316	273 765	3 519	1 113	109 084	494 797
Subordinated debt	-	251 281	-	-	-	251 281
Total financial liabilities	248 964	10 824 594	23 706	357 736	12 225 301	23 680 301
Net position on-statement of financial position	(197 533)	242 673	(5 708)	46 199	2 934 394	3 020 025
Net position off statement of financial position	(43 403)	(1 842 277)	(8)	(414 489)	(2 001 086)	(4 301 263)
Overall open position	(240 936)	(1 599 604)	(5 716)	(368 290)	933 308	(1 281 238)

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

4. Financial risk management (continued)

4.2 Market risk (continued)

4.2.2 Foreign exchange risk (continued)

BANK						
2022	**ZAR (ZMW'000)**	**USD (ZMW'000)**	**GBP (ZMW'000)**	**EURO (ZMW'000)**	**ZMW (ZMW'000)**	**TOTAL (ZMW'000)**
Assets						
Cash and balances with the Central Bank	**49 233**	**3 485 248**	**6 810**	**6 026**	**3 696 737**	**7 244 054**
Loans and advances to banks	**206 097**	**4 723 178**	**19 157**	**331 175**	**812 491**	**6 092 098**
Derivative assets	-	-	-	-	**25 939**	**25 939**
Trading assets	-	-	-	-	**1 293 980**	**1 293 980**
Financial investments	-	**913 993**	-	-	**5 166 377**	**6 080 370**
Loans and advances to customers	-	**3 973 226**	-	-	**6 385 064**	**10 358 290**
Other assets	**6 808**	**30 402**	**5 149**	**2 468**	**390 608**	**435 435**
Total financial assets	**262 138**	**13 126 047**	**31 116**	**339 669**	**17 771 196**	**31 530 166**
Liabilities						
Derivative liabilities	-	-	-	-	**29 978**	**29 978**
Trading liabilities	-	-	-	-	**3 573 056**	**3 573 056**
Deposits from banks	-	-	-	-	**791 013**	**791 013**
Other borrowings	-	-	-	-	**2 326 414**	**2 326 414**
Customer deposits	**174 811**	**11 059 315**	**27 230**	**339 814**	**8 635 742**	**20 236 912**
Provisions and other liabilities	**88 339**	**122 453**	**1 484**	**771**	**580 591**	**793 638**
Subordinated debt	-	**271 778**	-	-	-	**271 778**
Total financial liabilities	**263 150**	**11 453 546**	**28 714**	**340 585**	**15 936 794**	**28 022 789**
Net position on-statement of financial position	**(1 012)**	**1 672 501**	**2 402**	**(916)**	**1 834 402**	**3 507 377**
Net position off statement of financial position	**(43 403)**	**(1 842 227)**	**(8)**	**(414 489)**	**(1 397 818)**	**(3 697 945)**
Overall open position	**(44 415)**	**(169 726)**	**2 394**	**(415 405)**	**436 584**	**(190 568)**
2021	ZAR (ZMW'000)	USD (ZMW'000)	GBP (ZMW'000)	EURO (ZMW'000)	ZMW (ZMW'000)	TOTAL (ZMW'000)
Assets						
Cash and balances with the Central Bank	14 853	2 484 035	10 202	4 046	1 482 521	3 995 657
Loans and advances to banks	36 578	7 090 735	7 253	378 251	2 402 521	9 915 338
Derivative assets	-	-	-	-	85 395	85 395
Trading assets	-	-	-	-	1 292 091	1 292 091
Financial investments	-	-	-	-	3 621 262	3 621 262
Loans and advances to customers	-	1 439 131	-	-	6 242 937	7 682 068
Other assets	-	53 366	543	21 638	32 246	107 793
Total financial assets	51 431	11 067 267	17 998	403 935	15 158 973	26 699 604
Liabilities						
Derivative liabilities	-	-	-	-	3 100	3 100
Trading liabilities	-	-	-	-	1 951 206	1 951 206
Deposits from banks	-	-	-	-	514 025	514 025
Other borrowings	-	-	-	-	2 089 250	2 089 250
Customer deposits	141 648	10 299 548	20 187	356 623	7 593 573	18 411 579
Provisions and other liabilities	107 316	273 765	3 519	1 113	127 077	512 790
Subordinated debt	-	251 281	-	-	-	251 281
Total financial liabilities	248 964	10 824 594	23 706	357 736	12 278 231	23 733 231
Net position on-statement of financial position	(197 533)	242 673	(5 708)	46 199	2 880 742	2 966 373
Net position off statement of financial position	(43 403)	(1 842 277)	(8)	(414 489)	(2 001 086)	(4 301 263)
Overall open position	(240 936)	(1 599 604)	(5 716)	(368 290)	879 656	1 334 890

Foreign currency risk sensitivity

The table that follows reflects the financial impact, in kwacha equivalent, resulting from a 10% shock to foreign currency risk exposures, against Kwacha. The sensitivity analysis is based on net open foreign currency exposures arising from foreign denominated financial assets and liabilities inclusive of derivate financial instruments, cash balances, and accruals, but excluding net assets in foreign operations. The sensitivity analysis reflects the sensitivity of profit or loss on the group's foreign denominated exposures other than those trading positions for which sensitivity has been included in the trading book VaR analysis.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

4. Financial risk management (continued)

4.2 Market risk (continued)

4.2.2 Foreign exchange risk (continued)

Foreign Currency Risk Sensivity in ZMW Equivalent

		USD	Euro	GBP	Other	Total
2022						
Total net long/(short) position	**ZMW'000**	**(306 947)**	**2 444**	**5 526**	**(25 144)**	**(324 121)**
Sensitivity (ZMW depreciation)	**%**	**10**	**10**	**10**	**10**	**10**
Impact on profit or (loss)/equity	**ZMW'000**	**(30 695)**	**244**	**553**	**(2 514)**	**(32 412)**
2021						
Total net long/(short) position	ZMW'000	23 049	(17 065)	(3 494)	(98 693)	(96 203)
Sensitivity (ZMW depreciation)	%	10	10	10	10	10
Impact on profit or (loss)/equity	ZMW'000	2 305	(1 707)	(349)	(9 869)	(9 620)

1. Before tax
2. A 10% appreciation in ZMW will have an equal and opposite impact on the profit or loss to the amounts disclosed above

4.2.3 Interest rate risk

Exposure to interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken which is monitored daily by Group Treasury. A summary of the Group's interest rate gap position on non-trading portfolios is as follows:

GROUP							
2022 (ZMW '000)	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**Over 1 year within 5 years**	**After 5 years**	**Total**
Cash and balances with the Central Bank	**7 244 054**	**-**	**-**	**-**	**-**	**-**	**7 244 054**
Loans and advances to banks	**6 092 098**	**-**	**-**	**-**	**-**	**-**	**6 092 098**
Financial investments	**776 499**	**971 688**	**473 021**	**1 964 823**	**1 894 339**	**-**	**6 080 370**
Trading assets	**33**	**-**	**-**	**740 331**		**553 616**	**1 293 980**
Loans and advances to customers	**1 134 749**	**364 458**	**1 020 897**	**648 051**	**1 505 135**	**5 685 000**	**10 358 290**
Derivative assets	**25 939**	**-**	**-**	**-**	**-**	**-**	**25 939**
Total	**15 273 372**	**1 336 146**	**1 493 918**	**3 353 205**	**3 399 474**	**6 238 616**	**31 094 731**
Deposits from banks	**791 013**	**-**	**-**	**-**	**-**	**-**	**791 013**
Other borrowings	**-**	**-**	**176 414**	**186 733**	**1 963 267**	**-**	**2 326 414**
Customer deposits	**19 135 142**	**310 890**	**236 518**	**520 295**	**-**	**-**	**20 202 845**
Derivative liabilities	**29 978**	**-**	**-**	**-**	**-**	**-**	**29 978**
Trading liabilities	**124 962**	**958 885**	**920 049**	**1 569 160**	**-**	**-**	**3 573 056**
Subordinated debt	**-**	**-**	**-**	**-**	**271 778**	**-**	**271 778**
Total	**20 081 095**	**1 269 775**	**1 332 981**	**2 276 188**	**2 235 045**	**-**	**27 195 084**
Interest rate gap position	**(4 807 723)**	**66 371**	**160 937**	**1 077 017**	**1 164 429**	**6 238 616**	**3 899 647**
2021 (ZMW '000)	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year within 5 years	After 5 years	Total
Cash and balances with the Central Bank	3 995 657	-	-	-	-	-	3 995 657
Loans and advances to banks	9 915 338	-	-	-	-	-	9 915 338
Financial investments	156 238	-	787 323	1 276 264	917 410	484 027	3 621 262
Trading assets	170 725	-	178 682	392 233	550 451	-	1 292 091
Loans and advances to customers	1 086 152	811 516	695 710	589 733	4 079 766	419 191	7 682 068
Derivative assets	42 448	5 399	-	37 548	-	-	85 395
Total	15 366 558	816 915	1 661 715	2 295 778	5 547 627	903 218	26 591 811
Deposits from banks	514 025	-	-	-	-	-	514 025
Other borrowings	-	-	-	-	2 089 250	-	2 089 250
Customer deposits	17 208 469	345 344	335 123	487 706	-	-	18 376 642
Derivative liabilities	3 100	-	-	-	-	-	3 100
Trading liabilities	61 660	-	1 037 510	842 943	9 093	-	1 951 206
Subordinated debt	-	-	-	-	251 281	-	251 281
Total	17 787 254	345 344	1 372 633	1 330 649	2 349 624	-	23 185 504
Interest rate gap position	(2 420 696)	471 571	289 082	965 129	3 198 003	903 218	3 406 307

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

4. Financial risk management (continued)

4.2 Market risk (continued)
4.2.3 Interest rate risk continued (continued)

BANK							
2022 (ZMW '000)	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**Over 1 year within 5 years**	**After 5 years**	**Total**
Cash and balances with the Central Bank	7 244 054	-	-	-	-	-	**7 244 054**
Loans and advances to banks	6 092 098	-	-	-	-	-	**6 092 098**
Financial investments	776 499	971 688	473 021	1 964 823	1 894 339	-	**6 080 370**
Trading assets	33			740 331		553 616	**1 293 980**
Loans and advances to customers	1 134 749	364 458	1 020 897	648 051	1 505 135	5 685 000	**10 358 290**
Derivative assets	25 939	-	-	-	-	-	**25 939**
Total	**15 273 372**	**1 336 146**	**1 493 918**	**3 353 205**	**3 399 474**	**6 238 616**	**31 094 731**
Deposits from banks	791 013	-	-	-	-	-	**791 013**
Other borrowings	-	-	176 414	186 733	1 963 267	-	**2 326 414**
Customer deposits	19 169 209	310 890	236 518	520 295	-	-	**20 236 912**
Derivative liabilities	29 978	-	-	-	-	-	**29 978**
Trading liabilities	124 962	958 885	920 049	1 569 160	-	-	**3 573 056**
Subordinated debt	-	-	-	-	271 778	-	**271 778**
Total	**20 115 162**	**1 269 775**	**1 332 981**	**2 276 188**	**2 235 045**	**-**	**27 229 151**
Interest rate gap position	**(4 841 790)**	**66 371**	**160 937**	**1 077 017**	**1 164 429**	**6 238 616**	**3 865 580**
2021 (ZMW '000)	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year within 5 years	After 5 years	Total
Cash and balances with the Central Bank	3 995 657	-	-	-	-	-	3 995 657
Loans and advances to banks	9 915 338	-	-	-	-	-	9 915 338
Financial investments	156 238	-	787 323	1 276 264	917 410	484 027	3 621 262
Trading assets	170 725	-	178 682	392 233	550 451	-	1 292 091
Loans and advances to customers	1 086 152	811 516	695 710	589 733	4 079 766	419 191	7 682 068
Derivative assets	42 448	5 399	-	37 548	-	-	85 395
Total	15 366 558	816 915	1 661 715	2 295 778	5 547 627	903 218	26 591 811
Deposits from banks	514 025	-	-	-	-	-	514 025
Other borrowings	-	-	-	-	2 089 250	-	2 089 250
Customer deposits	17 243 406	345 344	335 123	487 706	-	-	18 411 579
Derivative liabilities	3 100	-	-	-	-	-	3 100
Trading liabilities	61 660	-	1 037 510	842 943	9 093	-	1 951 206
Subordinated debt	-	-	-	-	251 281	-	251 281
Total	17 822 191	345 344	1 372 633	1 330 649	2 349 624	-	23 220 441
Interest rate gap position	(2 455 633)	471 571	289 082	965 129	3 198 003	903 218	3 371 370

Banking-related market risk exposure principally involves the management of the potential adverse effect of interest rate movements on the interest income. This risk is transferred to and managed within the Group's treasury operations under the supervision of the Asset and Liability Committee.

The main analytical techniques used to quantify banking book interest rate risk are earnings and valuation-based measures. In doing so cognizance is taken of embedded optionality such as loan prepayments and accounts where the behaviour differs from contractual position. The results obtained from forward-looking dynamic scenario analysis assist in evaluating the optimal hedging strategies on a risk-return basis. Desired changes to a particular interest rate risk profile are achieved through the restructuring of the statement of financial position and where possible the use of derivative instruments such as interest rate swaps. Interest rate risk limits are set in terms of changes in forecast net interest income.

The table below indicates the sensitivity in Zambian Kwacha equivalent of the Group's net interest income in response to a parallel yield curve rate shock after taking into account all risk mitigating instruments with all other variables held constant.

Interest rate sensitivity analysis	**2022**		2021	
	ZMW	**US$**	ZMW	US$
Increase in basis points	**100**	**50**	100	50
Sensitivity of annual net interest income	**2.6%**	**4.3%**	3.6%	9.75%
Decrease in basis points	**100**	**50**	100	50
Sensitivity of annual net interest income	**-2.8%**	**-4.92%**	3.7%	3.15%

Assuming no management intervention, a parallel 100 basis points increase in the Kwacha yield curve would increase the forecast net interest income for the next financial year by 2.6% while parallel decreases in the Zambian Kwacha yield curve would decrease the forecast net interest income by -2.8%.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

4. Financial risk management (continued)

4.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

The table below summarises the Group's exposure to liquidity risk. It includes the Group's financial instruments at carrying amounts categorised by contractual repricing dates.

GROUP

2022 (ZMW '000)	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**Over 1 year within 5 years**	**After 5 years**	**Total**
Cash and balances with the Central Bank	**7 244 054**	**-**	**-**	**-**	**-**	**-**	**7 244 054**
Loans and advances to banks	**6 092 098**	**-**	**-**	**-**	**-**	**-**	**6 092 098**
Derivative assets	**25 939**	**-**	**-**	**-**	**-**	**-**	**25 939**
Trading assets	**33**	**-**	**-**	**740 331**		**553 616**	**1 293 980**
Financial investments	**776 499**	**971 688**	**473 021**	**1 964 823**	**1 894 339**	**-**	**6 080 370**
Loans and advances to customers	**1 134 749**	**364 458**	**1 020 897**	**648 051**	**1 505 135**	**5 685 000**	**10 358 290**
Other assets	**428 624**	**-**	**-**	**-**	**-**	**-**	**428 624**
Total	**15 701 996**	**1 336 146**	**1 493 918**	**3 353 205**	**3 399 474**	**6 238 616**	**31 523 355**
Deposits from banks	**791 013**	**-**	**-**	**-**	**-**	**-**	**791 013**
Other borrowings	**-**	**-**	**176 414**	**186 733**	**1 963 267**	**-**	**2 326 414**
Customer deposits	**19 135 142**	**310 890**	**236 518**	**520 295**	**-**	**-**	**20 202 845**
Provisions and other liabilities	**719 961**	**-**	**-**	**-**	**-**	**-**	**719 961**
Derivative liabilities	**29 978**	**-**	**-**	**-**	**-**	**-**	**29 978**
Trading liabilities	**124 962**	**958 885**	**920 049**	**1 569 160**	**-**	**-**	**3 573 056**
Subordinated debt	**-**	**-**	**-**	**-**	**-**	**271 778**	**271 778**
Total	**20 801 056**	**1 269 775**	**1 332 981**	**2 276 188**	**1 963 267**	**271 778**	**27 915 045**
On statement of financial position items	**(5 099 060)**	**66 371**	**160 937**	**1 077 017**	**1 436 207**	**5 966 838**	**3 608 310**
- Financial guarantees and letters of credit	**(2 260 521)**	**(119 450)**	**(406 374)**	**(532 955)**	**(378 645)**	**-**	**(3 697 945)**
Total liquidity gap	**(7 359 581)**	**(53 079)**	**(245 437)**	**544 062**	**1 057 562**	**5 966 838**	**(89 635)**
2021 (ZMW '000)	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year within 5 years	After 5 years	Total
Cash and balances with the Central Bank	3 995 657	-	-	-	-	-	3 995 657
Loans and advances to banks	9 915 338	-	-	-	-	-	9 915 338
Derivative assets	85 395	-	-	-	-	-	85 395
Trading assets	170 725	174 701	3 981	394 233	522 452	25 999	1 292 091
Financial investments	156 238	296 903	697 962	1 276 264	917 410	484 027	3 828 804
Loans and advances to customers	1 086 153	811 516	695 710	589 733	4 079 766	1 648 321	8 911 199
Other assets	108 515	-	-	-	-	-	108 515
Total	15 518 021	1 283 120	1 397 653	2 260 230	5 519 628	2 158 347	28 136 999
Deposits from banks	514 025	-	-	-	-	-	514 025
Other borrowings	-	-	-	-	2 089 250	-	2 089 250
Customer deposits	17 208 469	345 344	335 123	487 706	-	-	18 376 642
Derivative liabilities	494 797	-	-	-	-	-	494 797
Trading liabilities	3 100	-	-	-	-	-	3 100
Provisions and other liabilities	61 660	452 545	584 966	842 943	9 092	-	1 951 206
Subordinated debt	-	-	-	-	-	265 353	265 353
Total	18 282 051	797 889	920 089	1 330 649	2 098 342	265 353	23 694 373
Off statement of financial position items	(2 764 031)	485 231	477 564	929 581	3 421 287	1 892 994	4 442 626
- Financial guarantees and letters of credit	(2 274 689)	(366 474)	(55 296)	(253 951)	(1 341 553)	(9 300)	(4 301 263)
Total liquidity gap	(5 038 720)	118 757	422 268	675 630	2 079 734	1 883 694	141 363

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

4. *Financial risk management (continued)*

4.3 Liquidity risk (continued)

BANK

2022 (ZMW '000)	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year within 5 years	After 5 years	Total
Cash and balances with the Central Bank	**7 244 054**	**-**	**-**	**-**	**-**	**-**	**7 244 054**
Loans and advances to banks	**6 092 098**	**-**	**-**	**-**	**-**	**-**	**6 092 098**
Derivative assets	**25 939**	**-**	**-**	**-**	**-**	**-**	**25 939**
Trading assets	**33**	**-**	**-**	**740 331**	**-**	**553 616**	**1 293 980**
Financial investments	**776 499**	**971 688**	**473 021**	**1 964 823**	**1 894 339**	**-**	**6 080 370**
Loans and advances to customers	**1 134 749**	**364 458**	**1 020 897**	**648 051**	**1 505 135**	**5 685 000**	**10 358 290**
Other assets	**427 861**	**-**	**-**	**-**	**-**	**-**	**427 861**
Total	**15 701 233**	**1 336 146**	**1 493 918**	**3 353 205**	**3 399 474**	**6 238 616**	**31 522 592**
Deposits from banks	**791 013**	**-**	**-**	**-**	**-**	**-**	**791 013**
Other borrowings	**-**	**-**	**176 414**	**186 733**	**1 963 267**	**-**	**2 326 414**
Customer deposits	**19 169 209**	**310 890**	**236 518**	**520 295**	**-**	**-**	**20 236 912**
Provisions and other liabilities	**806 638**	**-**	**-**	**-**	**-**	**-**	**806 638**
Derivative liabilities	**29 978**	**-**	**-**	**-**	**-**	**-**	**29 978**
Trading liabilities	**124 962**	**958 885**	**920 049**	**1 569 160**	**-**	**-**	**3 573 056**
Subordinated debt	**-**	**-**	**-**	**-**	**-**	**271 778**	**271 778**
Total	**20 921 800**	**1 269 775**	**1 332 981**	**2 276 188**	**1 963 267**	**271 778**	**28 035 789**
On statement of financial position items	**(5 220 567)**	**66 371**	**160 937**	**1 077 017**	**1 436 207**	**5 966 838**	**3 486 803**
- Financial guarantees and letters of credit	**(2 260 521)**	**(119 450)**	**(406 374)**	**(532 955)**	**(378 645)**	**-**	**(3 697 945)**
Total liquidity gap	**(7 481 088)**	**(53 079)**	**(245 437)**	**544 062**	**1 057 562**	**5 966 838**	**(211 142)**
2021 (ZMW '000)	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year within 5 years	After 5 years	Total
Cash and balances with the Central Bank	3 995 657	-	-	-	-	-	3 995 657
Loans and advances to banks	9 915 338	-	-	-	-	-	9 915 338
Derivative assets	85 395	-	-	-	-	-	85 395
Trading assets	170 725	174 701	3 981	394 233	522 452	25 999	1 292 091
Financial investments	156 238	296 903	697 962	1 276 264	917 410	484 027	3 828 804
Loans and advances to customers	1 086 153	811 516	695 710	589 733	4 079 766	1 648 321	8 911 199
Other assets	108 093	-	-	-	-	-	108 093
Total	15 517 599	1 283 120	1 397 653	2 260 230	5 519 628	2 158 347	28 136 577
Deposits from banks	514 025	-	-	-	-	-	514 025
Other borrowings	-	-	-	-	2 089 250	-	2 089 250
Customer deposits	17 243 406	345 344	335 123	487 706	-	-	18 411 579
Derivative liabilities	570 445	-	-	-	-	-	570 445
Trading liabilities	3 100	-	-	-	-	-	3 100
Provisions and other liabilities	61 660	452 545	584 966	842 943	9 092	-	1 951 206
Subordinated debt	-	-	-	-	-	265 353	265 353
Total	18 392 636	797 889	920 089	1 330 649	2 098 342	265 353	23 804 958
On statement of financial position items	(2 875 037)	485 231	477 564	929 581	3 421 286	1 892 994	4 331 619
- Financial guarantees and letters of credit	(2 274 689)	(366 474)	(55 296)	(253 951)	(1 341 553)	(9 300)	(4 301 263)
Total liquidity gap	(5 149 726)	118 757	422 268	675 630	2 079 733	1 883 694	30 356

4.3.1 Liquidity risk management process

The Group's liquidity management process as carried out within the Group and monitored by a separate team in Group Treasury includes:

- Day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers;
- The Group maintains an active presence in global money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

4. Financial risk management (continued)

4.3 Liquidity risk (continued)

4.3.1 Liquidity risk management process (continued)

Monitoring and reporting take the form of cash flow measurements and projections for the next day, week and month respectively as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Group Treasury also monitors unmatched medium-term assets the level and type of undrawn lending commitments the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

Proactive liquidity management in line with Group liquidity standards ensured that, despite volatile and constrained liquidity environments at the onset of the Covid-19 pandemic, adequate liquidity was maintained to fully support balance sheet strategies. This has been achieved through continuous engagements between treasury and capital management, risk and business units in which the liquidity risk with respect to on- and off-balance sheet positions was carefully monitored. At the same time consideration has been provided to the adequacy of contingent funding, ensuring sufficiency to accommodate unexpected liquidity demands. The Group continues to leverage the extensive deposit franchises across the portfolio to ensure that it has the appropriate amount, tenor and diversification of funding to support its current and forecast asset base while minimising cost of funding.

4.3.2. Funding approach

Sources of liquidity are regularly reviewed by a separate team in Group Treasury to maintain a wide diversification by currency product and term.

4.3.3 Derivative cash flows

The Group's derivatives that will be settled on gross basis include foreign exchange currency forwards. The table below analyses the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period as at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

Derivatives settled on a gross basis

	GROUP AND BANK		
2022 **Foreign exchange derivatives**	**Up to 1 month**	**1-3 months**	**3-12 months**
-Total outflow	**3 231**	**18 343**	**4 329**
-Total inflow	**7 208**	**7 473**	**15 248**
2021 **Foreign exchange derivatives**	Up to 1 month	1-3 months	3-12 months
-Total outflow	2 966	112	-
-Total inflow	39 482	5 287	40 557

4.4 Non-Financial Risk

Non-financial risk is the risk of loss resulting from inadequate or failed internal processes people and systems or from external events. Non-financial risk includes a variety of sub-types among others financial crime sustainability and legal risk.

Non-financial risk exists in the natural course of business activity. It is not an objective to eliminate all exposure to non-financial risk as this is neither commercially viable nor possible. The Group's approach to managing non-financial risk is to adopt fit-for-purpose operational risk practices that assist management in understanding their inherent risk and reducing their risk profile.

4.5 Capital management

The Group's objectives when managing capital which is a broader concept than the 'equity' on the face of the statement of financial position are:

- To comply with the capital requirements set by the regulator of the Group.
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management. The Group's regulatory capital as managed by its Group Treasury is divided into two tiers:

- Tier 1 capital which includes ordinary share capital statutory reserves retained earnings and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital which includes qualifying subordinated liabilities and revaluation reserve limited to a maximum of 40%.
- The maximum amount of Tier 2 capital is limited to 100% of Tier 1 capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of - and reflecting an estimate of credit market and other risks associated with - each asset and counterparty taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-statement of financial position exposure with some adjustments to reflect the more contingent nature of the potential losses.

The Group's objectives when managing capital which is a broader concept than the 'equity' on the face of the statement of financial position are:

- To comply with the capital requirements set by the regulator of the Group.
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

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(for the year ended 31 December 2022)

4. Financial risk management (continued)

4.5 Capital management (continued)

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management. The Group's regulatory capital as managed by its Group Treasury is divided into two tiers:

- Tier 1 capital which includes ordinary share capital statutory reserves retained earnings and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital which includes qualifying subordinated liabilities and revaluation reserve limited to a maximum of 40%.
- The maximum amount of Tier 2 capital is limited to 100% of Tier 1 capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of - and reflecting an estimate of credit market and other risks associated with - each asset and counterparty taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-statement of financial position exposure with some adjustments to reflect the more contingent nature of the potential losses.
The table below summarises the composition of regulatory capital and the ratios of the Group

	BANK	
	2022 ZMW'000	2021 ZMW '000
Paid up common shares	**416 000**	416 000
Retained earnings	**3 332 143**	2 748 622
Statutory reserves	**7 700**	7 700
General reserve	**(14 289)**	(45 279)
Total Tier 1 capital	**3 741 554**	3 127 043
Other adjustments	-	42 610
Total qualifying Tier 1 capital	**3 741 554**	3 169 653
Subordinated debt	**271 125**	250 200
Revaluation reserve	**31 244**	33 916
Total qualifying Tier 2 capital	**302 369**	284 116
Total regulatory capital	**4 043 923**	3 453 769
Minimum capital requirements	**1 614 868**	1 395 001
Capital surplus	**2 429 055**	2 058 768
Risk based assets	**16 148 677**	13 950 010
Tier 1 capital Basel ratio (%)	**23%**	22.7%
Tier 2 capital Basel ratio (%)	**2%**	2.0%
Minimum Tier 1 capital Basel ratio (%)	**5%**	5%
Minimum Tier 2 capital Basel ratio (%)	-	-

The disclosures above relate to the Bank only as other entities in the group are not regulated by the central bank.
The capital position is computed in accordance with the provisions of the Banking and Financial Services Act 2017 as amended.

5. Use of estimates and judgments

5.1 Key sources of estimates uncertainty
In preparing the financial statements, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of future events. While models have been enhanced, no material changes to assumptions have occurred since year-end. The following represents the most material key management assumptions applied in preparing these financial statements.

Going concern
There are no material uncertainties that may cast significant doubt on the entity's ability to continue as a going concern.

Expected credit loss on financial assets - IFRS 9 drivers
During the current reporting period models have been enhanced however no material changes to assumptions have occurred. For the purpose of determining the ECL:

- The BCC & CHNW portfolios are based on the product categories or subsets of the product categories, with tailored ECL models per portfolio. The IFRS 9 impairment provision calculation excludes post write off recoveries (PWOR) from the loss given default (LGD) in calculating the expected credit loss. This LGD parameter has been aligned to emerging market practice.
- CIB exposures are calculated separately based on rating models for each of the asset classes.
- ECL measurement period.
- The ECL measurement period for stage 1 exposures is 12-months (or the remaining tenor of the financial asset for CIB exposures if the remaining lifetime is less than 12-months).
- A loss allowance over the full lifetime of the financial asset is required if the credit risk of that financial instrument has increased significantly since initial recognition (stage 2).
- Lifetimes include consideration for multiple default events, i.e. where defaulted exposures cure and then subsequently re-default. This consideration increases the lifetime and the potential ECL.
- A lifetime measurement period is applied to all credit impaired (stage 3) exposures.
- The measurement periods for unutilised loan commitments utilise the same approach as on-balance-sheet exposures.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

5. Use of estimates and judgments (continued)

5. Use of estimates and judgments (continued)
5.1 Key sources of estimates uncertainty (continued)

Significant increase in credit risk and low credit risk BCC & CHNW
In accordance with IFRS 9, all exposures are assessed to determine whether there has been SICR at the reporting date, in which case an impairment provision equivalent to the lifetime expected loss is recognised. SICR thresholds, which are behaviour score based, are derived for each portfolio vintage of exposures with similar credit risk and are calibrated over time to determine which exposures reflect deterioration relative to the originated population and consequently reflect an increase in credit risk.

The Group determines the SICR threshold by utilising an appropriate transfer rate of exposures from stage 1 to stage 2. This is done by taking into account the expected levels of arrears status for each portfolio vintage of exposures. The SICR thresholds are reviewed regularly to ensure that they are appropriately calibrated to identify SICR by portfolio vintage consequently facilitate appropriate impairment coverage.

Where behaviour scores are not available, historical levels of delinquency are applied in determining whether there has been SICR. For all exposures, IFRS 9's rebuttable presumption of 30 days past due as well as exposures classified as either debt review or as 'watch-list' are used to classify exposures within stage 2.

CIB (including certain BCC business banking exposures)
The group uses a 25-point master rating scale to quantify the credit risk for each exposure. On origination, each client is assigned a credit risk grade within the group's 25-point master rating scale. Ratings are mapped to probability of default (PDs) by means of calibration formulae that use historical default rates and other data for the applicable portfolio. These credit ratings are evaluated at least annually or more frequently as appropriate.

CIB exposures are evaluated for SICR by comparing the credit risk grade at the reporting date to the origination credit risk grade. Where the relative change in the credit risk grade exceeds certain pre-defined ratings' migration thresholds or, when a contractual payment becomes more than 30 days overdue (IFRS 9's rebuttable presumption), the exposure is classified within stage 2. These pre-defined ratings' migration thresholds have been determined based on historic default experience which indicate that higher rated risk exposures are more sensitive to SICR than lower risk exposures. Based on an analysis of historic default experience, exposures that are classified by the group's master rating scale as investment grade (within credit risk grade 1 - 12 of the Group's 25-point master rating scale) are assessed for SICR at each reporting date but are considered to be of a low credit risk for IFRS 9 purposes. To determine whether a client's credit risk has increased significantly since origination, the group would need to determine the extent of the change in credit risk using the table below.

Group master rating scale band	SICR trigger (from origination)
SB 1-12	Low credit risk
SB 13 – 20	3 rating or more
SB 21 – 25	1 rating or more

Incorporation of forward looking information in ECL measurement

The Group determines the macroeconomic outlook, over a planning horizon of at least three years, for each country based on the Group's global outlook and its global view of commodities.

For BCC & CHNW , these forward looking economic expectations are included in the ECL where adjustments are made based on the group's macro-economic outlook, using models that correlate these parameters with macro-economic variables. Where modelled correlations are not viable or predictive, adjustments are based on expert judgement to predict the outcomes based on the Group's macro-economic outlook expectations. In addition to forward-looking macroeconomic information, other types of forward-looking information (FLI), such as specific event risk, have been taken into account in ECL estimates when required, through the application of out-of-model adjustments. These out-of-model adjustments are subject to group credit governance committee oversight.

The Group's macroeconomic outlooks are incorporated in CIB's client rating and include specific forward-looking economic considerations for the individual client. The client rating thus reflects the expected client risk for the Group's expectation of future economic and business conditions. Further adjustments, based on point-in-time market data, are made to the PDs assigned to each risk grade to produce PDs and ECL representative of existing market conditions.

Default
The definition of default, which triggers the credit impaired classification (stage 3), is based on the Group's internal credit risk management approach and definitions. Whilst the specific determination of default varies according to the nature of the product, it is compliant to the Basel definition of default, and generally determined as occurring at the earlier of:

- where, in the Group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).
- The Group has not rebutted IFRS 9's 90 days past due rebuttable presumption.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

5. Use of estimates and judgments (continued)

5. Use of estimates and judgments (continued)
5.1 Key sources of estimates uncertainty (continued)

Write off policy
An impaired loan is written off once all reasonable attempts at collection have been made and there is no material economic benefit expected from attempting to recover the balance outstanding (i.e. no reasonable expectation of recovery). This assessment considers both qualitative and quantitative information, such as past performance, behaviour and recoveries. The Group assesses whether there is a reasonable expectation of recovery at an exposure level. As such once the below criteria are met at an exposure level, the exposure is written off.

The following criteria must be met before a financial asset can be written off:

- the financial asset has been in default for the period defined for the specific product (i.e. vehicle and asset finance, mortgage loans, etc.) which is deemed sufficient to determine whether the Group is able to receive any further economic benefit from the impaired loan. The period defined for unsecured BCC & CHNW products are determined with reference to post-default payment behaviour such as cumulative delinquency, as well as an analysis of post write-off recoveries which includes an assessment of the factors resulting in post write-off recoveries. Factors that are within the Group's control are assessed and considered in the determination of the period defined for each product. The post-default payment period is generally once the rehabilitation probability (repayment of arrear instalments) is considered low to zero, and a period of 180 days post default with no payments; and

- at the point of write-off, the financial asset is fully impaired (i.e. 100% ECL allowance) with no reasonable expectation of recovery of the asset, or a portion thereof.

As an exception to the above requirements:
where the exposure is secured (or for collateralised structures), the impaired exposure can only be written off once the collateral has been realised. Post-realisation of the collateral, the shortfall amount can be written off if it meets the second requirement listed above.
CIB products, write-offs are assessed on a case-by-case basis and approved by CIB credit governance committee based on the individual facts and circumstances.

For unsecured exposures, post write-off collection and enforcement activities include outsourcing to external debt collection agents as well as, collection/settlement arrangements to assist clients to settle their outstanding debt. The Group continuously monitors and reviews when exposures are written off, the levels post write off recoveries as well as the key factors causing post write-off recoveries which ensure that the Group's point of write-off remains appropriate and that post write-off recoveries are within expectable levels after time.

Curing
Continuous assessment is required to determine whether the conditions that led to a financial asset being considered to be credit impaired (i.e. stage 3) still exist. Distressed restructured financial assets that no longer qualify as credit impaired remain within stage 3 for a minimum period of six months (i.e. six full consecutive monthly payments per the terms and conditions). In the case of financial assets with quarterly or longer dated repayment terms, the classification of a financial asset out of stage 3 may be made subsequent to an evaluation by the Group's CIB or BCC & CHNW Credit Governance Committee (as appropriate), such evaluation will take into account qualitative factors in addition to compliance with payment terms and conditions of the agreement. Qualitative factors include compliance with covenants and compliance with existing financial asset terms and conditions.

Where it has been determined that a financial asset no longer meets the criteria for SICR, the financial asset will be moved from stage 2 (lifetime expected credit loss model) back to stage 1 (12-month expected credit loss model) prospectively.

Forward-looking economic expectations were applied in the determination of the ECL at the reporting date
A range of Base, Bull and Bear forward looking economic expectations were determined, as at 31 December 2022, for inclusion in the Group and Bank's forward-looking process and ECL calculation.

Zambian economic expectation
The following were assumed in our base case scenario

- Though copper prices are now down from their multi-year highs, the more stable price trajectory, combined with international oil prices likely stabilising in 2023, should buffer the terms of trade.
- Stable copper prices should support fiscal revenues generated by the mining sector, and assuming that current FX market structures remain in place, FX liquidity too.
- Zambia's access to external financing should improve, after the government secured International Monetary Fund (IMF) financing in September 22. Disbursement from the IMF should support further accretion of FX reserves, which had risen marginally to USD3.1bn at end September 22 (3.5-m of import cover), from USD3.0bn at end of June 22 (3.7-m of import cover).
- IMF funding, with a disbursement USD185m, should alleviate the sovereign's financing pressures.
- The currency remains fairly valued by our calculations. We expect the currency remain stable in the next 6-m, though the ZMW remains prone to bouts of volatility.
- Zambia will inevitably have to start servicing external debt again at some point. This could place upside pressure on the USD/ZMW pair again. But that said, if the government follows through with its fiscal consolidation commitment under the IMF programme, and foreign portfolio investment inflows also recover somewhat into 2023, the external account may still underpin the ZMW.
- The Monetary Policy Committee (MPC) begins hiking from Q1:23, taking the policy rate at least 100 bps higher in the next 12-m. The downward trajectory of inflation reversed in July but undershooting expectations, at 9.8% in November from 9.7% in October. Inflation is largely supply-side driven, so the MPC is likely to increase the policy rate in small increments to restrain inflation expectations. A tighter policy stance should be consistent with the IMF's policy recommendations.
- We retain our GDP growth forecasts of 1.9% y/y for 2022 and 2.8% y/y for 2023. Though robust copper exports should still support net exports, rising inflation will likely constrain the economic outlook.
- In our base case, the government is eventually successful in finalizing the debt restructuring by H1:23. We expect creditors to face haircuts of about 40%. Creditor groups disagreeing on the size of the haircut could delay the proceedings.

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(for the year ended 31 December 2022)

5. Use of estimates and judgments (continued)

5. Use of estimates and judgments (continued)
5.1 Key sources of estimates uncertainty (continued)

Main macroeconomic factors
The following table shows the main macroeconomic factors used to estimate the forward-looking impact on the ECL provision on financial assets. For each scenario the average values of the factors over the next 12 months, and over the remaining forecast period, are presented.

2022	Base scenario		Bear scenario		Bull scenario	
Macroeconomic factors	Next 12 months	Remaining forecast period[1]	Next 12 months	Remaining forecast period[1]	Next 12 months	Remaining forecast period[1]
GDP (% y/y) pa	**2.40**	**2.50**	**1.90**	**1.75**	**3.51**	**3.61**
CPI (% y/y) pe	**10.42**	**10.13**	**14.52**	**13.23**	**8.62**	**8.33**
Policy interest rate (%) pe	**10.00**	**9.00**	**11.00**	**11.00**	**9.00**	**8.00**
3-m rate (%) pe	**10.80**	**7.97**	**14.13**	**11.30**	**8.47**	**5.64**
6-m rate (%) pe	**12.28**	**9.45**	**16.48**	**13.65**	**10.18**	**7.35**
USD/ZMW pe	**17.35**	**18.18**	**23.51**	**24.75**	**16.76**	**17.43**
2021						
GDP (% y/y) pa	1.79	2.92	(0.52)	2.03	3.32	4.03
CPI (% y/y) pe	15.02	12.19	16.61	13.96	12.75	10.20
Policy interest rate (%) pe	8.88	8.33	13.25	13.79	8.50	7.00
3-m rate (%) pe	9.20	8.25	12.20	11.25	8.28	7.69
6-m rate (%) pe	10.42	9.44	13.42	12.44	8.61	7.63
USD/ZMW pe	17.06	17.17	24.23	22.82	14.90	15.22

1. The remaining forecast period is 2024 to 2026
2. Gross domestic product (GDP)
3. Consumer Price Index (CPI)
4. 2022 - The scenario weighing is: Base at 50%, Bull at 20% and Bear at 30%
5. 2021 - The scenario weighing is: Base at 60%, Bull at 10% and Bear at 30%

Sensitivity analysis of CIB forward-looking impact on the total ECL provision on all financial instruments
Management assessed and considered the sensitivity of the provision against the forward-looking economic conditions at a client level. The reviews and ratings of each client are performed at least annually. This process entails credit analysts completing a credit scorecard and incorporating forward-looking information. The weighting is reflected in both the determination of significant increase in credit risk as well as the measurement of the resulting provision for the individual client. Therefore the impact of forward-looking economic conditions is embedded into the total provision for each CIB client and cannot be stressed or separated out of the overall CIB provision.

Sensitivity analysis of BCC& CHNW forward-looking impact on ECL provision
The following table shows a comparison of the forward-looking impact on the provision as at 31 December 2022, based on the probability weightings of the above three scenarios resulting from recalculating each of the scenarios using a 100% weighting of the above factors.

	2022		2021	
	ZMW'000	Change of total BCC & CHNW provision on Loans and Advances %	ZMW'000	Change of total BCC & CHNW provision on Loans and Advances %
Forward-looking impact on the total ECL provision	**54 624**		23 406	
Scenarios				
Base	**256**	**(0.01%)**	2 524	(3)%
Bear	**2 015**	**(0.05%)**	16 992	17%
Bull	**3 699**	**(0.08%)**	10 300	(10)%

Refer to note 10 loans and advances, for the carrying amounts of the loans and advances and the credit risk section of the risk and capital management report for the Group's assessment of the risk arising out of the failure of counterparties to meet their financial or contractual obligations when due.

The income statement impact of ZMW 5 663 thousand for 2022 was assessed by applying the same sensitivity analysis principles mentioned above. The impact for each of the scenarios is ZMW 256 thousand (decrease of ZMW 256 thousand) for the Base scenario, ZMW 2 015 thousand (decrease of ZMW 2 015 thousand) for the Bear scenario and ZMW 3 699 thousand (increase of ZMW 3 699 thousand) for the Bull scenario.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

5. Use of estimates and judgments (continued)

5. Use of estimates and judgments (continued)
5.1 Key sources of estimates uncertainty (continued)

(b) Fair value of financial instruments
The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Wherever possible, models use only observable market data. Where required, these models incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on available observable market data. Such assumptions include risk premiums, liquidity discount rates, credit risk, volatilities and correlations. Changes in these assumptions could affect the reported fair values of financial instruments.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

5.2 Critical accounting judgments in applying the Group's accounting policies
(a)Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where significant inputs are directly or indirectly observable from market data such as the treasury bills and government bonds auction curves for valuation of financial investments and trading assets and currency swap curves for valuation of derivative assets and liabilities.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique inputs not based on observable data and the unobservable inputs have significant effect on the instrument's valuation. This category includes instruments that are based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments. Fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable data exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency, exchange rates equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The table below analyses the financial instruments measured at fair value at the end of the reporting period, by level in the fair value hierarchy into which the fair value measurement is categorised.

Group and Bank (amounts ZMW'000)	Note	Level 1	Level 2	Level 3	Total
2022					
Cash and balances with the Central bank	6	**3 804 998**	**1 225 817**	-	**5 030 815**
Trading assets	8	-	**1 293 980**	-	**1 293 980**
Financial investments	9	-	**746 087**	-	**746 087**
Derivative assets	7	-	**25 939**	-	**25 939**
Derivative liabilities	7	-	**(29 978)**	-	**(29 978)**
Trading liabilities	18	-	**(3 573 056)**	-	**(3 573 056)**
		3 804 998	**(311 211)**	-	**3 493 787**
Group and Bank (amounts ZMW'000)	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
2021					
Cash and balances with the Central bank	6	2 541 343	1 131 210	-	3 672 553
Trading assets	8	-	1 292 091	-	1 292 091
Financial investments	9	-	1 056 990	-	1 056 990
Derivative assets	7	-	85 395	-	85 395
Derivative liabilities	7	-	(3 100)	-	(3 100)
Trading liabilities	18	-	(1 951 206)	-	(1 951 206)
		2 541 343	1 611 380	-	4 152 723

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(for the year ended 31 December 2022)

5. Use of estimates and judgments (continued)

5. Use of estimates and judgments (continued)
5.2 Critical accounting judgments in applying the Group's accounting policies (continued)
(a) valuation of financial instruments (continued)

Assets and liabilities not measured at fair value for which fair value is disclose

Group and Bank (amounts ZMW'000)	Note	Level 1	Level 2	Level 3	Total
2022					
Cash and balances with the Central bank	6	**2 213 239**	-	-	**2 213 239**
Loans and advances to banks	6.1	**6 092 098**	-	-	**6 092 098**
Financial investments	9	-	**5 334 283**	-	**5 334 283**
Loans and advances to customers	10	-	**10 358 290**	-	**10 358 290**
Deposits from banks	17	-	**(791 013)**		**(791 013)**
Other borrowings	21	-	**(2 326 414)**		**(2 326 414)**
Customer deposits	17	-	**(20 202 845)**	-	**(20 202 845)**
Subordinated debt	21	-	**(271 778)**	-	**(271 778)**
		8 305 337	**(7 899 477)**	-	**405 860**

Group and Bank (amounts ZMW'000)	Note	Level 1	Level 2	Level 3	Total
2021					
Cash and balances with the Central bank	6	323 104	-	-	323 104
Loans and advances to banks	6.1	9 915 338	-	-	9 915 338
Financial investments	9	-	2 564 272	-	2 564 272
Loans and advances to customers	10	-	7 682 068	-	7 682 068
Deposits from banks	17	-	(514 025)	-	(514 025)
Other borrowings	21	-	(2 089 250)	-	(2 089 250)
Customer deposits	17	-	(18 376 642)	-	(18 376 642)
Subordinated debt	21	-	(251 281)	-	(251 281)
		10 238 442	(10 984 858)	-	(742 416)

There were no transfers of financial instruments within levels during the year.

(b) Income taxes
The Group is subject to direct and indirect taxation. There are many transactions and calculations for which the ultimate tax determination has an element of uncertainty during the ordinary course of business. The Group recognises liabilities based on objective estimates of the quantum of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax expense in the period in which such determination is made.

(c) Provisions
The principal assumptions taken into account in determining the value at which provisions are recorded at include determining whether there is an obligation as well as assumptions about the probability of the outflow of resources and the estimate of the amount and timing for the settlement of the obligation. For legal provisions management assesses the probability of the outflow of resources by taking into account historical data and the status of the claim in consultation with the group's legal counsel. In determining the amount and timing of the obligation once it has been assessed to exist, management exercises its judgement by taking into account all available information, including that arising after the reporting date up to the date of the approval of the financial statements.

6. Cash and balances with the central bank

	Group and Bank	
	2022 ZMW'000	2021 ZMW'000
Coins and bank notes	**2 778 632**	1 808 772
Balances with the central bank	**4 465 422**	2 186 885
Total	**7 244 054**	3 995 657

Cash and balances with Central Bank include ZMW 2 252 183 000 (2021: ZMW: 1 863 781 000) that was not available for use by the Group. This balance comprises primarily reserving requirements held with the Central Bank and is a percentage of the Group's liabilities to the public. At 31 December 2022 the percentage was 9% (2021: 9%)

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

6.1 Loans and advances to banks

	Group and Bank	
	2022 ZMW'000	2021 ZMW'000
Loans and advances to Group banks	**708 761**	1 585 028
Loans and advances to Non Group banks	**5 385 341**	8 345 570
	6 094 102	9 930 598
Expected credit losses on cash and cash equivalent	**(2 004)**	(15 260)
Total	**6 092 098**	9 915 338

Reconciliation of expected credit losses (all amounts in ZMW'000)

Year ended 31 December 2022								
	Opening ECL balance	Transfer between stages		Income statement movement				Closing ECL balance
		To/ (from) Stage 1	To/ (from) Stage 2	Originated "New" impairments raised	Subsequent changes in ECL	Derecognition	Total	
Balances with Banks -Stage 1	-	13 044	-	-	(12 216)	-	(12 216)	828
Balances with Banks -Stage 2	15 260	(13 044)	-	-	(1 040)	-	(1 040)	1 176
	15 260	-	-	-	(13 256)	-	(13 256)	2 004
Year ended 31 December 2021								
	Opening ECL balance	Transfer between stages		Income statement movement				Closing ECL balance
		To/ (from) Stage 1	To/ (from) stage 2	Originated "New" impairments raised	Subsequent changes in ECL	Derecognition	Total	
Balances with Banks -Stage 1	-	-	-	-	-	-	-	-
Balances with Banks -Stage 2	22 970	-	-	12 766	(1 536)	(18 940)	(7 710)	15 260
	22 970	-	-	12 766	(1 536)	(18 940)	(7 710)	15 260

7. Derivative instruments

All derivatives are classified as held-for-trading and mature within 1 year.

7.1 Fair values

The fair value of a derivative financial instrument represents, for unquoted instruments, the present value of the positive or negative cashflows, which would have occurred if the rights and obligations arising from that instrument were closed out in an orderly market place transaction at year end.

7.2 Notional amount

The gross notional amount is the sum of the absolute value of all bought and sold contracts. The amount cannot be used to assess the market risk associated with the position and should be used only as a means of assessing the Group's participation in derivative contracts.

	Fair value of assets		Fair value of liabilities	
	2022 ZMW'000	2021 ZMW'000	**2022 ZMW'000**	2021 ZMW'000
Group and Bank				
Held-for-trading	**25 939**	85 395	**(29 978)**	(3 100)
Total	**25 939**	85 395	**(29 978)**	(3 100)

The contract notional amount for 2022 was ZMW 52 733 000 (2021: ZMW 9 000 000).

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

8. Trading assets

	Group and Bank	
	2022 ZMW'000	2021 ZMW'000
Unlisted securities	**1 293 980**	1 292 091
Comprising		
Spread provision	**(37 782)**	(34 282)
Trading government bonds	**919 877**	1 032 239
Trading treasury bills	**411 885**	294 134
	1 293 980	1 292 091

Maturity analysis
The maturities represent periods to contractual redemption of the trading assets recorded

Maturing within 1 month	**33**	170 725
Maturing after 1 month but within 6 months	**-**	178 682
Maturing after 6 months but within 12 months	**740 331**	394 233
Maturing after 12 months	**553 616**	548 451
	1 293 980	1 292 091

9. Financial investments

	Group and Bank	
	2022 ZMW'000	2021 ZMW'000
Unlisted	**6 080 370**	3 621 262
Comprising:		
Government bonds	**3 146 972**	1 967 488
Treasury bills	**3 113 633**	1 861 316
Gross amounts	**6 260 605**	3 828 804
Expected credit loss	**(180 235)**	(207 542)
Total	**6 080 370**	3 621 262
Accounting classification		
Net financial investments measured at amortised cost	**5 334 283**	2 564 272
Gross financial investments measured at amortised cost	**5 514 518**	2 771 814
Less: ECL for financial investments measured at amortised cost	**(180 235)**	(207 542)
Debt financial investments measured at FVOCI	**746 087**	1 056 990
Total	**6 080 370**	3 621 262

Maturity Analysis
The maturities represent periods to contractual redemption of the financial investments recorded:

Maturing within 1 month	**596 263**	156 238
Maturing after 1 month but within 6 months	**1 444 709**	994 865
Maturing after 6 months but within 12 months	**1 964 823**	1 276 264
Maturing after 12 months	**2 074 575**	1 401 437
Total	**6 080 370**	3 828 804

Reconciliation of movement in expected credit losses for debt financial investments by class (all amounts in ZMW'000):

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

9. Financial investments (continued)

Reconciliation of movement in expected credit losses for debt financial investments by class (all amounts in ZMW'000):

31 December 2022	Opening ECL balance	Originated new impairments	Subsequent changes in ECL	Derecogntion	Total income statement charge for the year	Foreign exchange and other movements	Closing ECL balance
Debt financial investments at amortised cost							
Government securities at amortised cost -Stage 1	**202 944**	**138 167**	**(58 360)**	**(102 737)**	**(22 930)**	**221**	**180 235**
Government securities at amortised cost -Stage 2	**4 598**	**-**	**(4 598)**	**-**	**(4 598)**	**-**	**-**
Total	**207 542**	**138 167**	**(62 958)**	**(102 737)**	**(27 528)**	**221**	**180 235**

Reconciliation of FVOCI reserve movements

31 December 2022	Opening ECL balance	Originated new impairments	Subsequent changes in ECL	Derecogntion	Total income statement charge for the year	Foreign exchange and other movements	Closing ECL balance
Government securities at FVOCI -Stage 1	**87 382**	**-**	**(64 701)**	**-**	**(64 701)**	-	**22 681**
Government securities at FVOCI -Stage 2	**6 033**	**-**	**(5 429)**	**-**	**(5 429)**	-	**604**
Total	**93 415**	**-**	**(70 130)**	**-**	**(70 130)**	-	**23 285**

31 December 2021	Opening ECL balance	Transfer to/(from) Stage 1	Transfer to/(from) Stage 2	Originated new impairments	Subsequent changes in ECL	Derecogntion	Total income statement/ equity charge for the year	Foreign exchange and other movements	Closing ECL balance
Government securities at amortised cost -Stage 1	202 510	-	-	187 096	(145 590)	(24 944)	16 562	(16 128)	202 944
Government securities at amortised cost -Stage 2	42 249	-	-	-	(53 779)	-	(53 779)	16 128	4 598
Total	244 759	-	-	187 096	(199 369)	(24 944)	(37 217)	-	207 542

Reconciliation of total movement in expected credit losses for debt financial investments through other comprehensive income

31 December 2021	Opening ECL balance	Transfer to/(from) Stage 1	Transfer to/(from) Stage 2	Originated new impairments	Subsequent changes in ECL	Derecogntion	Total income statement/ equity charge for the year	Foreign exchange and other movements	Closing ECL balance
Government securities at FVOCI -Stage 1	105	-	-	145 037	-	(57 760)	87 277	-	87 382
Government securities at FVOCI -Stage 2	9 089	-	-	-	(3 056)	-	(3 056)	-	6 033
Total	9 194	-	-	145 037	(3 056)	(57 760)	84 221	-	93 415

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

10. Loans and advances

10.1 Loans and advances net of impairment

	Group		Bank	
	2022 ZMW'000	2021 ZMW'000	**2022 ZMW'000**	2021 ZMW'000
Loans and advances to customers				
Gross loans and advances to customers	**10 741 421**	8 072 065	**10 741 421**	8 072 065
Mortgage loans	**302 717**	322 237	**302 717**	322 237
Instalment sale and finance leases (Note 10.2)	**1 345 083**	944 197	**1 345 083**	944 197
Overdrafts and other demand lending	**2 056 722**	1 356 815	**2 056 722**	1 356 815
Term lending	**7 036 899**	5 448 816	**7 036 899**	5 448 816
Interest in suspense	**(79 414)**	(69 383)	**(79 414)**	(69 383)
Credit impairments for loans and advances (Note 10.3)	**(303 717)**	(320 614)	**(303 717)**	(320 614)
Net loans and advances	**10 358 290**	7 682 068	**10 358 290**	7 682 068

In terms of the Banking and Financial Services Act of Zambia there were no non-performing loans (2021: nil) or restructured loans owing to the Bank whose principal amount exceeds 5% of the regulatory capital of the Bank.

Modifications
The gross carrying amount for modifications during the reporting period that resulted in no economic gain or loss (i.e. no net modification gain or loss) is ZMW 24 000 000 (2021: ZMW 370 747 000).

Maturity analysis
The maturities represent periods to contractual redemption of the loans and advances recorded.

	Group		Bank	
	2022 ZMW'000	2021 ZMW'000	**2022 ZMW'000**	2021 ZMW'000
Redeemable on demand	**753 855**	1 069 772	**753 855**	1 069 772
Maturing within 1 month	**666 948**	406 378	**666 948**	406 378
Maturing after 1 month but within 6 months	**1 401 754**	1 507 226	**1 401 754**	1 507 226
Maturing after 6 months but within 12 months	**638 014**	589 733	**638 014**	589 733
Maturing after 12 months	**7 280 850**	4 498 956	**7 280 850**	4 498 956
Gross loans and advances	**10 741 421**	8 072 065	**10 741 421**	8 072 065

	Group		Bank	
	2022 ZMW'000	2021 ZMW'000	**2022 ZMW'000**	2021 ZMW'000
Segmental Analysis - Industry				
Agriculture	**1 014 194**	1 188 823	**1 014 194**	1 188 823
Construction	**108 796**	316 979	**108 796**	316 979
Electricity	**418 633**	651 449	**418 633**	651 449
Finance, real estate and other business services	**1 903 396**	802 601	**1 903 396**	802 601
Individuals	**1 524 744**	1 270 350	**1 524 744**	1 270 350
Manufacturing	**2 947 990**	1 823 691	**2 947 990**	1 823 691
Mining	**903 807**	161 460	**903 807**	161 460
Other services	**5 014**	811 848	**5 014**	811 848
Transport	**1 043 274**	594 374	**1 043 274**	594 374
Wholesale	**871 573**	450 490	**871 573**	450 490
Gross loans and advances	**10 741 421**	8 072 065	**10 741 421**	8 072 065

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

10. Loans and advances (continued)

10.2 Instalment sale and finance lease

	Group and Bank	
	2022 ZMW'000	2021 ZMW'000
Gross investment in instalment sale and finance leases	**1 345 083**	944 197
Receivable within one year	**155 049**	853 587
Receivable after one year but within five years	**1 190 034**	90 610
Net investment in vehicle and asset finance	**1 345 083**	944 197
Receivable within one year	**155 049**	90 610
Receivable after one year but within five years	**1 190 034**	853 587

Leases entered into are at market-related terms. Under the terms of the lease agreements, no contingent rentals are payable. Moveable assets are leased or sold to customers under finance leases and instalment sale agreements. Depending on the terms of the agreement, the lessee may have the option to purchase the asset at the end of the lease term.

10.3 Impairment allowance for loans and advances to customers - Group and Bank

2022 Group and Bank - reconciliation of expected credit losses for loans and advances at amortised cost IFRS 9

2022	Opening ECL balance ZMW'000	Reclassification of ECL on irrevocable facilities ZMW'000	Transfers between stages ZMW'000				Income statement movement ZMW'000				Impaired accounts written off ZMW'000	Time Value of Money Unwind ZMW'000	Currency translation and other movements ZMW'000	Closing balance ZMW'000
			Transfer Stage 1 to/ from	Transfer Stage 2 to/ from	Transfer Stage 3 to/ from	Total	Originated "New" impairments raised	Subsequent changes in ECL	Derecognition	Total				
Stage 1	**(58 274)**	**-**	**-**	**(20 260)**	**978**	**(19 282)**	**(62 211)**	**31 487**	**6 818**	**(23 906)**	**-**	-	**(4 679)**	**(106 141)**
Stage 2	**(81 027)**	**-**	**20 260**		**7 761**	**28 021**	**(15 239)**	**(26 051)**	**-**	**(41 290)**	**-**	-	**4 679**	**(89 617)**
Stage 3	**(181 313)**	**-**	**(978)**	**(7 761)**		**(8 739)**	**-**	**(32 904)**	**-**	**(32 904)**	**112 975**	-	**2 022**	**(107 959)**
Total	**(320 614)**	**-**	**19 282**	**(28 021)**	**8 739**	**-**	**(77 450)**	**(27 468)**	**6 818**	**(98 100)**	**112 975**	**-**	**2 022**	**(303 717)**

2021 Group and Bank - reconciliation of expected credit losses for loans and advances at amortised cost - IFRS 9

2021	Opening ECL balance ZMW'000	Reclassification of ECL on irrevocable facilities ZMW'000	Transfers between stages ZMW'000				Income statement movement ZMW'000				Impaired accounts written off ZMW'000	Time Value of Money Unwind ZMW'000	Currency translation and other movements ZMW'000	Closing balance ZMW'000
			Transfer Stage 1 to/ from	Transfer Stage 2 to/ from	Transfer Stage 3 to/ from	Total	Originated "New" impairments raised	Subsequent changes in ECL	Derecognition	Total				
Stage 1	(80 126)	-	-	(18 205)	1 106	(17 099)	(33 770)	55 896	16 825	38 951	-	-	-	(58 274)
Stage 2	(98 471)	-	18 205	-	4 295	22 500	(6 915)	(9 186)	11 045	(5 056)	-	-	-	(81 027)
Stage 3	(147 742)	-	(1 106)	(4 295)	-	(5 401)	-	(133 703)	724	(132 979)	106 086	-	(1 277)	(181 313)
Total	(326 339)	-	17 099	(22 500)	5 401	-	(40 685)	(86 993)	28 594	(99 084)	106 086	-	(1 277)	(320 614)

11. Other assets

	Group		Bank	
	2022 ZMW'000	2021 ZMW'000	**2022 ZMW'000**	2021 ZMW'000
Investment in Zambia Electronic Clearing House Limited	**1 163**	1 163	**1 163**	1 163
Items in the course of collection	**285 343**	31 344	**285 343**	31 344
Prepayments	**7 574**	9 403	**7 574**	9 403
Other non-financial assets	**142 119**	66 605	**141 355**	66 183
Total	**436 199**	108 515	**435 435**	108 093

Due to the short-term nature of these assets and historical experience, debtors are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant. The Bank has an investment in the electronic clearing house along with other industry players.

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12. Interests in subsidiaries (Bank)

	Ownership	2022 ZMW'000	2021 ZMW'000
Stanbic Securities Zambia Limited	100%	*	*
Stanbic Insurance Brokers Limited	100%	**100**	100
Stanbic Nominees Zambia Limited	100%	**5**	5
Burnet Investment Limited	100%	**79 202**	79 202
		79 307	79 307
Represented by			
Shares at cost		**47 149**	47 149
Shareholder loans		**32 158**	32 158
Total		**79 307**	79 307

Subsidiaries in the Group

Stanbic Insurance Brokers Limited

The Company was incorporated in 2015, for the purposes of providing insurance brokerage services. The Company commenced trading activities during the year ended 31 December 2018.

Burnet Investments Limited

Burnet Investments Limited was acquired in 2015. The Company is the owner of Stanbic House, which is the headquarters of the parent company.

Stanbic Securities Zambia Limited

Stanbic Securities Zambia Limited (formerly Bolo Zambia Limited) is a dormant Company. The paid up capital for this Company is ZMW 50 (2021: ZMW50).

Stanbic Nominees Zambia Limited

Stanbic Nominees Zambia Limited is a company whose principal activity is to hold and administer securities on behalf of underlying beneficiaries. This is for the purposes of separating the custody of assets from the Group's investor services functions.

In terms of section 57 of the Companies Act of Zambia the name and address of the subsidiaries' principal office is:

Stanbic House Plot 2375 Addis Ababa Drive Longacres Lusaka
There are no significant restrictions on the ability of subsidiaries to transfer funds to the Bank in form of cash dividends or repayments of loans or advances.

13. Property, equipment and right of use assets

13.1 Group

	2022			2021		
	Cost/ Revaluation ZMW '000	Accumulated depreciation ZMW '000	Carrying amount ZMW '000	Cost/ Revaluation ZMW '000	Accumulated depreciation ZMW '000	Carrying amount ZMW '000
Right of Use Asset						
Buildings and land	**140 537**	**(88 556)**	**51 981**	109 987	(64 726)	45 261
Property						
Buildings	**345 464**	**(49 158)**	**296 306**	348 959	(42 062)	306 897
Leasehold improvements	**66 041**	**(51 456)**	**14 585**	54 509	(47 795)	6 714
	552 042	**(189 170)**	**362 872**	513 455	(154 583)	358 872
Equipment						
Computer equipment	**200 391**	**(151 969)**	**48 422**	170 926	(138 755)	32 171
Motor vehicles	**22 850**	**(16 619)**	**6 231**	20 717	(13 373)	7 344
Office equipment	**30 521**	**(19 196)**	**11 325**	28 015	(16 412)	11 603
Furniture and fittings	**100 294**	**(69 670)**	**30 624**	93 347	(63 888)	29 459
	354 056	**(257 454)**	**96 602**	313 005	(232 428)	80 577
Total	**906 098**	**(446 624)**	**459 474**	826 460	(387 011)	439 449

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

13. Property, equipment and right of use assets (continued)

13.1 Group

	2021 Carrying amount	Additions/ (transfers)	Right of use asset movements	Revaluation	Disposals	Depreciation	2022 Carrying amount
	ZMW '000	ZMW'000	ZMW '000	ZMW '000	ZMW '000	ZMW '000	ZMW '000
Movement							
Right of use asset							
Buildings and land	45 261	30 550	-	-	-	(23 830)	**51 981**
Property							
Buildings	306 897	-	-	-	(3 495)	(7 096)	**296 306**
Leasehold improvements	6 714	11 532	-	-	-	(3 661)	**14 585**
	358 872	42 082	-	-	(3 495)	(34 587)	**362 872**
Equipment							
Computer equipment	32 171	30 707	-	-	(1 243)	(13 213)	**48 422**
Motor vehicles	7 344	2 133	-	-	-	(3 246)	**6 231**
Office equipment	11 603	2 506	-	-	-	(2 784)	**11 325**
Furniture and fittings	29 459	7 069	-	-	(122)	(5 782)	**30 624**
	80 577	42 415	-	-	(1 365)	(25 025)	**96 602**
Total	439 449	84 497	-	-	(4 860)	(59 612)	**459 474**

	2020 Carrying amount	Additions/ (transfers)	Right of use asset movements	Revaluation	Disposals	Depreciation	2021 Carrying amount
	ZMW '000	ZMW'000	ZMW '000	ZMW '000	ZMW '000	ZMW '000	ZMW'000
Movement							
Right of use asset							
Buildings and land	65 442	-	4 063	-	-	(24 244)	45 261
Property			-				
Buildings	219 550	-	-	95 543	(1 576)	(6 620)	306 897
Leasehold improvements	9 716	596	-	-	-	(3 598)	6 714
	294 708	596	4 063	95 543	(1 576)	(34 462)	358 872
Equipment							
Computer equipment	39 851	9 652	-	-	(11)	(17 321)	32 171
Motor vehicles	10 729	-	-	-	-	(3 385)	7 344
Office equipment	10 180	4 001	-	-	(45)	(2 533)	11 603
Furniture and fittings	31 380	4 491	-	-	(437)	(5 975)	29 459
	92 140	18 144	-	-	(493)	(29 214)	80 577
Total	386 848	18 740	4 063	95 543	(2 069)	(63 676)	439 449

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(for the year ended 31 December 2022)

13. Property, equipment and right of use assets (continued)

13.2 Bank

	2022			2021		
	Cost/ Revaluation	**Accumulated depreciation**	**Carrying amount**	**Cost/ Revaluation**	**Accumulated depreciation**	**Carrying amount**
	ZMW '000	**ZMW '000**	**ZMW '000**	**ZMW '000**	**ZMW '000**	**ZMW '000**
Right of Use Asset						
Buildings and land	**221 677**	**(122 731)**	**98 946**	191 127	(90 271)	100 856
Property						
Buildings	**178 148**	**(24 014)**	**154 134**	181 643	(19 047)	162 596
Leasehold improvements	**66 041**	**(51 456)**	**14 585**	54 509	(47 795)	6 714
	465 866	**(198 201)**	**267 665**	427 279	(157 113)	270 166
Equipment						
Computer equipment	**200 391**	**(151 968)**	**48 423**	170 926	(138 755)	32 171
Motor vehicles	**22 850**	**(16 619)**	**6 231**	20 717	(13 373)	7 344
Office equipment	**30 521**	**(19 197)**	**11 324**	28 015	(16 412)	11 603
Furniture and fittings	**100 294**	**(69 670)**	**30 624**	93 347	(63 888)	29 459
	354 056	**(257 454)**	**96 602**	313 005	(232 428)	80 577
Total	**819 922**	**(455 655)**	**364 267**	740 284	(389 541)	350 743

	2021 Carrying amount	**Additions/ (transfers)**	**Right of use asset movements**	**Revaluation**	**Disposals**	**Depreciation**	**2022 Carrying amount**
	ZMW '000	**ZMW'000**	**ZMW '000**	**ZMW '000**	**ZMW '000**	**ZMW '000**	**ZMW '000**
Movement							
Right of use asset							
Buildings and land	100 856	30 550	-	-	-	(32 460)	**98 946**
Property							
Buildings	162 596	-	-	-	(3 495)	(4 967)	**154 134**
Leasehold improvements	6 714	11 532	-	-	-	(3 661)	**14 585**
	270 166	42 082	-	-	(3 495)	(41 088)	**267 665**
Equipment							
Computer equipment	32 171	30 707	-	-	(1 243)	(13 213)	**48 422**
Motor vehicles	7 344	2 133	-	-	-	(3 246)	**6 231**
Office equipment	11 603	2 506	-	-	-	(2 784)	**11 325**
Furniture and fittings	29 459	7 069	-	-	(122)	(5 782)	**30 624**
	80 577	42 415	-	-	(1 365)	(25 025)	**96 602**
Total	350 743	84 497	-	-	(4 860)	(66 113)	**364 267**

	2020 Carrying amount	**Additions/ (transfers)**	**Right of use asset movements**	**Revaluation**	**Disposals**	**Depreciation**	**2021 Carrying amount**
	ZMW '000	**ZMW'000**	**ZMW '000**	**ZMW '000**	**ZMW '000**	**ZMW '000**	**ZMW'000**
Movement							
Right of use asset							
Buildings and land	129 552	-	4 063	-	-	(32 759)	100 856
Property							
Buildings	71 123	-	-	95 543	(1 576)	(2 494)	162 596
Leasehold improvements	9 716	596	-	-	-	(3 598)	6 714
	210 391	596	4 063	95 543	(1 576)	(38 851)	270 166
Equipment							
Computer equipment	39 851	9 652	-	-	(11)	(17 321)	32 171
Motor vehicles	10 729	-	-	-	-	(3 385)	7 344
Office equipment	10 180	4 001	-	-	(45)	(2 533)	11 603
Furniture and fittings	31 380	4 491	-	-	(437)	(5 975)	29 459
	92 140	18 144	-	-	(493)	(29 214)	80 577
Total	302 531	18 740	4 063	95 543	(2 069)	(68 065)	350 743

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

13. Property, equipment and right of use assets (continued)

An independent valuation of the buildings was carried out by Messrs Anderson and Anderson to determine the fair value of the land and buildings as at 31 December 2021. The revaluation surplus net of tax was credited to other comprehensive income and is shown in the statement of changes in equity.

The fair value of land and buildings was determined using the income method of valuation which was thought to be the most appropriate as the land and buildings are commercial in nature. The carrying amount of the revalued properties if carried under cost model would be as follows:

	Group		Bank	
	2022 ZMW'000	2021 ZMW'000	**2022 ZMW'000**	2021 ZMW'000
Cost	**148 002**	160 367	**62 815**	64 785
Accumulated depreciation	**(29 169)**	(35 767)	**(16 522)**	(12 779)
Net book value	**118 833**	124 600	**46 293**	52 006

13.3 Measurement of fair value

The fair value of property was determined by management's appointed external, independent property valuation experts Messrs Anderson and Anderson having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuation experts provide the fair value of the Group's property portfolio every 5 years. The last valuation was done in December 2021.

As various inputs are used in the valuation calculations are based on assumptions, property valuations are inherently subjective and subject to a degree of uncertainty. The external valuers have made a number of assumptions in forming their opinion on the valuation of the investment properties and although these assumptions are in accordance with Global Professional Valuation Standards, if any prove to be incorrect, it may mean that the value of the Group's properties differs from their valuation reported in the financial statements, which could have a material effect on the Group's financial position.

The fair value measurement for property of ZMW 158 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. The table in note 15 shows a reconciliation of the movement of the revaluation of the property.

Valuation technique and significant unobservable inputs used

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Valuation Considerations
Income Valuation; Thought to be most appropriate as the properties are commercial in nature and are occupied.	• Extent of the property and level of development as well as potential for redevelopment. • Available evidence of rentals and sales of similar properties. • Current construction costs of the various type of buildings. • Condition and state of repair of buildings and improvements. • The type of service installations which form a permanent part of each land parcel. • Location of the property.

14. Intangible assets

	Group and Bank	
	2022 ZMW'000	2021 ZMW'000
Net book value	**185 367**	209 248
Cost	**332 172**	332 172
Accumulated amortisation	**(146 805)**	(122 924)
Balance at start of the year	**209 248**	233 130
Amortisation	**(23 881)**	(23 882)
Balance at end of the year	**185 367**	209 248

Intangible assets are made up of the core banking software, Finacle, acquired in 2016 and New Business On Line (NBol) software acquired in 2017.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

15. Capital and reserves

Group and Bank	2022 ZMW'000	2021 ZMW'000
Authorised		
Ordinary shares at ZMW1 each (2021: 416 000 000 ordinary shares at ZMW1 each)	**416 000**	416 000
Issued and fully paid		
Ordinary shares at ZMW1 each (2021: 416 000 000 ordinary shares at ZMW1 each)	**416 000**	416 000
Reserves - Group		
Statutory reserve	**7 700**	7 700
Credit risk reserve	**136 821**	149 439
Fair value gain through other comprehensive income reserve	**50 913**	174 096
Revaluation reserve	**147 209**	154 051
Retained earnings	**3 309 067**	2 799 753
Total Reserves	**3 651 710**	3 285 039
Reserves - Bank		
Statutory reserve	**7 700**	7 700
Credit risk reserve	**136 821**	149 439
Fair value gain through other comprehensive income reserve	**50 913**	174 096
Revaluation reserve	**75 475**	82 317
Retained earnings	**3 257 733**	2 752 169
Total Reserves	**3 528 642**	3 165 721

Ordinary share capital
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. Total dividends of ZMW 550,000,000 were declared during the year (2021: Nil)

Statutory reserves
Statutory reserves are non-distributable reserves that comprise transfers out of net profits prior to dividends of amounts prescribed under the Banking and Financial Services Act of Zambia.

Credit risk reserve
The credit risk reserve is a loan loss reserve that relates to the excess of allowance for impairment as required by the Banking and Financial Services Act of Zambia over the allowance for impairment computed in terms of International Financial Reporting Standards (IFRSs).

Credit risk reserve			**Group and Bank**			
	2022	2021	**Movement**	2021	2020	Movement
Impairment provision as per Bank of Zambia	**244 780**	470 053	**(225 273)**	470 053	552 827	(82 774)
Less : Impairment provision as per IFRS 9	**(107 959)**	(320 614)	**212 655**	(320 614)	(326 339)	5 725
Balance as at 31 December	**136 821**	149 439	**(12 618)**	149 439	226 488	(77 049)

Fair Value Through Other Comprehensive Income (FVOCI) reserve
The fair value reserve includes the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

The reserve includes the cumulative net change in the fair value of FVOCI assets until the investments are derecognised or impaired.

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

15. Capital and reserves (continued)

	Group and Bank					
	2022	2021	**Movement**	2021	2020	Movement
Fair value of FVOCI instruments	**40 069**	116 563	**(76 494)**	116 563	(9 443)	126 006
Less : Deferred tax impact	**(13 544)**	(36 985)	**23 441**	(36 985)	3 305	(40 290)
Impairment on FVOCI instruments	**23 285**	93 415	**(70 130)**	93 415	9 194	84 221
Other	**1 103**	1 103	**-**	1 103	1 103	-
Balance as at 31 December	**50 913**	174 096	**(123 183)**	174 096	4 159	169 937

Revaluation reserve
Revaluation reserve is a non-distributable reserve which represents revaluation surplus on buildings net of deferred tax. The movement during the year is on account of revaluation carried out during the year net of deferred taxes.

	Group			Bank		
	2022	2021	**Movement**	**2022**	2021	Movement
At start of year	**154 051**	92 140	**61 911**	**82 317**	20 406	61 911
Excess depreciation	**(9 488)**	(9 488)	**-**	**(9 488)**	(9 488)	-
Revaluation gain	**-**	95 543	**(95 543)**	**-**	95 543	(95 543)
Deferred income tax on revaluation	**2 646**	(24 144)	**26 790**	**2 646**	(24 144)	26 790
Balance as at 31 December	**147 209**	154 051	**(6 842)**	**75 475**	82 317	(6 842)

Retained earnings
Retained earnings are the brought forward recognised income net of expenses of the Bank plus current period profit attributable to shareholders.

16. Share based payment transactions

Standard Bank Group (SBG) has two equity-settled schemes namely the Group Share Incentive Scheme and the Equity Growth Scheme. The Group Share Incentive Scheme confers rights to employees to acquire ordinary shares at the value of the SBG share price at the date the option is granted. The Equity Growth Scheme was implemented in 2005 and represents appreciation rights allocated to employees. The eventual value of the right is effectively settled by the issue of shares equivalent in value to the value of the rights.

The two schemes have four different sub-types of vesting categories as illustrated by the table below: (Unless otherwise stated all share prices are in South African Rands (ZAR)).

	Year	% vesting	Expiry
Type A	3, 4, 5	50, 75, 100	10 Years
Type B	5, 6, 7	50, 75, 100	10 Years
Type C	2, 3, 4	50, 75, 100	10 Years
Type D	2, 3, 4	33, 67, 100	10 Years
Type E	3, 4, 5	33, 67, 100	10 Years

The reconciliation of the movement in the Group Share Incentive Scheme is as follows :

	Number of options	
Group Share Incentive Scheme	**2022**	2021
Options outstanding at beginning of the year	**187**	-
Transfers	**-**	187
Lapsed	**(187)**	-
Options outstanding at end of the year	**-**	187

Deferred Bonus Scheme (DBS 2012)
In 2012 changes were made to the existing DBS to provide for a single global incentive deferral scheme across the regions. The purpose of the Deferred Bonus Scheme 2012 is to encourage a longer-term outlook in business decision-making and closer alignment of performance with long-term value creation.

All employees granted an annual performance award over a threshold have part of their award deferred. The award is indexed to the group's share price and accrues notional dividends during the vesting period which are payable on vesting. The awards vest in three equal amounts at 18 months 30 months and 42 months from the date of award. The final payout is determined with reference to the group's share price on vesting date.

The provision in respect of liabilities under the scheme amounts to ZMW 23 073 000 at 31 December 2022 (2021: ZMW 8 033 000) and the amount charged for the year was ZMW 19 945 000 (2021: ZMW 10 411 000).

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

16. Share based payment transactions (continued)

	Units	
	Dec-22	**Dec-21**
Reconciliation		
Units outstanding at beginning of the year	**209**	-
Granted	**7 170**	-
Exercised	**(5 120)**	(289)
Lapsed	**-**	-
Transferred in	-	498
Units outstanding at end of the year	**2 259**	209

17. Deposits and current accounts

	Group		Bank	
	2022 ZMW'000	2021 ZMW'000	**2022 ZMW'000**	2021 ZMW'000
Deposit and current accounts				
Deposits from banks	**791 013**	514 025	**791 013**	514 025
Deposit from banks	**791 013**	514 025	**791 013**	514 025
Deposits from customers	**20 202 845**	18 376 642	**20 236 912**	18 411 579
Current accounts	**16 376 923**	14 374 303	**16 410 990**	14 409 240
Call deposits	**1 157 363**	1 207 141	**1 157 363**	1 207 141
Savings accounts	**1 312 449**	1 102 553	**1 312 449**	1 102 553
Term deposits	**1 356 110**	1 692 645	**1 356 110**	1 692 645

Maturity analysis
The maturities represent periods to contractual redemption of the deposits from customer

	Group		Bank	
	2022 ZMW'000	2021 ZMW'000	**2022 ZMW'000**	2021 ZMW'000
Repayable on demand	**19 135 142**	17 208 469	**19 169 209**	17 243 406
Maturing after 1 month but within 3 months	**310 890**	345 344	**310 890**	345 344
Maturing after 3 month but within 6 months	**236 518**	335 123	**236 518**	335 123
Maturing after 6 months but within 12 months	**520 295**	487 706	**520 295**	487 706
Total	**20 202 845**	18 376 642	**20 236 912**	18 411 579

18. Trading liabilities

	Group and Bank	
	2022 ZMW'000	2021 ZMW'000
Classification		
Unlisted debt securities	**3 573 056**	1 951 206
Comprising		
Trading liabilities - debt securities funding	**3 573 056**	1 951 206
Maturity analysis :		
The maturities represent periods to contractual redemption of the financial investments recorded		
Maturing within 1 month	**124 962**	61 660
Maturing after 1 month but within 6 months	**1 878 934**	1 037 510
Maturing after 6 months but within 12 months	**1 569 160**	842 943
Maturing after 12 months	-	9 093
	3 573 056	1 951 206

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

19. Net deferred tax asset

	Group		Bank	
	2022 ZMW'000	2021 ZMW'000	2022 ZMW'000	2021 ZMW'000
Deferred tax asset	**113 032**	111 729	**113 032**	111 729
Deferred tax analysis				
Property and equipment	**(14 453)**	14 149	**(14 453)**	14 149
Property revaluation reserve	**(32 118)**	35 135	**(32 118)**	35 135
FVOCI reserve	**(12 575)**	36 985	**(12 575)**	36 985
Impairment charges on loans and advances and other provisions	**130 951**	(196 524)	**130 951**	(196 524)
Other deductible accruals	**41 227**	(1 474)	**41 227**	(1 474)
Deferred tax balance	**113 032**	111 729	**113 032**	111 729
Deferred tax liabilities	**(59 146)**	(86 269)	**(59 146)**	(86 269)
Deferred tax assets	**172 178**	197 998	**172 178**	197 998
Deferred tax reconciliation				
Deferred tax balance at beginning of the year	**111 729**	252 963	**111 729**	252 963
Recognised in profit or loss	**(24 785)**	76 800	**(24 785)**	76 800
Property and equipment	**(304)**	(4 584)	**(304)**	(4 584)
Other deductible accruals	**6 933**	4 726	**6 933**	4 726
Impairment charges on loans and advances and other provisions	**(31 414)**	76 658	**(31 414)**	76 658
Recognised in other comprehensive income	**26 087**	64 434	**26 087**	64 434
FVOCI reserve	**23 441**	40 290	**23 441**	40 290
Property revaluation reserve	**2 646**	24 144	**2 646**	24 144
Deferred tax balance at the end of the year	**113 032**	111 729	**113 032**	111 729

In the opinion of the directors the deferred tax assets are reasonable. The utilisation of the deferred tax assets is dependent on further taxable profits from the reversal and existing taxable temporary differences. The Zambian tax laws operate a self-assessment system for corporate income tax. The tax charges are therefore subject to assessment by the Zambia Revenue Authority.

20. Provisions and other liabilities

	Group		Bank	
	2022 ZMW'000	2021 ZMW'000	2022 ZMW'000	2021 ZMW'000
Expected credit losses for off balance sheet exposures (Note 20.1)	**17 073**	24 683	**17 073**	24 683
Lease liability (Note 20.2)	**38 008**	36 209	**108 313**	105 770
Statutory obligations	**20 553**	17 992	**20 553**	17 068
Other liabilities and accrued expenses	**918 281**	433 905	**921 652**	439 992
Total	**993 915**	512 789	**1 067 591**	587 513

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

20. Provisions and other liabilities (continued)

20.1 Reconciliation of the allowance for expected credit loss for off balance sheet exposures

Group and Bank								
Year ended 31 December 2022			**Income statement movement**					
	Opening Balance	**Reclassification of ECL on irrevocable facilities**	Originated "New" impairments raised	Subsequent changes in ECL	Derecognition	**Total**	**Currency translation and other movements**	**Closing ECL balance**
Stage 1								
Letters of credit	**(1 834)**	**(142)**	**(6 012)**	**805**	**-**	**(5 207)**	**-**	**(7 183)**
Guarantees	**(11 237)**	**(249)**	**(103)**	**1 997**	**3 816**	**5 710**	**-**	**(5 776)**
Total	**(13 071)**	**(391)**	**(6 115)**	**2 802**	**3 816**	**503**	**-**	**(12 959)**
Stage 2								
Letters of credit	**(141)**	**141**	**-**	**-**	**-**	**-**	**-**	**-**
Guarantees	**(11 471)**	**250**	**-**	**6 957**	**150**	**7 107**	**-**	**(4 114)**
Total	**(11 612)**	**391**	**-**	**6 957**	**150**	**7 107**	**-**	**(4 114)**
Total ECL	**(24 683)**	**-**	**(6 115)**	**9 759**	**3 966**	**7 610**	**-**	**(17 073)**

Group and Bank								
Year ended 31 December 2021			**Income statement movement**					
	Opening Balance	**Reclassification of ECL on irrevocable facilities**	Originated "New" impairments raised	Subsequent changes in ECL	Derecognition	**Total**	**Currency translation and other movements**	**Closing ECL balance**
Stage 1								
Letters of credit	(191)	-	-	(1 643)	-	(1 643)	-	(1 834)
Guarantees	(9 319)	-	-	(1 918)	-	(1 918)	-	(11 237)
Total	(9 510)	-	-	(3 561)	-	(3 561)	-	(13 071)
Stage 2								
Letters of credit	(10 497)	-	-	10 356	-	10 356	-	(141)
Guarantees	(46)	-	-	(11 425)	-	(11 425)	-	(11 471)
Total	(10 543)	-	-	(1 069)	-	(1 069)	-	(11 612)
Total ECL	(20 053)	-	-	(4 630)	-	(4 630)	-	(24 683)

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

20. Provisions and other liabilities continued
20.2 Reconciliation of lease liabilities

	Group		Bank	
	2022 ZMW'000	2021 ZMW'000	**2022 ZMW'000**	2021 ZMW'000
Opening balance	**36 209**	56 479	**105 770**	132 955
Interest expense	**3 103**	3 257	**15 343**	14 125
Payments	**(43 292)**	(23 527)	**(60 179)**	(41 310)
Foreign exchange movements	**3 189**	-	**3 189**	-
Additions	**38 799**	-	**44 190**	-
Closing balance	**38 008**	36 209	**108 313**	105 770

The leases relate to branches, land and ATM site leases and are between 1 and 5 years

21. Subordinated debt & other borrowings

21.1 Subordinated debt (Group and Bank)

	Redeemable/ repayable date	Date issued	Rate %	Callable date	Rate after call date	Notional value 2022 ZMW '000	Carrying value 2022 ZMW '000	Notional value 2021 ZMW '000	Carrying value 2021 ZMW '000
SBSA Subordinated debt	13 Dec 2026	Dec 2021	LIBOR+5.32	Dec 2026	-	**271 125**	**271 778**	250 200	251 281
Total subordinated debt						**271 125**	**271 778**	250 200	251 281

The Group and Bank had no default during the year (2021: Nil).

Net debt reconciliation

	SBSA Subordinated Debt	
	2022 ZMW'000	2021 ZMW'000
Opening balance	**251 281**	318 430
Foreign exchange movements	**20 497**	(67 149)
Closing balance	**271 778**	251 281

21.2 Other borrowings (Group and Bank)

The other borrowings consist of financing from the International Finance Corporation (IFC) and the Bank of Zambia under the Targeted Medium Term Refinancing Facility (TMTRF). The IFC facility is priced off the 180 day treasury bill rate whilst the TMTRF is priced at between 8% - 8.5%

Net debt reconciliation

	International Finance Corporation (IFC)		Bank of Zambia		Total other borrowings	
	2022 ZMW'000	2021 ZMW'000	**2022 ZMW'000**	2021 ZMW'000	**2022 ZMW'000**	2021 ZMW'000
Opening balance	**200 000**	200 000	**1 789 066**	494 421	**1 989 066**	694 421
Repayments	**(50 000)**	-	**-**	-	**(50 000)**	-
Draw downs	**-**	-	**210 934**	1 294 645	**210 934**	1 294 645
Closing balance	**150 000**	200 000	**2 000 000**	1 789 066	**2 150 000**	1 989 066
Carrying value					**2 326 414**	2 089 250

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(for the year ended 31 December 2022)

22. Classification of assets and liabilities

2022 Group ZMW'000	**Note**	**Held for Trading**	**Fair value through profit or loss (default)**	**Amortised Cost**	**Fair Value Through OCI**	**Total carrying amount**	**Fair value**
Financial assets							
Cash and balances with the Central Bank	6	-	**5 030 815**	**2 213 239**	-	**7 244 054**	**7 244 054**
Loans and advances to banks	6	-	-	**6 092 098**	-	**6 092 098**	**6 092 098**
Derivative assets	7	**25 939**	-	-	-	**25 939**	**25 939**
Trading assets	8	**1 293 980**	-	-	-	**1 293 980**	**1 293 980**
Financial investments	9	-	-	**5 334 283**	**746 087**	**6 080 370**	**6 080 370**
Loans and advances to customers	10	-	-	**10 358 290**	-	**10 358 290**	**10 358 290**
Other assets	11	-	-	**428 624**	-	**428 624**	**428 624**
		1 319 919	**5 030 815**	**24 426 534**	**746 087**	**31 523 355**	**31 523 355**
Financial liabilities							
Derivative liabilities	7	**29 978**	-	-	-	**29 978**	**29 978**
Trading liabilities	18	**3 573 056**	-	-	-	**3 573 056**	**3 573 056**
Deposits from banks and borrowings	17	-	-	**3 117 427**	-	**3 117 427**	**3 117 427**
Customer deposits	17	-	-	**20 202 845**	-	**20 202 845**	**20 202 845**
Provisions and other liabilities	20	-	-	**993 914**	-	**993 914**	**993 914**
Subordinated debt	21	-	-	**271 778**	-	**271 778**	**271 778**
		3 603 034	-	**24 585 964**	-	**28 188 998**	**28 188 998**

2021 Group ZMW'000	Note	Held for Trading	Fair value through profit or loss (default)	Amortised Cost	Fair Value Through OCI	Total carrying amount	Fair value
Financial assets							
Cash and balances with the Central Bank	6	-	3 672 553	323 104	-	3 995 657	3 995 657
Loans and advances to banks	6	-	-	9 915 338	-	9 915 338	9 915 338
Derivative assets	7	85 395	-	-	-	85 395	85 395
Trading assets	8	1 292 091	-	-	-	1 292 091	1 292 091
Financial investments	9	-	-	2 564 272	1 056 990	3 621 262	3 621 262
Loans and advances to customers	10	-	-	7 682 068	-	7 682 068	7 682 068
Other assets	11	-	-	108 515	-	108 515	108 515
		1 377 486	3 672 553	20 593 297	1 056 990	26 700 326	26 700 326
Financial liabilities							
Derivative liabilities	7	3 100	-	-	-	3 100	3 100
Trading liabilities	18	1 951 206	-	-	-	1 951 206	1 951 206
Deposits from banks	17	-	-	2 603 275	-	2 603 275	2 603 275
Deposits from customers	17	-	-	18 376 642	-	18 376 642	18 376 642
Provisions and other liabilities	20	-	-	512 789	-	512 789	512 789
Subordinated debt	21	-	-	251 281	-	251 281	251 281
		1 954 306	-	21 743 987	-	23 698 293	23 698 293

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

22. Classification of assets and liabilities (continued)

2022 Bank ZMW'000	**Note**	**Held for Trading**	**Fair value through profit or loss (default)**	**Amortised Cost**	**Fair Value Through OCI**	**Total carrying amount**	**Fair value**
Financial assets							
Cash and balances with the Central Bank	6	-	**5 030 815**	**2 213 239**	-	**7 244 054**	**7 244 054**
Loans and advances to banks	6	-	-	**6 092 098**	-	**6 092 098**	**6 092 098**
Derivative assets	7	**25 939**	-	-	-	**25 939**	**25 939**
Trading assets	8	**1 293 980**	-	-	-	**1 293 980**	**1 293 980**
Financial investments	9	-	-	**5 334 283**	**746 087**	**6 080 370**	**6 080 370**
Loans and advances to customers	10	-	-	**10 358 290**	-	**10 358 290**	**10 358 290**
Other assets	11	-	-	**427 861**	-	**427 861**	**427 861**
		1 319 919	**5 030 815**	**24 425 771**	**746 087**	**31 522 592**	**31 522 592**
Financial liabilities							
Derivative liabilities	7	**29 978**	-	-	-	**29 978**	**29 978**
Trading liabilities	18	**3 573 056**	-	-	-	**3 573 056**	**3 573 056**
Deposits from banks and borrowings	17	-	-	**3 117 427**	-	**3 117 427**	**3 117 427**
Customer deposits	17	-	-	**20 236 912**	-	**20 236 912**	**20 236 912**
Provisions and other liabilities	20	-	-	**1 067 591**	-	**1 067 591**	**1 067 591**
Subordinated debt	21	-	-	**271 778**	-	**271 778**	**271 778**
		3 603 034	-	**24 693 708**	-	**28 296 742**	**28 296 742**

2021 Group ZMW'000	Note	Held for Trading	Fair value through profit or loss (default)	Amortised Cost	Fair Value Through OCI	Total carrying amount	Fair value
Financial assets							
Cash and balances with the Central Bank	6	-	3 672 553	323 104	-	3 995 657	3 995 657
Loans and advances to banks	6	-	-	9 915 338	-	9 915 338	9 915 338
Derivative assets	7	85 395	-	-	-	85 395	85 395
Trading assets	8	1 292 091	-	-	-	1 292 091	1 292 091
Financial investments	9	-	-	2 564 272	1 056 990	3 621 262	3 621 262
Loans and advances to customers	10	-	-	7 682 068	-	7 682 068	7 682 068
Other assets	11	-	-	108 093	-	108 093	108 093
		1 377 486	3 672 553	20 592 875	1 056 990	26 699 904	26 699 904
Financial liabilities							
Derivative liabilities	7	3 100	-	-	-	3 100	3 100
Trading liabilities	18	1 951 206	-	-	-	1 951 206	1 951 206
Deposits from banks	17	-	-	2 603 275	-	2 603 275	2 603 275
Deposits from customers	17	-	-	18 411 579	-	18 411 579	18 411 579
Provisions and other liabilities	20	-	-	587 513	-	587 513	587 513
Subordinated debt	21	-	-	251 281	-	251 281	251 281
		1 954 306	-	21 853 648	-	23 807 954	23 807 954

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

23. Off statement of financial position items

23.1 Loan commitments

The total unutilised loan commitments amounted to ZMW 509 067 000 (2021: ZMW 815 000 000).

23.2 Acceptances and other financial facilities

	Group and Bank	
	2022 ZMW'000	2021 ZMW'000
Letters of credit	**749 721**	155 717
Guarantees	**2 948 224**	4 145 546
Total	**3 697 945**	4 301 263

23.3 Capital commitments

	Group and Bank	
	2022 ZMW'000	2021 ZMW'000
Contracted capital expenditure	**8 023**	4 030
Capital expenditure authorised but not yet contracted	**90 927**	39 554
Total	**98 950**	43 584

23.4 Operating lease commitments

	Group and Bank	
	2022 ZMW'000	2021 ZMW'000
Equipment		
Within 1 year	**4 270**	1 724
After 1 year but within 5 years	**3 913**	-
Total	**8 183**	1 724

23.5 Legal proceedings

The Bank is a defendant in several cases which arise from normal day to day banking. The directors believe the Bank has strong grounds for success in a majority of the cases and are confident that they should get a ruling in their favour and none of the cases individually or in aggregate would have a significant impact on the Bank's operations.

The directors are satisfied that the Group has adequate insurance programmes and, where required in terms of IFRS for claims that are probable, provisions are in place to meet claims that may succeed. The directors have carried out an assessment of all the cases outstanding as at 31 December 2022 and where considered necessary based on the merits of each case, a provision has been raised. In aggregate the total provisions raised amount to ZMW 28.2 million (2021: ZMW 30.7 million).

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

24. Supplementary profit or loss information

		Group		Bank	
		2022 ZMW'000	2021 ZMW'000	**2022 ZMW'000**	2021 ZMW'000
24.1	**Interest income calculated using effective interest method**				
	Interest on loans and advances and short term funds	**1 315 395**	1 480 682	**1 315 395**	1 478 725
	Interest on investments	**987 476**	856 086	**987 476**	856 086
		2 302 871	2 336 768	**2 302 871**	2 334 811
24.2	**Interest expense**				
	Current accounts	**72 668**	59 171	**72 667**	59 142
	Savings and deposit accounts	**173 013**	305 907	**172 523**	304 917
	Subordinated debt	**12 734**	16 801	**12 734**	16 801
	Lease liability	**3 103**	2 632	**15 343**	14 125
	Other interest-bearing liabilities	**199 391**	142 038	**200 457**	142 037
		460 909	526 549	**473 724**	537 022
24.3	**Fee and commission income**				
	Account transaction fees	**179 400**	188 339	**179 400**	188 339
	Card based commissions	**21 068**	8 285	**21 068**	8 285
	Electronic banking fees	**72 811**	68 197	**72 811**	68 197
	Foreign currency service fees	**26 744**	19 691	**26 744**	19 691
	Documentation and administration fees	**151 575**	142 180	**151 575**	142 180
	Other	**114 114**	120 752	**102 994**	88 395
		565 712	547 444	**554 592**	515 087
24.4	**Trading income**				
	Foreign exchange	**547 112**	564 490	**547 112**	564 490
	Other	**(56 079)**	103 541	**(56 079)**	103 541
		491 033	668 031	**491 033**	668 031
24.5	**Other income**				
	Other revenue	**27 510**	30 562	**27 496**	27 156
	Dividend received	**-**	-	**16 000**	-
		27 510	30 562	**43 496**	27 156

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

24. Supplementary profit or loss information (continued)

		Group		Bank	
		2022	2021	**2022**	2021
		ZMW'000	ZMW'000	**ZMW'000**	ZMW'000
24.6	**Credit impairment (recovery)/ charges**				
	- Financial Investments (Note 9)	**(97 658)**	47 005	**(97 658)**	47 005
	-Loans and advances to customers (Note 10)	**98 100**	99 084	**98 100**	99 084
	-Cured interest in suspense	**(99)**	(322)	**(99)**	(322)
	-Loans and advances to banks (Note 6.1)	**(13 256)**	(7 710)	**(13 256)**	(7 710)
	-Off balance sheet amounts (Note 20)	**(7 610)**	4 630	**(7 610)**	4 630
	-Recoveries on loans previously written off	**(30 420)**	(25 621)	**(30 420)**	(25 621)
		(50 943)	117 066	**(50 943)**	117 066
24.7	**Staff costs**				
	Salaries and allowances	**599 175**	574 123	**599 175**	574 123
	Staff terminal costs	**2 406**	972	**2 406**	972
	Defined contribution costs	**28 638**	34 130	**28 638**	34 130
	Share based payment transactions (note 16)	**19 945**	10 411	**19 945**	10 411
	Skills development levy	**2 996**	2 529	**2 996**	2 529
		653 160	622 165	**653 160**	622 165
24.8	**Other operating expenses**				
	Information technology	**200 656**	179 514	**200 656**	179 514
	Communication	**14 086**	18 066	**14 086**	18 066
	Premises	**18 946**	22 914	**18 946**	22 914
	Security	**31 877**	29 963	**31 877**	29 963
	Donations	**4 313**	3 764	**4 313**	3 764
	Marketing and advertising	**25 486**	17 420	**25 486**	17 420
	Other	**510 512**	557 318	**510 611**	534 725
		805 876	828 959	**805 975**	806 366
	The following disclosable items are included in other operating expenses:				
	Auditor's remuneration	**3 985**	3 335	**3 598**	3 024
	Audit fees	**3 985**	3 335	**3 598**	3 024
	Depreciation (note 13)	**59 612**	63 676	**66 113**	68 065
	Right of Use Asset	**23 830**	24 244	**32 460**	32 759
	Buildings	**7 096**	6 620	**4 967**	2 494
	Leasehold improvements	**3 661**	3 598	**3 661**	3 598
	Computer equipment	**13 213**	17 321	**13 213**	17 321
	Motor vehicles	**3 246**	3 385	**3 246**	3 385
	Office equipment	**2 784**	2 533	**2 784**	2 533
	Furniture and fittings	**5 782**	5 975	**5 782**	5 975
	Amortisation of intangible assets (Note 14)	**23 881**	23 882	**23 881**	**23 882**
	Operating lease charges – premises	**4 776**	2 895	**4 776**	**2 895**
	- Properties	**279**	135	**279**	**135**
	- Equipment	**4 497**	2 760	**4 497**	**2 760**
	Professional fees	**13 148**	18 838	**13 148**	18 838
	- Technical and other	**13 148**	18 838	**13 148**	18 838
	Security	**31 877**	29 963	**31 877**	29 963
	Marketing and advertising	**25 486**	17 420	**25 486**	17 420
	Other expenses	**643 111**	668 950	**637 096**	642 279
		805 876	828 959	**805 975**	806 366

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

25. Income tax expense

	Group		Bank	
	2022 ZMW'000	2021 ZMW'000	**2022 ZMW'000**	2021 ZMW'000
Current year	480 916	575 678	476 618	570 852
- Current tax expense	**456 131**	498 878	**451 833**	494 052
- Deferred income tax (note 19)	**24 785**	76 800	**24 785**	76 800
Total income tax expenses	**480 916**	**575 678**	**476 618**	570 852
Zambia tax rate reconciliation (%)	**30,00%**	35,00%	**30,0%**	35,0%
The total taxation charge as a percentage of net income before taxation:	31.4%	38.7%	31.3 **%**	39%
The charge for the year has been reduced/(increased) as a consequence of:				
- Non-deductible expenses	**(1.4%)**	(3,7)%	**(1.3%)**	(4)%
Standard rate of Zambian Tax	**30%**	35%	**30%**	35%

Tax balances outstanding

	Group		Bank	
	2022 ZMW'000	2021 ZMW'000	**2022 ZMW'000**	2021 ZMW'000
Current tax payable at the start of the year	**61 420**	114 136	**61 256**	113 884
Income statement charge	**456 131**	498 878	**451 833**	494 052
Payment	**(485 457)**	(551 594)	**(482 334)**	(546 680)
Current tax at the end of the year	**32 094**	61 420	**30 755**	61 256

Deferred tax movements in equity

	2022			2021		
	Before tax	**Tax (expense)/ benefit**	**Net of tax**	Before tax	Tax (expense)/ benefit	Net of tax
	ZMW '000	**ZMW '000**	**ZMW '000**	ZMW '000	ZMW '000	ZMW '000
Group and Bank						
Property revaluation reserves						
Net revaluation movement	**(10 058)**	**2 646**	**(7 412)**	80 494	(24 144)	56 350
Net change in fair value for FVOCI reserve	**(81 366)**	**23 441**	**(57 925)**	134 300	(40 290)	94 010
	(91 424)	**26 087**	**(65 337)**	214 794	(64 434)	150 360

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

26. Notes to statement of cash flows

		Group 2022 ZMW'000	Group 2021 ZMW'000
26.1 Cashflows from operating activities			
Cash receipts from customers		**2 900 423**	3 348 163
Cash paid to customers, employees and suppliers		**(1 547 883)**	(1 547 014)
Net cash flows from operating activities		**1 352 540**	1 801 149
26.2 Cash receipts from customers			
Interest received from customers		**1 816 168**	2 102 126
Fees and commission revenue	24.3	**565 712**	547 444
Trading and other revenue	24.4 /24.5	**518 543**	698 593
		2 900 423	3 348 163
26.3 Cash paid to customers, employees and suppliers			
Interest paid to customers		**(239 060)**	(383 289)
Staff expenses paid		**(653 160)**	(622 165)
Other operating expenses paid (Including indirect taxes)		**(655 663)**	(541 558)
		1 547 883	(1 547 012)
26.4 Increase in income-earning assets			
Change in financial investments		**(2 459 108)**	(169 598)
Change in statutory deposits		**(388 402)**	41 766
Change in loans and advances to customers		**(2 676 223)**	(1 254 619)
Change in derivative assets, trading assets and other assets		**(385 250)**	105 346
		(5 908 983)	(1 277 105)
26.5 Decrease in deposits and other liabilities			
Change in deposits from customers and banks		**2 340 355**	(6 729)
Decrease in net derivative liabilities, subordinated debt & trading liabilities		**1 648 728**	633 789
Provisions and other liabilities		**499 760**	(40 907)
		4 488 843	586 153
26.6 Income taxation paid			
Current tax payable at the start of the year		**61 420**	114 136
Income statement charge	25	**456 131**	498 878
Current tax at end of the year		**(32 094)**	(61 420)
Payment		**485 457**	551 594
26.7 Analysis of cash and cash equivalents			
Cash and balances with the Bank of Zambia		**7 244 054**	3 995 657
Loans and advances to banks (overnight)		**6 092 098**	9 915 338
Less: Cash reserve requirement		**(2 252 183)**	(1 863 781)
Cash and cash equivalents at end of year		**11 083 969**	12 047 214

27. Related party transactions

27.1 Group transactions

The Group's immediate parent is Stanbic Africa Holdings Limited which owns 99.99% of the Bank's shares. The Group's ultimate shareholder is Standard Bank Group Limited. There are other companies which are related to Stanbic Bank Zambia Limited through common shareholdings or common directorships. In the normal course of business placings of foreign currencies are made with the parent company and other Group companies at interest rates in line with the market. Market interest rates are also charged on borrowings or overdrawn accounts with other Group companies. The parent company also provides consultancy services from time to time for which it charges market rates. Below are the related party balances and transactions:

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

27. Related party transactions

27.1 Group transactions

Group and Bank		2022 ZMW'000	2021 ZMW'000
Balances at year end			
Amounts from Group companies	**Relationship**		
Standard Bank South Africa	Fellow subsidiary	**3 347**	1 771
Amounts due to Group companies	**Relationship**		
Standard Bank South Africa	Fellow subsidiary	**179 934**	141 230
Other related party Balances			
Short term funds, derivatives and other assests		**701 027**	141 230
Deposits derivatives. Subdebt and other liabilities		**(476 668)**	141 230
Dividend payable		**(240 000)**	
Transactions during the year			
Management fees		**87 171**	89 964
Information technology charges		**82 882**	135 378
Other income from related parties		**(27 139)**	(52 021)
Other expenses from related parties		**58 991**	27 690
Dividend paid to related parties		**550 000**	-
		758 610	201 011

27. Related party transactions (continued)

27.2 Key management personnel compensation

Group and Bank	2022 ZMW'000	2021 ZMW'000
Key management compensation		
Compulsory social security obligations	**2 660**	2 072
Share based payment transactions	**19 945**	10 411
Salaries and other short-term benefits paid	**47 042**	36 926
Total	**69 647**	49 409
Loans and advances		
Loans outstanding at the beginning of the year	**21 111**	14 437
Change in key management structures	**-**	5 079
Net change in loans during the year	**(618)**	1 595
Loans outstanding at the end of the year	**20 493**	21 111
Interest income	**1 857**	2 005

Movements in loans and advances to key management for the year ended 31 December 2022

	Opening amounts	Additions / disbursements	Repayments/ Transfers out	Closing amounts	Weighted interest rate range	Nature of loan
Officer 1	**100**	23	(66)	**57**	8%-12%	Asset finance, unsecured loan & mortgage
Officer 2	**1 914**	1 085	(536)	**2 463**	8%-12%	Asset finance, unsecured loan & mortgage
Officer 3	**2 016**	28	(261)	**1 783**	8%-12%	Unsecured loan & mortgage
Officer 4	**4 188**	-	(4 188)	**-**	8%-12%	Unsecured loan & mortgage
Officer 5	**2 143**	-	(296)	**1 847**	8%-12%	Asset finance, unsecured loan & mortgage
Officer 6	**-**	2 973	-	**2 973**	8%-12%	Asset finance, mortgage
Officer 7	**218**	24	(45)	**197**	8%-12%	Asset finance, unsecured loan & mortgage
Officer 8	**1 626**	848	(329)	**2 145**	8%-12%	Unsecured loan
Officer 9	**3 828**	6	(44)	**3 790**	8%-12%	Unsecured loan , mortgage
Officer 10	**1 840**	250	(381)	**1 709**	8%-12%	Asset finance, mortgage
Officer 11	**1 314**	1 010	(362)	**1 962**	8%-12%	Asset finance, unsecured loan & mortgage
Officer 12	**1 924**	36	(597)	**1 363**	8%-12%	Asset finance, unsecured loan & mortgage
Officer 13	**-**	250	(47)	**203**	**8%-12%**	Unsecured loan
Total	**21 111**	**6 533**	**(7 152)**	**20 492**		

Notes to the consolidated and separate financial statements

(for the year ended 31 December 2022)

27. Related party transactions (continued)

27.2 Key management personnel compensation (continued)

Movements in loans and advances to key management for the year ended 31 December 2021

	Opening amounts	Additions / disbursements	Repayments/ Transfers out	Closing amounts	Weighted interest rate range	Nature of loan
Officer 1	**192**	69	(161)	**100**	8%-12%	Asset finance, unsecured loan & mortgage
Officer 2	**2 331**	-	(417)	**1 914**	8%-12%	Asset finance, unsecured loan & mortgage
Officer 3	**1 143**	928	(55)	**2 016**	8%-12%	Unsecured loan & mortgage
Officer 4	**3 885**	339	(36)	**4 188**	8%-12%	Unsecured loan & mortgage
Officer 5	**2 216**	122	(195)	**2 143**	8%-12%	Asset finance, unsecured loan & mortgage
Officer 6	**1 687**	-	(1 687)	**-**	8%-12%	Asset finance, unsecured loan & mortgage
Officer 7	**168**	50	-	**218**	8%-12%	Unsecured loan
Officer 8	**190**	1 436	-	**1 626**	8%-12%	Unsecured loan , mortgage
Officer 9	**2 625**	1 251	(48)	**3 828**	8%-12%	Asset finance, mortgage
Officer 10	**-**	1 840	-	**1 840**	8%-12%	Asset finance, unsecured loan & mortgage
Officer 11	**-**	1 314	-	**1 314**	8%-12%	Asset finance, unsecured loan & mortgage
Officer 12	**-**	1 924	-	**1 924**	8%-12%	Asset finance, unsecured loan & mortgage
Total	**14 437**	9 273	(2 599)	**21 111**		

27.3 Directors' current accounts

	Group and Bank	
	2022 ZMW'000	2021 ZMW'000
Balance at the beginning of the year	1 973	1 505
Net change in deposits during the year	1 411	468
Balance at the end of the year	3 384	1 973
Net interest expense	(70)	(98)

27.4 Directors emoluments

Group and Bank	**2022 ZMW'000**	2021 ZMW'000
Emoluments of directors in respect of services rendered:		
As directors of Stanbic Bank Zambia Limited	4 233	4 901

28. Environment, social and Governance

Related emerging risk, matters related to (ESG) risks have been disclosed in the Annual Report on page 33.

29. Events after the reporting date

There were no material subsquent events, which require disclosure in, or adjustment of these financial statements.

Stanbic Bank

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