Stanbic Bank

ZAMBIA IS OUR HOME,
WE DRIVE HER

Zambezi National Park

STANBIC BANK ZAMBIA LIMITED

ANNUAL REPORT

2024

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OUR ANNUAL REPORT

Stanbic Bank Zambia Limited maintains a prominent market position in Zambia, striving to consistently meet client demands with accuracy and efficiency by leveraging technology to empower our teams and achieve robust business outcomes. As part of the Standard Bank Zambia Limited, Stanbic benefits from a significant presence and extensive capabilities across 20 countries in Sub-Saharan Africa.

OUR PURPOSE IS CLEAR:

Zambia is our home, we drive her growth.

OUR COMPANY STRUCTURE

0.1%
Standard Bank Group

99.9%
Stanbic Africa Holdings Limited

STANBIC BANK ZAMBIA LIMITED
100%

- Stanbic Insurance Brokers Zambia Limited
- Burnet Investments Limited
- Stanbic Nominees Zambia Limited
- Stanbic Securities Zambia Limited

OUR REPORTING SUITE

Our suite of reports caters for the diverse needs of our stakeholders. Our Annual report sets out our value story and intended outcomes for our stakeholders and assesses our ability to deliver sustainable and inclusive economic growth and value.

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, parastatals, large corporates, financial institutions and international counterparties

What we offer

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

Business & Commercial Banking (BCB)

provides banking and other financial services to Business and Commercial Clients

What we offer

- Commericial Banking
- SME Banking
- Agri Business
- Merchant Acquiring (Point of Sale)
- Vehicle and Asset Finance
- Trade Finance

Personal & Private Banking (PPB)

provides banking and other financial services to individual Clients

What we offer

- Private Banking
- Executive Banking
- Achiever Banking

Corporate Functions

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

Which include

- Finance
- Information Technology
- Legal
- People and Culture
- Compliance
- Risk
- Marketing
- Internal Audit
- Operations
- Governance

Our Values

At Stanbic Bank Zambia Limited, our values shape who we are and what we do. As we pursue our motto, "Zambia is our home, we drive her growth".

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**

EMEA Finance African Banking Awards 2024

Proudly celebrating Stanbic Bank Zambia as the **Best Investment Bank!**

A heartfelt thank you to our esteemed customers for trusting us to deliver excellence every step of the way.


THE BIGGEST FESTIVAL IN ZAMBIA
Stanbic MUSIC FESTIVAL
MUSIQ SOULCHILD & OMARION

SOCIAL ECONOMIC IMPACT

Awards

- Best Investment Bank in Zambia 2024 – EMEA Finance
- Best in Cash Management 2024 – Euromoney
- CSR Network Award 2024 – CSR Excellence in Education (Science, Technology, Engineering, the Arts and Mathematics [STEAM] showcase)
- CSR Network Award 2024 – Environmental Impact: Best 100AFR Initiative (Let's Secure the Zambezi)
- CSR Network Award 2024 – Heritage, Arts and Culture: Support for the Music Industry – Stanbic Music Festival
- Social Media Excellence Awards 2024 – Chartered Institute of Customer Management
- Financial Literacy Awards 2024 – Governor's Award for First Prize Exceptional Campaign
- Financial Literacy Award 2024 – Governor's Award Second Prize Exceptional Leadership in Financial Literacy

Our flagship programme for 2024

Stanbic Music Festival

The Stanbic Music Festival (SMF), initially born out of the legendary Stanbic Jazz Festival, started its journey in 2014. The event was created to support the Bank's significant investment in local music and the arts, and is one of several initiatives the Bank has initiated to accelerate the growth of the sector and thus contribute to the country's overall economic development.

Throughout its 10-year history, the SMF has showcased world-famous bands and artists – from Boyz II Men at the 2017 Festival to featuring Davido at the 2019 show, the SMF has dazzled local audiences and helped contribute to the rising standards of Zambian music internationally.

In 2024, Stanbic Bank was proud to host multiple award-winning singers and songwriters, Omarion and Musiq Soulchild. The event also featured singer, songwriter and music producer Yo Maps; Zamrock legends The Witch; musician, singer, songwriter, record producer, and actor Macky II ;renowned singer and songwriter Danny Siulapwa; and singer, actress, and songwriter Mampi.

In the lead-up to the event, Omarion collaborated with Yo Maps on a new single, "Superman". This collaboration embodies the essence of what the SMF stands for – to grow Zambian music and the arts through collaborative efforts, while bringing to the fore the wonderful talent that exists in the country.

By bringing international artists to Zambia since 2014, Stanbic has helped to establish connections between the local music industry in the country and foreign markets. The event fosters a unity of purpose driven by a strong desire to elevate the standards of the music and arts industries in Zambia.

Climate Change & Environment

Let's Secure Zambezi

The Zambezi River is at the heart of the Zambian economy, supporting agriculture, providing energy, tourism and livelihood support for the communities living along the river. Stanbic remains committed to protecting the Zambezi River Source Area as a vital natural resource that will safeguard our national economy for generations to come.

In 2022, World Wide Fund (WWF) Zambia and Stanbic successfully launched the Let's Secure Zambezi campaign. In 2024, the "Let's Secure Zambezi" campaign, now in its third year, heralded a partnership with Vivo Energy Zambia, who came on board to sponsor the planting of 6,000 trees over a two-year period, bringing the total to 33,000 trees due to be planted by the end of 2025.

Impact

- 33,000 indigenous trees have been successfully planted at the Source Area in Ikelenge District in Zambia's North-Western Province since 2022.
- Town-hall meetings have been held to sensitise the local communities on the dangers of indiscriminate tree-cutting and the importance of undertaking sustainable farming activities and protecting the Source Area for the Zambezi River's long-term viability.
- Alternative sources of income, such as beekeeping and the growing of fruit trees, have been created.
- Strategic partnerships with local traditional leadership and Zambian Government Agencies, among others, were secured to scale-up reforestation efforts and secure the Source Area's ecosystem.

Education

First Lady for a Day

The 2024 First Lady for a Day mentorship programme, implemented by the Bank in collaboration with NGO Junior Achievement Zambia and the Forum for Women Educationalists in Zambia, was successfully held in April 2024 with support from Zambia's First Lady, Mrs. Mutinta Hichilema.

This year, the flagship mentorship programme mentored 60 young people from various areas across Zambia, who travelled to Lusaka to receive knowledge and be equipped with the skills to make sound career decisions.

Under the theme "Mentorship on Ending Child Marriages", the 2024 First Lady for a Day Mentorship programme provided mentorship and guidance to vulnerable children, particularly those at risk of child marriages, by exposing them to various career opportunities and empowering them to pursue their dreams through education.

The objective of the Mentorship programme is to help vulnerable girls and boys maintain a positive self-image and a 'can do' attitude as they build the foundations for their careers through education and hard work.

Impact

- Over 2,000 learners have benefited from this programme since inception in June 2010, including differently abled pupils.
- The programme offers life-changing opportunities through exposure to key mentors and notable personalities.

Education

Autism school handover

In November 2024, Stanbic management, in collaboration with First Lady Mrs. Mutinta Hichilema and other stakeholders, launched the National Centre for Autism in Kabwe under the Stay In School Initiative to help facilitate access to world-class educational facilities for children living with Autism.

The Mutinta Hichilema Autism and Special Needs Centre is a ground-breaking project and the culmination of broad stakeholder collaboration to enhance universal access to educational facilities for children living with Autism in Kabwe, Central Province. The Bank was pleased to have contributed a sum of ZMW600,000 towards the construction of this facility to make it a reality for vulnerable children living with Autism in the country, and beyond our borders.

Impact

- Children living with Autism no longer have to share special-needs schools with other children who do not suffer from the same condition, thereby enhancing the effectiveness of teaching initiatives aimed at them.
- Children living with Autism are expected to develop skills to enable them to forge viable professional careers.
- A reduced burden on the public social welfare system is projected as a result, as more children will have access to specialist learning facilities.

Science, technology, engineering, the arts and mathematics (STEAM) showcase

In 2022 Stanbic launched a coding programme at Northmead Primary School aimed at driving technological innovation and enhancing pupils' awareness of the power and potential of digital and physical technology. The programme centres on the STEAM subjects: Science, Technology, Engineering, the Arts and Mathematics.

The STEAM showcase involves practical coding and technological problem-solving, and supplements the Zambian Government's efforts in increasing the exposure of young learners to STEAM subjects.

The 2024 STEAM Roadshow took place at Northmead Primary school for the second year running. The lessons covered in the 2024 curriculum included basic computer and peripheral usage; using Web browsers; the use of sensors and actuators in robotics; and block-based programming.

The children were able to present their progress at the 2024 Bank AI Day in November, and were awarded participation certificates at a graduation ceremony.

Stanbic was awarded the 2024 CSR Network Award for Excellence in Education for the STEAM showcase, testament to the impact the STEAM project has had on Northmead Primary School pupils.

Impact

- The programme launched in June 2022 with 40 Grade 5 pupils enrolled.

Construction of school ablution block

In August 2024 we were proud to provide a school ablution block for the Children's Town Primary School and Youth Academy, Chibombo District, Central Province, in collaboration with NGO, the Development Aid from People to People (DAPP).

An investment of ZMW150,000 was made in the construction of the facility, which comprises a total of ten toilets: six for girls and four for boys.

Our partnership with DAPP Zambia is testament to our commitment in raising the standard of education infrastructure in the area. This initiative reflected our commitment to combating "streetism" and supporting vocational skills for sustainable change.

Impact

- An estimated total population of 562 students will benefit from this facility in terms of improved water and sanitation facilities, further reducing the outbreak of waterborne diseases, such as cholera.

Climate Change & Environment

Keep Zambia Clean, Green & Healthy Campaign

Stanbic Bank has maintained its contribution towards the Government-backed "Keep Zambia Clean, Green and Healthy" campaign, aimed at making local cities, towns, villages, public institutions and surrounding areas clean and green.

In 2024 the Bank donated cleaning utensils worth ZMW140,000 to the Lusaka City Council (LCC) as part of our contribution towards the ongoing campaign, and established lasting networks with the local residents in this area to empower them to take charge of their environment and manage the levels of solid waste more efficiently. Our thanks to Her Worship the Mayor of the Greater City of Lusaka, Mrs. Chilando Chitangala, for gracing the clean-up drive.

The Bank also partnered with the Livingstone City Council (LCC) to clean up the Dambwa Central Market to ensure it is healthy and safe for all to use. Our thanks also goes to Her Worship the Mayor of the City of Livingstone, Ms Constance Muleabai.

Impact

- Effective management of collection and proper disposal of solid waste in densely populated areas.
- Continued advocacy for the need to maintain clean and healthy surroundings, helping to inculcate a mindset change which remains ongoing.
- The cleaned-up CBDs helped to significantly alleviate the pressure on local councils to clear waste and reduced build-up at local landfills.

Helping government tackle the drought

Zambia endured a prolonged drought during the 2023-2024 rainy season, which devastated the country's crops, including its staple commodity, maize.

In order to forestall further damage, exacerbated by the devastating effects of climate change, President Hakainde Hichilema declared the prolonged drought a national disaster and emergency on 29 February 2024, calling on all stakeholders to avail food and other support that they may have for much-needed relief, particularly to vulnerable groups of society.

In response to the call, we were pleased to have donated a total sum of ZMW 1 million to the Disaster Management and Mitigation Unit (DMMU) under the Office of the Vice-President to mitigate the drought effects on 15 May 2024.

The donated funds were part of the Bank's Corporate Social Responsibility (CSR) to mitigate the effects of the prolonged drought.

Impact

- Approximately one million out of the 2.2. million hectares of maize in 84 districts was damaged due to the drought, which equally threatened power generation and ground water availability. Our donation helped vulnerable citizens in affected areas, whose crops and livelihoods were adversely affected.

Health & Dignity

Fighting cholera

Cholera is a seasonal health emergency that usually breaks out during the rainy season. In late 2023 and early 2024, the disease resurfaced among local residents residing in densely populated areas, claiming over 600 lives by early February 2024. Total cumulative case numbers peaked at over 17,300 by 5 February 2024.

Against this background, we were proud to have donated assorted goods and materials to Zambia's Ministry of Health worth ZMW300,000 as our contribution towards tackling the cholera epidemic.

Impact

Our donation helped vulnerable citizens in adhering to the three Cs, which are:

- Using clean water,
- Maintaining clean hands, and
- Chlorinating our water

Mother's Waiting Shelter

In 2016, Stanbic and its cooperating partners launched a five-year campaign to build mothers' shelters at rural health posts across Zambia. The shelters help to reduce maternal and child mortality, while promoting good health among women in rural areas.

The bank-funded project, worth US$280,000 is aligned with the objectives of the Churches Health Association of Zambia (CHAZ) & USAID initiative, "Saving Mothers, Giving Life", and with Zambia's 7th National Development Plan (7NDP) under the theme "Accelerating development efforts towards Vision 2030 without leaving anyone behind".

In December 2022, Stanbic signed a Memorandum of Understanding (MoU) amounting to ZMW6 million with CHAZ for the construction of three more mothers' shelters. Stanbic, alongside CHAZ, proudly handed over the first of these three Mother's Shelters to the Makunka Rural Health Centre (RHC) in Kazungula District, Livingstone, on 29 May 2024.

Impact

- The initiative directly supports Zambia's Health Strategic Objective of reducing Maternal Mortality from 252 to less than 100 out of 100,000 live births by 2026, and will increase the proportion of health facilities with functional Emergency Obstetric Neonatal and Child units from 65% to 80% by 2026.
- 2,299 safe childbirths have been recorded since the inception of this initiative.

Growth & Sustainable Finance

Financial Fitness Academy

As a part of Stanbic Bank Zambia's ongoing efforts to promote financial literacy, we launched a Financial Fitness Academy (FFA) in 2020, a first of its kind in Zambia, aimed at providing our employees and citizens with the skills and knowledge needed to manage their finances and achieve their financial goals.

Specialised training and workshops have been organised for a variety of stakeholders, driving local skills and creating a financially literate society. The FFA will be an ongoing programme.

Impact

- In 2024, 5,921 beneficiaries received financial literacy training through the FFA.

Since 2020:

- Over 49 FFA trainings have been conducted countrywide.
- Over 8,000 people have been trained across Zambia, including the Zambia Super League football squad, NAPSA Stars F.C., Zambia Air Force, and Zesco Limited, the country's national power utility.
- 4,950 training hours have been completed.
- Specialised training took place for school-going pupils (aged 4-11) at Little Explorers School at Nkwashi, Chongwe area, teaching them effective money-management skills through Stanbic Hippo Accounts.
- Financial training was extended to 120 pupils in grades 10–12 from various schools in the Chilenje community.
- Over 500 women were trained through various activations and 56 opened current accounts.
- Training sessions were conducted in Zambia's seven local languages via a nationwide platform.

Climate Change & Environment

Climate Change & Environment

In November 2024, Stanbic signed a USD 55.5 million green-financing deal to allow renewable-energy buyer and trader GreenCo to import additional clean power to Zambia. The agreement was made possible by the close cooperation and support of Zambia's national utility, ZESCO.

This strategic collaboration comes about at a critical period, as Zambia faces a prolonged electricity crisis caused by the ongoing drought, which has significantly reduced hydropower generation. The financing agreement will support critical business ventures and also contribute to the national and regional effort to mitigate the impact of the electricity crisis.

The GreenCo deal is an example of how Stanbic is answering the call to find innovative funding solutions in addressing the energy shortfall. The loan facility is an investment in Zambia's future, ensuring that businesses, communities and consumers have access to the power they need for growth and development.

Growth & Sustainable Finance

Kwacha-for-Kwacha

- Through its Kwacha-for-Kwacha initiative, and part of the Bank's internal Corporate Social Initiative (CSI), members of staff contributed funds to support CSR programmes in the communities in which it operates.
- The Bank also matched the staff contributions and the funds were then handed over to various communities.
- Impact
- To-date, over ZMW800,000 has been matched via the Kwacha for Kwacha fund.
- The Health and Education sectors have through this initiative benefited from improved infrastructure.
- Furthermore, over 700 employees have participated in this initiative.

OUR PERFORMANCE

CHAIRMAN'S REPORT

The Bank demonstrated resilience during the year 2024. Despite the many challenges faced in the operating environment, it achieved remarkable financial results. Profit After Tax increased to a record of ZMW 1.83 billion in the year ended 31 December 2024.

Dr. Abraham Mwenda
Board Chairman

Dear Stakeholders,

2024 will be remembered as an exceptionally challenging year for the country. The El-Nino induced drought which affected the 2023/24 rain season had widespread impacts on the Country. Almost 1m hectare out of 2.2m hectares mostly of maize, withered due to the low precipitation that affected many parts of the Country resulting in acute hunger. The poor rains also crippled the capacity of the country's main hydropower stations to generate electricity resulting in an electricity deficit of close to 1,300MW and load rationing of up to 21 hours a day in some cases. These adverse El-Nino weather pattern expectedly had material impacts on the economy.

The Ministry of Finance and National Planning estimated that economic growth would fall to around 1.2% from an initial estimate of 4.3% due to the above impacts. The lower-than-expected crop harvests stoked inflation in the year which increased from 13.2% in January 2024 to 16.7% in December 2024. The Central Bank tightened monetary policy to contain inflationary pressures. It hiked the policy rate by 300 bps and raised the statutory reserve ratio by 900 bps to 26%. The Central Bank also adopted measures to reduce Kwacha liquidity which, restrained the Banking Industry's ability to create assets. The Kwacha also came under sustained pressure against major convertible currencies in the year. It depreciated against the USD from K26.02 on 2 January 2024 to K27.58 on 31 December 2024. Depreciation of the local currency was largely driven by many factors that included relative strengthening of the USD, limited supply and high local demand for USD.

The challenges in the local operating environment were also compounded by a difficult external operating environment. The Russia Ukraine war raged on in 2024 with few signs of abating. The Middle East conflict which began in October 2023 also spread to Lebanon and other countries and drew in some non-state actors such as the Houthi rebels that threatened important sea routes in the Mediterranean and Red seas. This complex geopolitical environment, uncertain global economic growth prospects and increased prospects of international trade frictions cooled demand for commodities such as copper and emerging market assets and currencies. Many African currencies consequently depreciated against the USD thereby stoking inflationary pressures.

Given the context of these challenges, it is therefore commendable that the Zambian economy showed signs of resilience. Although economic growth had declined, it was still positive and there were signs of reducing deterioration in private sector conditions. The Stanbic Bank Zambia PMI improved to 49.2 in December 2024 from a low of 45.6. The country met all the milestones under the IMF

ECF program and made significant progress in restructuring its foreign currency debt. At the end of 2024, only USD 1.5 billion out of USD 3 billion commercial debt had yet to be restructured. The Eurobond and Bilateral debts were successfully restructured in June 2023 and March 2024, respectively. Additionally, the resolution of legacy issues affecting some major existing mines, expansion of existing projects and investments in new projects lifted the outlook for the mining sector during the year. It is expected that these developments will support an increase in copper projection over the medium-term, which in turn will positively support the Kwacha and Zambian economy at large. The Government aims to produce 3 million tonnes of copper by 2031.

The Bank also demonstrated resilience during the year. Despite the many challenges confronted in the operating environment, it achieved remarkable financial results. Profit After Tax increased to a record of ZMW 1.83 billion in the year ended 31 December 2024. This was an increase of 35% from the ZMW 1.36 billion attained in 2023. The total loans to customers also increased by 10% over the same period. This stellar financial performance result is a testament to the resilience and dedication of our members of staff and the enduring loyalty and partnership of our most esteemed customers.

Inspite of the Bank's excellent financial performance in 2024, we expect 2025 to also be a challenging year. Climate change is expected to remain a significant risk, particularly to Zambia's economic outlook in 2025, given the country's continuing dependence on the rains for food production and electricity generation. It is our hope that we will receive adequate rains, which will allow the country to begin to recover from the adverse economic impacts of the 2023/24 drought.

Even with these challenges the Bank is still well positioned to support the Country's economic growth and that of our clients. Stanbic Bank aims to continue offering excellent client experience supported by world class financial products and services. Our continuing commitment to innovation will help us succeed in this endeavour. The Bank will continue to seek innovative ways of meeting our clients' needs while ensuring that we remain compliant with regulatory obligations.

As a concerned and responsible corporate citizen, the Bank has also continued to support the Government's efforts to adapt to and mitigate the effects on climate change on the country. This year the Bank, in collaboration with our partners, spear-headed the planting of 13,000 trees at the source of the Zambezi River under the Let's Secure the Zambezi project. It is expected that these trees will help reforest and preserve this important ecological area. The Bank further supported the livelihoods of the communities in the area by donating 130 beehives with the aim of providing alternative livelihoods and stopping the indiscriminate cutting down of trees.

Given the significant toll of the 2023/2024 drought on the economy and our clients, the Bank responded by providing appropriate financial products and services aimed at alleviating the negative impact on our clients and society. The Bank supported various renewable energy projects including the country's second green bond issuance. It also enabled retail and SME clients to access off grid energy solutions to mitigate the impact of extended load rationing. However, more still needs to be done in the energy space to attain energy security and Stanbic is a reliable partner in this endeavour.

Net Interest Income

K3.06 Billion | ▲17%

2023: K2.6 Billion

Asset Base

K47.6 Billion | ▲24%

2023: K38.4 Bilion

The Bank was voted best Investment Bank in 2024 by EMEA, best Transactional Bank and best Bank in Cash Management in Zambia in 2024 by Euromoney. These awards are testament to the Bank's commitment to serving our clients exceptionally.

Board and Executive Changes

The strong performance achieved in 2024 could not have been possible without a strong leadership at both the Management and Board levels. The Bank is cognizant of the need for good leadership and continuously aspires to grow its people across the institution.

The Bank bade farewell to Director Antonio Coutinho who retired on the 9th of December 2024 after serving for 3 years. Antonio also retired from Standard Bank Group after 25 years of service. The Board extends its sincere gratitude to Antonio for his immense contributions during his 3-year tenure on the Board.

At an Executive level Ms. Eunice Kabila Mundia was appointed as Head of Personal and Private Banking on 2nd December 2024. Ms Mundia has over 18 years of diverse work experience across multiple units within Stanbic Bank Zambia Limited. She holds a Bachelor of Business Administration from the Copperbelt University and an MBA from Herriot Watt. She replaced Ms. Mulenga Silwamba who left the Bank to take up another role within the Standard Bank Group. The Board expresses its sincere appreciation to Ms. Silwamba for her service to the Bank.

I am confident that the Bank has the appropriate leadership team to elevate its success in 2025 and beyond.

In conclusion, I would like to re-affirm our commitment to serving our clients well and supporting sustainable and inclusive economic growth of the Zambian economy. At Stanbic we believe that Zambia is our home, and we drive her growth. Despite the seeming challenges on the horizon, I have no doubt that both the Country and Bank will rise above them in the coming year. I also extend my gratitude to our clients for their continued support in 2024 and look forward to an increased partnership in 2025. To the Board, Management and Staff of the Bank your efforts are what allowed us to achieve the great performance recorded in 2024. Thank you for these efforts and I look forward to another exciting year as we work collectively to achieve our *Nayo-Nayo* 26 strategic objectives and support our clients in 2025.

CHIEF EXECUTIVE'S REVIEW

"Given the significant toll of the 2023/2024 drought on the economy and our clients, the Bank responded by providing appropriate financial products and services aimed at alleviating the impact on our clients and society. "

Mwindwa Siakalima
Chief Executive

Dear Stakeholders,

The year 2024 presented many business opportunities and its fair share of challenges most notably the negative impact of the drought on the economy. The drought which the country faced was caused by climate change and the El Nino weather phenomenon, thereby threatening the country's food security, as well as water and energy supply.

Consequently, on 29 February 2024, President Hakainde Hichilema declared the drought a national disaster which then allowed for more resources to be mobilised to address the crisis.

The drought affected electricity generation at the country's hydroelectric power stations resulting in official load management of up to 21 hrs a day in some cases. The loadshedding impacted the running and growth of businesses including ourselves and therefore called for agility and resilience as we navigated our way to successfully achieving our goals.

In order to help safeguard the stability of the Country's financial sector and strengthen its resilience to the drought shocks that the Country experienced, the Central Bank come up with the Stability and Resilience Facility (SRF) to the tune of K5bn. This facility was availed to Financial Service Providers starting in 2025 for onward lending to clients in the agriculture sector and those negatively affected by the loadshedding and seeking funding for alternative power solution projects like solar equipment or generators to support their business operations.

Due to the lingering effects of the drought, which impacted Zambia's economic landscape more than anticipated, the Central Bank revised downwards the Country's 2024 real GDP growth to 1.2% from the earlier projection of 4.3%. However, the economy was anticipated to rebound in 2025 on the back of a good 2024/25 rainy season, which was expected to lead to recovery in the agriculture and energy sectors. Additionally, the recovery of the mining sector, and sustained expansion of ICT, financial and insurance, as well as wholesale and retail trade sectors was also expected to support the growth of the economy.

During the year, the Country continued making strides towards attaining debt sustainability as progress was made on the restructure of the $13.34bn external debt. As at 30 September 2024, the Ministry of Finance and National Planning announced that $11.76bn out of the $13.34bn debt had been restructured and discussions on the remaining $1.58bn were ongoing. Closure of this debt restructure would help accelerate the Country on its journey towards regaining economic stability, restoring fiscal health and creating conditions for fostering inclusive and sustainable economic development.

During the year, the Country's inflation continued to rise and was outside the target band of 6-8% as it entered the year at 16.7% thereby affecting consumer spending. The inflationary pressures were largely driven by the lingering effects of the drought, which pushed food prices higher. Other key drivers of inflation included the depreciation of the local currency against other major international currencies as well as higher fuel and energy costs. The Energy Regulation Board approved an emergency hike in electricity tariffs for large-scale consumers, effective 1 November 2024, to enable the national power utility company cover the rising costs of electricity imports.

In response to the elevated inflation, the Monetary Policy Committee of the Central Bank increased the Monetary Policy Rate (MPR) from 11% to 14% during the year. This MPR increase was complemented by liquidity management measures implemented earlier in the year and the various reforms in the operations of the foreign exchange market. These measures are meant to assist in steering inflation back towards the target band of 6 – 8%.

The local currency continued to face immense pressure as it depreciated by 7%, closing off 2024 trading at 27.58 compared to 26.02 at the beginning of the year. The persistent demand for the USD despite limited supply was a major factor that drove the local currency's depreciation. Due to structural production issues, the mines' mineral exports, which generate the majority of the nation's foreign exchange earnings, had been modest. Seasonal demand for imported agricultural input and ongoing demand for petroleum goods significantly increased pressure on the local currency in Q4 2024.

As a Bank, we continued to show resilience as we navigated the challenges in the operating environment whilst actualising the many opportunities that existed. In its third year of the *Nayo Nayo* 26 Strategy execution, the Bank posted strong growth in all the three business units,namely: CIB,BCB and PPB.

At the pan Bank level, the Bank posted a record Profit After Tax (PAT) of K 1.83 billion which was supported by strong growth in all the key revenue lines which was supported by growth in assets. This was the highest recorded in the industry for 2024.

Customer Loans and Advances grew by 10% year on year whilst the financial investments grew by 3%. Income from the larger loan book and financial investments, was however, offset by falling interest rates yields.

Profit After Tax

K1.83 Billion 34.5%

2023: K1.36 Bilion

In line with the sustainability pillar, Stanbic Bank collaborated with several stakeholders to deliver on its corporate social responsibility initiatives. Earlier in the year, as the Country battled with the cholera outbreak that claimed many citizens lives, Stanbic Bank extended a helping hand to complement the Government's efforts in mitigating the risks of contracting cholera in our communities by donating assorted goods through the Ministry of Health. The assorted goods were used to intensify measures around cholera prevention and mitigating the risks of contracting Cholera in our communities.

We continued to support the communities in which we operate in line with our sustainability pillar of our *Nayo Nayo* strategy that reinforces our legitimacy and underpins our purpose of "Zambia is our Home, we Drive her Growth."

Following the declaration of the drought as a national disaster, Stanbic Bank donated one-million-kwacha (ZMW1,000,000) to alleviate some of the challenges faced such as lack of access to clean water, food and essential services.

In partnership with the Churches Health Association of Zambia, the Bank financed the construction of a mother's waiting shelter at Makunka Rural Health Centre in Kazungula district, which was handed over this year. The shelters are expected to lower infant mortality for communities who are already at risk. This shelter addresses at least three Sustainable Development Goals (SDGs), namely, Good Health & Wellbeing, provision of Clean Water and Sanitation, and, the building Sustainable Cities and Communities.

Looking ahead, I remain very optimistic about the growth prospects of our economy and as a Bank we will continue to put our clients needs first to attain the objectives of the *Nayo Nayo* Strategy. We will continue to innovate and use technology, to support our clients better so that together we work to drive Zambia's sustainable and inclusive economic growth.

FINANCIAL REVIEW

Ms. Mizimo Musokotwane
Chief Finance & Value Management Officer

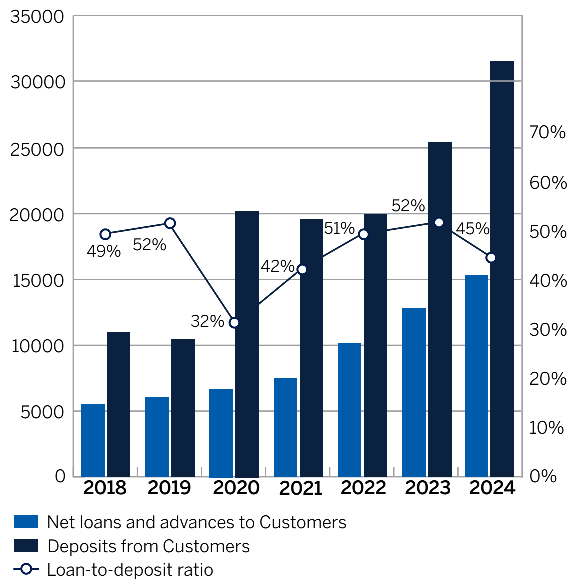
Gross loans and advances to Customers (ZMW'000)

	2024	2023
Other Lending	13 643 941	11 968 450
Mortagages	396 199	333 405
Vehicle & Asset Finance	1 551 089	1 825 577

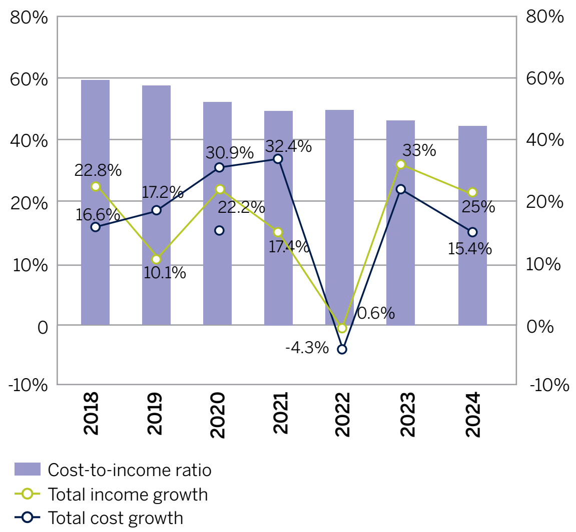
Current accounts and deposits from Customers (ZMW'000)

	2024	2023
Current Accounts	25 863 723	20 716 145
Savings	2 204 257	1 944 479
Term Deposits	5 258 319	3 292 877

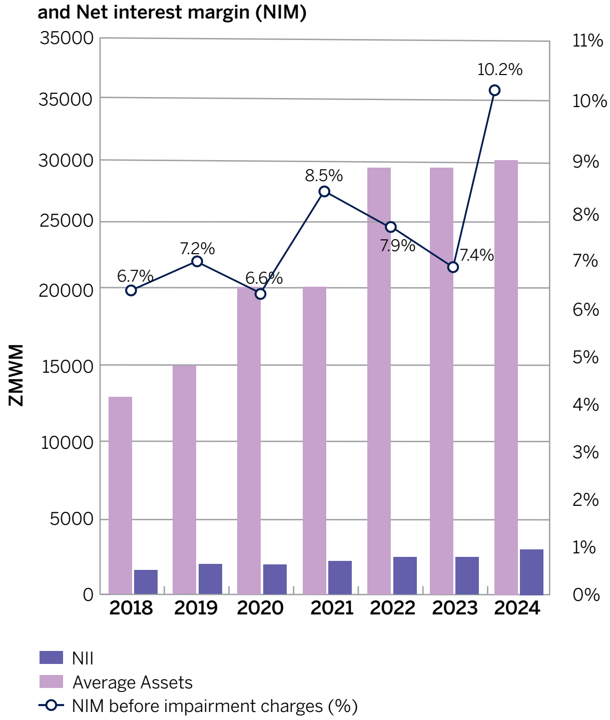
Loan-to-deposit ratio



Cost-to-income ratio



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



HIGHLIGHTS

PROFIT AFTER TAX ▲ 34.5%

K 1.83 Billion

2023: K 1.36 Billion

K1.39 Billion ▲ 25%

TOTAL DIRECT AND INDIRECT TAX CONTRIBUTION

2023: K1.11 Billion

Our Business

The Corporate and Investment Banking (CIB) business in 2024 delivered on its commitment to providing relevant and innovative solutions that support Zambia's key economic sectors. In a year that the Country has been faced with some of the most challenging macroeconomic and climate change events in recent years, the business stepped to take up the opportunities presented in key sectors, to deliver headline earnings growth far exceeding the stellar growth of 2023.

CORPORATE AND INVESTMENT BANKING

Helen Lubamba
Head Corporate & Investment Banking

Additionally, Zambia faced one of the worst droughts in its history, leading to significant power deficits and retraction in the economy, with the agriculture sector worst hit. The adverse drought impacts have resulted in the slowdown in economic growth and the consumer hit by the increasingly higher cost of living.

Through our Client Coverage and specialised product houses – Transaction Banking 'TxB', Investment Banking and Global Markets - we were deeply engaged with our clients to understand their unique challenges to proactively identify solutions. With this focused approach we supported our clients in navigating the difficulties posed by the various economic challenges, whilst ensuring resilience in the Bank's performance.

The energy sector was a key focus sector for our business in 2024. The Country's power deficits underscored the urgent need for innovative energy solutions and leveraging both our in-country and Group energy sector expertise, we identified the critical opportunities, both on- and off-grid, that required the Bank's support. These opportunities, aimed at increasing installed capacity are in line with Zambia's commitment to sustainable development, as well as driving a just transition to more sustainable energy sources thereby contributing to long term energy security, but also supporting environmental sustainability.

One notable achievement in the energy sector was our participation in an innovative financing structure to facilitate emergency power imports. This strategic initiative was underpinned by key off-takers, predominantly from the mining and industrial sectors, who helped ensure a more stable and reliable energy supply during the crisis period.

We are also proud to have been appointed as the Mandated Lead Arranger (MLA) and underwriter for a landmark green bond issuance. This was a first for Stanbic Bank Zambia and represents a significant milestone in our commitment to sustainable finance and the development of Zambia's green economy aligned to our broader vision of fostering a just transition to a low-carbon economy. This achievement also adds

Our Products and Services

Transaction Banking

Offer a comprehensive suite of solutions aimed at servicing our client's transactional needs

Global Markets

Provides trading services and risk management solutions across financial markets and through its dealing room, provides a gateway for trade transactions between counterparties, leveraging off both our onshore and offshore visibility.

Investment Banking

Arranging and advising on key and complex transactions with full expertise and product specialisation resources in Country

Client Coverage

Foster strategic relationships with our clients to the overall Standard Bank Group's green lending portfolio, which stood at ZAR 2.9 billion at the end of 2023, reinforcing our role as a leader in sustainable finance across the African continent.

Further support in the energy sector was provided to Oil Marketing Companies (OMCs) in the form of both on- and off-balance sheet solutions to ensure the continued and consistent supply of petroleum products. As a result, the energy and infrastructure (E&I) sector was the largest contributor to the growth of our business in 2024 delivering circa 35% revenue growth year on year.

Major strides have been made in the mining sector in recent years in terms of increased investment in Zambia's North Western Province and the revival of historical mining operations in the Copperbelt Province. This has presented opportunities for the Bank to support not only large mining operators but also the wider mining ecosystem. Mining continues to be a cornerstone of the nation's development and in 2024, the mining sector was the second-highest contributor to our business performance, with a remarkable 35% year-on-year revenue growth, reflecting our deep involvement in Zambia's mining sector and the broader region, stretching into the Democratic Republic of Congo (DRC).

With the Zambian Government's ambitious target of increasing copper production to 3 million metric tons per annum by 2031, the sector is poised for significant expansion and development. Our involvement in financing energy projects that power mining operations has reinforced the strategic alignment between the mining and energy sectors, allowing us to deliver comprehensive solutions to meet the energy needs of the industry and participate in the national vision.

The Consumer sector continued to be one of the primary performance drivers in CIB. The sector is greatly linked to our Large Local Corporates (LLC) strategy and includes FMCGs, and manufacturing. Regional and multinational corporates (MNCs) continue to be key clients in Zambia as we serve them in operations on the continent. Through our connected Group frameworks and deep sector expertise we continue to structure appropriate solutions amid economic challenges.

Most sectors, including real estate, delivered double-digit growth though sovereign and public sector, telecommunications and media registered lower growth off a high base in 2023. Nonetheless, all remain pivotal to the overall performance and sustainability of our business..

Our Business

Business & Commercial Banking (BCB) provides solutions to commercial, agricultural, and micro small and medium business enterprise clients in Zambia by creating and delivering value. Clients are served through our self-service digital channels, distribution network, and relationship management teams.

Customer growth and scaling continue to be achieved through ecosystems and local market initiatives identified, solutioned, and executed by our Client Service Team (CST).

BUSINESS AND COMMERCIAL BANKING

Chanda Mwila
Head Business and Commercial Banking

The Value We Offer

Our mission is to become the leading financial services provider for Commercial, Agribusiness, Micro and Small to Medium Enterprise clients in Zambia by focusing on:

- **Transforming Client Experience:** By deepening our understanding of client needs, we offer bespoke and fit-for-purpose solutions.
- **Executing with Excellence:** Through digitization and automation of processes, we create a seamless delivery of services.
- **Providing Access:** We offer access to finance, information, and markets to foster the growth of our clients and the Zambian economy.

The Purpose of Business and Commercial Banking is to turn possibility into opportunity for the businesses that power Africa's vibrant economy.

Transforming Client Experience:

Launch of Stan (WhatsApp ChatBot)

The roll-out of the Stan ChatBot to our Enterprise Banking clients allows the Bank to provide an alternative communication channel with clients. Stan allows clients to access information around Banking solutions at their convenience.

Omni Channel Engagement Model Implementation:

As part of further increasing client engagement effectiveness and efficiency, we deployed an SMS and email delivery channel that leverages robotics to allow for fully automated client engagement. This model drives value by providing richer insights and enabling more data-driven engagement and decisions.

Overview

In each client segment, Business & Commercial Banking continues to focus on:

- Enhanced client relationship management
- Enhanced client growth and retention
- Effectiveness and efficiency of our distribution and service platforms
- Creating value in the value chain through the ecosystem

We continue to radically redefine client experiences by deeply understanding and delivering what matters to our clients. Our operating model enables us to drive growth, retain existing clients, and acquire new customers by leveraging the capabilities of our core banking system to deliver client-led channel enhancements.

Renewable Energy Drive

As part of our renewable energy drive, our team was upskilled in this area through a Sustainability Master Class. Further we participated in the Zambia Decentralized Renewable Energy Conference, that culminated in the launch of our Renewables proposition – dubbed the Solar Business Financing Solution - aimed at promoting sustainable energy solutions for the country. This enabled clients to navigate the drought-induced energy shortage through alternative power sources.

Providing Access

Strategic Partnership and Networking at ILGAZ Symposium

We partnered with the Institute of Local Government Authorities of Zambia and participated in their symposium to create networking opportunities with various office bearers of local authorities.

2024 Land-Linked Zambia Conference

Organised in collaboration with the Ministry of Transport and Logistics, the conference brought together various stakeholders in the sector, ranging from port and border authorities to freight agents and financial service institutions. The form facilitated exchange of latest trends and facilitated business networking and matchmaking.

Zambia Credit Guarantee Scheme Launch

Stanbic and Zambia Credit Guarantee Scheme (ZCGS), signed a strategic partnership aimed at empowering Zambia's Micro, Small, and Medium Enterprises (MSMEs) through access to additional financial resources required to grow and scale their businesses. This collaboration is crucial for supporting businesses that may not meet traditional credit requirements, but are essential for Zambia's economic growth.

USADF in partnership with Stanbic Bank Zambia Launch

Stanbic Bank has partnered with the U.S. African Development Foundation (USADF) to support Zambian enterprises through a 5-year, USD 1 million partnership. This initiative will provide grants of up to $25,000 to successful enterprises annually.

Sustainability - Tangila Trail Series

As part of our continued support towards environmental sustainability, we sponsored the Tangila Trails, which aims at protecting and rehabilitating Zambia's wildlife and wild spaces. Funds raised from the 2024 series were allocated to the launching of the inaugural Tangila Scholarship for Conservation, in partnership with the Copperbelt University.

Our Business

Personal and Private Banking (PPB) provides banking solutions that give Zambians confidence that they can live a better life through our financial services to personal (individual) Clients in Zambia. These Clients are served through our physical distribution network, comprehensive self-service digital channels and relationship management teams.

PERSONAL AND PRIVATE BANKING

Eunice Kabila Mundia
Head Personal & Private Banking

Strategic Focus Areas

1. Client-Centric Approach

PPB has maintained its commitment to understanding and delivering what matters most to our clients. Key initiatives include:

- Leveraging data analytics to gain deeper insights into client needs
- Collaborating across divisions (Corporate and Investment Banking, Business and Commercial Banking) to provide comprehensive solutions, and
- Implementing ecosystem and local market initiative models to tailor our offerings

2. Private Banking Excellence

Our quest to become Zambia's premier Private Bank saw significant progress:

- Deepened client relationships through innovative tools and personalized interactions
- Enhanced our offshore proposition to support wealth building and,
- Renovated and reopened our Head Office Private Banking suite in March, which was inaugurated by Charles Hlatshwayo, Head of Personal and Private Banking, South Central Region

3. Sustainable Banking

In line with our commitment to Environmental, Social, and Governance (ESG) principles:

- Launched Zambia's first net-zero smart branch in Mkushi, fully powered by solar energy
- This initiative addresses the country's ongoing load shedding challenges while demonstrating our dedication to sustainable banking practices.

Overview

PPB continues to focus on:

- **Enhancing Client Relationship Management through our Private Banking**
- **Enhancing Client retention.**
- **Effectiveness of our distribution and service platforms.**

In 2024, the Personal and Private Banking (PPB) segment continued to strengthen its position in the Zambian market, focusing on client-centric approaches, innovative solutions, and sustainable practices. Our efforts were directed towards enhancing client experiences, expanding our reach, and contributing to the financial well-being of our customers and communities.

Key Initiatives and Achievements

Financial Fitness Program

We expanded our Financial Fitness Academies to empower and educate our clients:

- Focused on instilling a strong savings culture and financial literacy among youth
- Empowered clients to make informed decisions on banking solutions and services.

Anakazi Banking

Our women-focused banking initiative gained significant traction:

- Signed an MOU with Plan International Zambia, accessing a community of over 10,000 Village Banking savings groups
- Launched Anakazi Chapters in over eight universities and colleges to encourage savings and empower young women

Marketing Campaigns

Several targeted campaigns were launched to promote our services and engage with customers:

Kwacha for Kwacha "No Pressure" Campaign (K4K)

- Focused on driving liabilities and transactions
- Featured a "No pressure dance challenge" for increased visibility and engagement

Visa Credit Card Campaign

- Strategic partnership with VISA to drive an internal and external awareness campaign to promote card usage

"Loan in 3mins" Campaign

- Promoted our digital loan offering, emphasizing speed and convenience

Looking Ahead

As we move forward, PPB remains committed to innovation, client satisfaction, and sustainable growth. We will continue to adapt to the evolving needs of our clients, leverage technology to enhance our services, and contribute positively to Zambia's financial landscape.

Governance

The Board continues to uphold the highest standards of corporate governance and recognises its fundamental role in fostering transparency, accountability, and trust among our stakeholders. With an unwavering dedication to integrity, fairness, and ethical conduct, the Board continues to foster a culture of responsible leadership that ensures short, medium and long-term sustainability and value creation for our shareholders, employees, customers and communities.

This statement spells out the key corporate governance practices of 2024.

CORPORATE GOVERNANCE STATEMENT

Chanda Kasanda-Magubbwi
Head Governance and Company Secretary

Board Leadership

The Responsibilities of the Board of Directors

The Board of Directors is the Bank's highest decision-making body and is ultimately responsible for ensuring compliance with good corporate governance practices. In executing their duties, board members are transparent and act with integrity and fairness. As demonstrated in the skills of the board members reflected in the board director's profiles in this report, board members have the required skills to discharge their duties and provide strategic oversight of the Bank in accordance with the board mandate and Articles of Association.

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

Role of the Board Chairman

The Chairman is responsible for leading the Board and for ensuring its effectiveness. The role of the Chairman is separate from that of the Chief Executive with a clear division of responsibilities. In addition, care is taken to ensure that no single director has unfettered powers in the decision-making process. The Chairman is an independent non-executive director as are the majority of directors on the Board. For the Board to function effectively, a productive working relationship fostered on trust, open communication and mutual respect must exist between the board and management. The Chairman's roles include:

- Leading the Board and ensuring its effective functioning,
- Setting the Boards annual work plan and agendas through the Company Secretary,
- Building and maintaining stakeholder trust and confidence,
- Conveying feedback in a balanced and accurate manner between the Board and the Chief Executive;
- Monitoring the effectiveness of the Board

In 2024 Dr. Mwenda ensured that conflict of interests was managed effectively, with declarations of conflict being invited at every meeting and he provided effective guidance and mentorship to newer directors.

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

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, at onboarding, or as and when necessary, Directors made standing declarations specifying matters of interest that 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 Code of Ethics. The Code of Ethics is informed by the Standard Bank Group values and international best practices. This code is applicable to the Board, staff members and 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.

Role of the Company Secretary

All directors have access to the services of the Company Secretary who is appointed and can only be removed by the Board. The Company Secretary ensures that Board processes and Corporate Governance requirements are followed. The Company Secretary's role is set out in writing, and evaluation against her performance is carried out annually by the Board, led by the Chairperson.

The Company Secretary's duties can be broken down into three main areas namely;

-guiding the Board and senior management on their duties and responsibilities both collectively and individually;
-strategic communication between the Board 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 and keeping the records of the company.

Strategy Performance and Board Functioning

Strategy and Performance

There are multiple ways the Board engages with the Bank's strategy throughout the year. The Board periodically reviews business performance updates to evaluate performance against business objectives and receives regular feedback on the Bank's operational performance. The prescribed executive officers attend board meetings and are available to answer any questions relating to the Bank's performance at a business unit level. Topics discussed at the 2024 Board strategy session included an overview of geopolitical and economic scenarios, the Bank's operating environment, and trends shaping the future of financial services. This provided the context for the review of business unit strategies and an overview of key strategic initiatives to ensure sustainable growth and value, including the Bank's perspectives on culture, technology and sustainability.

Board Functioning

Composition

During the year under review, the Board of directors was composed of 11 members, the majority of whom are non-executive and independent. The Board remains multi skilled, knowledgeable and experienced. The current director's array of skills and acumen includes domestic and international experience in banking, finance, economics, accounting, agriculture, legal, risk management, information technology, and mining. The directors bring a balanced mix of attributes to the Board to ensure that the Board remains strategically, demographically and operationally appropriate.

Board Meetings

In 2024, the Board held 4 regular meetings, in addition to, a meeting for evaluation of the Board and its Committees and for consideration of the Bank's strategy. Necessary documentation and information were provided to the Board at least five business days prior to each of the scheduled meetings.

The Board also had 11 ad hoc meetings in 2024. In discharging its duties, the Board was complemented by five (5) Committees:

The Board Audit Committee (BAC):

The role of the BAC is to assist the Board in reviewing the Bank's financial position and to safeguard its assets. 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. Kapambwe Doreen Chiwele and held 4 meetings during the year.

Board Remuneration and Nominations Committee (REMCO):

REMCO assists the Board with the recruitment process for the Board, key executive and senior staff of the Bank. Further, it evaluates prospective directors on the Board and makes recommendations to the Board. REMCO also provides oversight on remuneration and compensation of the Board, executives and staff.

REMCO was chaired by Dr. Abraham Mwenda and held 4 scheduled meetings and 1 adhoc meeting during the year.

Board Loans Review Committee (BLRC):

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 4 meetings during the year.

Board Risk Committee (BRC):

BRC Committee 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 managed. The BRC receives formal and informal communication from the Chief Risk Officer.

BRC was chaired by Mr. Neil Surgey and held 4 meetings during the year.

Board Technology and Information Committee (BTIC):

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 Committee was chaired by Dr. Diana Kangwa and held 4 meetings during the year.

Large Loans and Insider Lending Board Approving Committee (LLILBAC):

The role of the LLILBAC is to consider and approve large loan exposures and insider lending of the Bank. No meetings of the Committee were held in 2024 as responsibilities of the LLIBAC were undertaken by the Main Board in 2024.

Evaluation and Performance of the Board:

The Board ensures that the evaluation of its own performance, and that of its committees, Chairman, and individual members supports continued improvement in its performance and effectiveness. The Board effectiveness evaluation was conducted on 31 October 2024. The evaluation included performance assessments for the Board, Chairman, Chief Executive, Company Secretary, Board Committees and individual directors. The 2024 Board effectiveness review process was conducted internally by the Company Secretary with oversight by the Chairman. It took the form of a series of questions with opportunity to provide free text comments or observations throughout the questionnaire. The 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.

Key Findings

Overall, Board Members agree that the Board is operating effectively across the evaluated themes. They acknowledge that there has been tangible progress and improvement in areas identified during the 2023 Board effectiveness review such as Board succession planning and Board Training. Board Members agree that their skills and experience are well suited to the board committees on which they serve. The themes identified for ongoing development include digitisation and Artificial Intelligence, ESG and sustainability. Furthermore, the Board is confident that the Chairman, Chief Executive, and Company Secretary possess the necessary skills and have performed effectively in 2024, ensuring that the Board continues to function as a strategic asset to the organization.

OVERVIEW OF DIRECTORS- INCLUDING DIVERSITY AND EXPERIENCE

	Abraham Mwenda	Antonio Coutinho	Mwindwa Siakalima	Neil Surgey	Susan Mulikita	Anthony Mukutuma
Gender	Male	Male	Male	Male	Female	Male
Nationality	Zambian	Mozambican	Zambian	South African	Zambian	British
Appointment Date	May 2020	April 2021	August 2019	March 2020	May 2020	December 2021
Committee Membership	REMCO (Chairman)	REMCO/BAC/ BTIC	#	BRC (Chairman) REMCO/BTIC	BLRC (Chairman) BTIC/BAC	BRC/BAC
Attendance at Planned Board Meetings	4/4	4/4	4/4	4/4	4/4	4/4
Attendance at ad hoc Board Meetings	11/11	5/11	11/11	9/11	11/11	5/5
Attendance at Board Evaluations	1/1	1/1	1/1	1/1	1/1	1/1
Attendance at Planned Committee Meetings	4/4	12/12	#	12/12	12/12	8/8
Attendance at ad hoc Committee Meetings	2/2	1/1	1/1	1/1	#	*

	Ian Robinson	Helen Lubamba	Mizimo Musokotwane	Kapambwe Chiwele	Diana Kangwa
Gender	Male	Female	Female	Female	Female
Nationality	Zambian	Zambian	Zambian	Zambian	Zambian
Appointment Date	April 2022	December 2017	June 2023	July 2023	November 2023
Committee Membership	BLRC/BRC	#	#	BAC (Chairman) BLRC	BTIC (Chairman) BLRC/BRC#
Attendance at Planned Board Meetings	4/4	4/4	4/4	4/4	1/1
Attendance at ad hoc Board Meetings	11/11	10/11	11/11	11/11	1/1
Attendance at Board Evaluations	1/1	1/1	#	1/1	1/1
Attendance at Planned Committee Meetings	8/8	#	4/4	8/8	3/3
Attendance at ad hoc Committee Meetings	*	*	*	*	*

KEY

#- Was not a member of any committee at the time of reporting
* - No ad hoc meeting of a committee of which they were a member
* 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.
* BTIC refers to Board Technology and Information Committee

Ongoing Director Education and Induction

Ongoing director education contributes to the Board's awareness of relevant trends and development of skills to offer relevant counsel and provide effective oversight as the Bank delivers against its strategic objectives. In addition, directors are kept abreast of applicable laws and regulations, changes to legislation, standards and codes, as well as relevant financial sector developments that could affect the Bank and its operations. Ongoing director education dates are scheduled in advance and form part of the Board's annual calendar. The training topics in 2024 included Principles of Workplace Discipline and Managing Poor Performance, Group CRO Governance Workshop - Risk Structures and Services Review, Climate Risk Oversight for Directors, Compliance Training, Board Loan Approval Process/ Board Loans Review Oversight, The Internal Capital Adequacy Assessment Process (ICAAP), Group Insurance/Board Oversight on Insurance, and An Overview of Corporate Governance Practice. As part of their ongoing education, the Board had a site visit with a significant BCB customer, touring the biggest medicine manufacture facility in Zambia. This provided good insight into the customer operations and development of the medicine manufacturing industry in Zambia.

The Company Secretary arranges an appropriate induction programme for all new directors. This includes an explanation of their fiduciary duties, responsibilities as well as discussions with Management to facilitate an understanding of the Bank's affairs and operations. In 2024, no induction sessions were held as there were no new appointments to the Board.

Stakeholder Relationships

The Board adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the Bank over time.

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 and other corporate social initiatives to meet its stakeholder engagement requirements.

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 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.

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, 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. Non-executive directors do not receive short-term incentives or participate in any long-term incentive schemes.

During the year 2024 the total gross remuneration paid to non-executive directors was K7 460 269

Reward Policy

The Reward Policy lays out the framework for remuneration within the Bank. Detailed practices of the policy are aligned to the overall Group remuneration policy, which is detailed in the Group Governance and Remuneration Report, published annually and available on the Group's website.

Salary

It is the policy of the Bank to pay a competitive salary in accordance with the requirements of the job performed and the responsibility involved. A salary is payable monthly in arrears on or before the 24th of each month. Salary levels for managerial staff are determined in line with the Remuneration Policy guidelines and are advised to staff individually. Salary levels for unionised staff are negotiated between Management and the Union. The salary bands for unionised staff are outlined in the Collective Agreement document.

Going concern

With regards 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 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 Boardand its committees was conducted in the reporting period.
- As required by Directive 18.1 and 18.8, information about compensation practices have been provided including thecomposition and mandate of the Board Committee responsiblefor 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

Abraham Mwenda
Board Chairman

APPOINTED
MAY 2021

QUALIFICATIONS
PhD in Economics, MBA in Finance and BA in Economics and Business Administration.

SKILLS
- Finance, Economics and Banking,
- Impact investing
- Public Private Partnership investing,
- Strategy, Business, and Project Planning and Management,
- Risk Management.

EXPERIENCE
Dr. Mwenda has over 35 years of both academic and practical experience in his areas of expertise. Following his academic career at University of Zambia (as Lecturer of Economics, Finance, Accounting, Marketing, Economics Dept.), he has held key positions in the financial sector on both local (Bank of Zambia as Deputy Governor, Operations; Director, Financial Markets Department, and; Director, Economics Department; Development Bank of Zambia, as Managing Director, and; Ministry of Finance, as Permanent Secretary) and international (World Bank Group as Senior Advisor to Executive Director, Africa Group 1, and African Development Bank as Lead Economist, East Africa Resource Centre, and; Resident Representative, South Sudan) platforms.

Antonio Coutinho
Non-Executive Director

APPOINTED
APRIL 2021

QUALIFICATIONS
Bachelor of Commerce.

SKILLS
- Information Technology
- Finance and Economics

EXPERIENCE
Mr. Coutinho is the Regional Chief Executive for Zambia. He has extensive knowledge and experience in operations, finance and technology. Mr. Coutinho retired from the Board on 9th December 2024.

Mwindwa Siakalima
Executive Director

APPOINTED
AUG 2019

QUALIFICATIONS
BA Degree in Accounting & Finance and an MBA in Finance from University of Manchester.

SKILLS
- Finance and Economics
- Banking
- Business Administration
- Risk Management

EXPERIENCE
Mwindwa is a Chartered Accountant with a career spanning over 24 years. He is a fellow of the Association of Chartered Certified Accountants and the Zambia Institute of Chartered Accountants.

Neil Surgey
Independent Non-Executive Director

APPOINTED
MARCH 2020

QUALIFICATIONS
Bachelor of Commerce.

SKILLS
- Finance and Economics
- Banking
- Business Administration

EXPERIENCE
Mr. Surgey is a qualified accountant with an extensive banking career spanning more than 19 years. In 2019, Mr Surgey retired from the Standard Bank Group where he was the Group Chief Risk Officer and Group Ethics Officer.

Susan Mulikita
Independent Executive Director

APPOINTED
MAY 2020

QUALIFICATIONS
Bachelor of Laws and a Master of Laws degree (Information Technology).

SKILLS
- Information Technology
- Legal
- Risk Management

EXPERIENCE
Ms. Mulikita is a certified Telecom Policy Regulation and Management professional. She is a Lawyer qualified to practice in Zambia. Susan also has extensive experience managing diverse areas of ICT/telecommunications law, policy, regulation, operations and management particularly in Eastern and Southern Africa.

Anthony Mukutuma
Independent Non-Executive Director

APPOINTED
DEC 2021

QUALIFICATIONS
Bachelor of Engineering degree in Chemical Engineering and an MBA (Accounting & Finance).

SKILLS
- Finance and Economics
- Mining
- Business Administration

EXPERIENCE
Mr. Mukutuma is currently a country Director for First Quantum Mining Limited. He is a seasoned mining expert having held engineering, operational, management and leadership roles in the mining industry in Zambia, North Africa, Europe and Australia.

Ian Robinson
Independent Executive Director

APPOINTED
APRIL 2022

QUALIFICATIONS
Diploma in Agriculture with a distinction in Engineering, a Certificate in Artificial Insemination, and a Professional Hunter's Licence.

SKILLS
- Agriculture
- Business Administration

EXPERIENCE
Mr. Robinson 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 23 years of diverse experience in the agriculture and wildlife sectors.

Helen Lubamba
Executive Director

APPOINTED
DEC 2017

QUALIFICATIONS
Bachelor of Science Honours Degree in Mathematics, Operational Research and Economics (University of Essex), Associate CGMA/CIMA designationand a Master in Leadership in Sustainable Finance with the Frankfurt School of Finance.

SKILLS
- Banking
- Business Administration

EXPERIENCE
Ms. Lubamba has a career spanning over 30 years in financial services, primarily in the investment banking, corporate finance, and insurance sectors. She previously held the position of Head of Investor Relations at Liberty Holdings (also part of the Standard Bank Group), Johannesburg. Other key positions held include that of Business Analyst at Citi Group, Senior Associate at Lehman Brothers and Regional Financial Controller at XL Group (now XL Catlin), all in London, United Kingdom.

Mizimo Musokotwane
Executive Director

APPOINTED
JUNE 2023

QUALIFICATIONS
Bachelor of Science Degree in Applied Accounting and a Master of Business Administration from Oxford Brookes University.

SKILLS
- Finance and Economics
- Banking
- Audit

EXPERIENCE
Ms. Musokotwane is a Chartered Accountant with a career spanning over 22 years. She is a fellow of the Association of Chartered Certified Accountants and the Zambia Institute of Chartered Accountants.

Kapambwe Doreen Chiwele
Independent Non-Executive Director

APPOINTED
JULY 2023

QUALIFICATIONS
Bachelor of Accountancy degree from the University of Zambia, Fellow of both the Zambia Institute of Chartered Accountants and the Chartered Institute of Management Accountants (United Kingdom), Master of Business Administration (Finance) from the University of Lusaka.

SKILLS
- Finance and Economics
- Audit
- Risk management
- Business Administration

EXPERIENCE
Ms. Chiwele is a Chartered Global Management Accountant with over 30 years of progressive professional accounting experience, seventeen of which have been at Chief Financial Officer level or equivalent. Her last engagement was that of Director Finance at the National Pension Scheme Authority. She has also served as director in non-executive roles, including that of board member and Audit Committee Chairperson of Standard Chartered Bank Zambia PLC. Sector experience has encompassed pensions, telecommunications regulation, development aid, public accounting and external audit.

Diana Kangwa
Independent Non-Executive Director

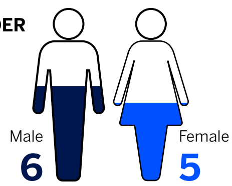
APPOINTED
NOV 2023

QUALIFICATIONS
Bachelor's degree in Electronics & Telecommunications Engineering from the University of Zambia, a Master's Degree in Communication & Information Systems from Huazhong University of Science and Technology (HUST) in China, a Master's Degree in Business Administration (MBA) from the Copperbelt University and a Doctorate of Business Administration from the Binary University of Management and Entrepreneurship of Malaysia.

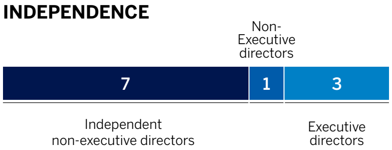
SKILLS
- Information Technology
- Banking
- Business Administration

EXPERIENCE
Dr. Kangwa has a sound background in strategy, technology, operations and service delivery with a clear understanding of the commercial banking value chain and the current Fintech evolution.

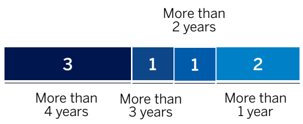
GENDER



INDEPENDENCE



NON EXECUTIVE DIRECTOR TENURE (YEARS)



EXECUTIVE COMMITTEE

Mwindwa Siakalima
Chief Executive

Mwindwa is a Chartered Accountant with a career spanning over 24 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.

Helen Lubamba
Head Corporate & Investment

Helen holds a Bachelor of Science Honours Degree in Mathematics, Operational Research and Economics (University of Essex), holds an Associate CGMA/CIMA designation and a Master's in leadership in Sustainable Finance with the Frankfurt School of Finance. Helen has a career spanning over 30 years in financial services, primarily in the investment banking, corporate finance, and insurance sectors.

Eunice Kabila Mundia
Personal & Private Banking

Eunice is a Banking professional with over 20 years Banking experience spanning across Business Banking, Global Markets and Retail. She holds a Bachelor of Business Administration Degree from the Copperbelt University, a Master's Degree in Business Administration from Heriot Watt University and is a certified Financial Markets Dealer with the Financial Markets Association.

Chanda Mwila
Head Business & Commercial Banking

Chanda is a seasoned Duke Corporate Education board trained banker with over 20 years of 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.

Mizimo Musokotwane
Chief Finance & Value Management Officer

Ms. Musokotwane is a Chartered Accountant with a career spanning over 22 years. She is a fellow of the Association of Chartered Certified Accountants and the Zambia Institute of Chartered Accountants. She has a Bachelor of Science Degree in Applied Accounting and a Master of Business Administration from Oxford Brookes University.

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 the University of Zambia.

Walubita Luwabelwa

Chief Compliance Officer

Walubita is a legal practitioner with experience in compliance, governance, and corporate law. He has experience working in financial services, private practice, broadcasting and academia. Walubita is a Fellow of the Institute of Directors Zambia (FIoDZ) and a member of the Law Association of Zambia. He holds a Bachelor's Degree in Law (UNZA) and Master's Degree in Commercial Law (UCT).

Wisdom Shanengeta

Chief Technology & Operations Officer

Wisdom is a career banker with 25 years of banking experience. He has served in various capacities across the banking sector. He holds an 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.

Ngoza Nyirenda

Country Head of Credit

Ngoza has over 16 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 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).

Joshua Kabwe

Head 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 from the University of Zambia and a Master of Laws degree from the University of the Western Cape. Joshua is also a member of the Law Association of Zambia.

Chanda Kasanda-Magubbwi

Head Governance & Company Secretary

Chanda has 16 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 Laws 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. Chanda is a Graduate Member of the Chartered Governance Institute of the United Kingdom and Ireland. She is also a member of the Law Association of Zambia.

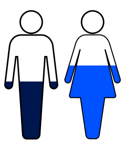
Precious Sakala

Head People & Culture

Ms. Sakala has 18 years of diverse work experience across multiple markets having previously worked for Airtel Zambia, ZANACO, Konkola Copper Mines, Standard Chartered Bank Plc and Orica. She holds a Bachelor of Arts from the University of Zambia and an MBA from Edinburgh Business School.

GENDER

Male **5**



Female **7**

INFORMATION AND TECHNOLOGY GOVERNANCE STATEMENT

Wisdom Shanengeta
Chief Technology & Operations Officer

During the year 2024, we continued to co-create our tech solutions in consultation with customers and other partners.
To cite a few examples, we used our existing system integration with the National Road Fund Agency (NFRA) to enable the bank to distribute NFRA e-Toll - Debit Cards to customers and members of the public who elected to apply for the service on the bank's Smartpay IT Platform thereby eliminating the practice of using cash to pay for Road Toll Fees.
Similarly, business clients were enabled to electronically submit monthly contributions to Workers Compensation Fund (WFC) thus doing away with manual processing.

Robotics Process Automation, Artificial Intelligence (AI) and Data Products

Robotics Process Automation and Data Analytics

We sustained our momentum by making incremental investments and advances in the field of data and AI to unlock value for our customers and the bank at large. During the period under review, the enriched data insights made it possible for us to better understanding customer preferences, this undertaking enabled us to implement some bespoke services and to increase product adoption and utilisation across a number of customer segments.

To drive the continuous maturity matrix of our local data reservoir, we exploited additional publicly available proprietary data from Bank of Zambia (BOZ), Zambia Revenue Authority (ZRA), Patents and Companies Registration Agency (PACRA), National Pension Scheme Authority (NAPSA). This aided the bank to comply with regulatory reporting requirements whilst benefitting from advanced data insights which helped the bank to understand levels of its customers' compliance to regulatory obligations such as consistency in paying taxes, providing all information e.g. TPIN for reporting transactions under Electronic Balance of Payment (eBOP) or Financial Intelligence Centre (FIC) all the way to matching KYC information between entities like NAPSA and the bank to eliminate impropriety associated with impersonation fraud.

Artificial Intelligence (AI)

While we continued exercising caution in terms of using Generative AI platforms by not exposing customer or bank information to AI apps whose developers are unknown or even the known ones without firstly firming up legal contracts through licensing due to the need to manage high risk of data leaks and its attendant financial and reputational risks that could arise therefrom, we still progressed to make strides to adopt the emerging technology. Our internal developments uses Stan the chatbot accessible on WhatsApp to aid customers to get answers to frequently asked questions without having to call the call centre agent which requires human intervention. Since its launch, the ChatBot registered over 200,000 personalized engagements. That notwithstanding, we have also continued working with tried and tested hyperscalers like Microsoft Co-pilot AI to find a balance, which would deliver benefits of using generative AI without unduly exposing the bank and its customers to any detrimental data leak risks across the entire spectrum of social engineering scums.

Client First

Keeping within tenets of strong Technology Governance Standards which are further reinforced by Board Technology and Information Committee (BTIC) oversight, the Information Technology (IT) Strategy continued to build on its fundamental objectives which focus on prioritizing client experience by deploying digital services that promoted the maxim which asserts that; "the customer is not meant for technology, but technology is meant for the customer". Simply put, the IT architectural developments were alive to the fact that, neglecting this precept is primarily one of the major reasons why there is low adoption and utilization of various tec-products across many sectors. In certain circumstances, these IT-products are sophisticated and costly to derive yet their adoption by clients is inconsequential to business expediency.

3. Partnerships and Innovation

Computer Programming Lessons

The belief in our motto "Zambia is our home we drive her growth" is not a rhetorical statement, the future of a digital Zambia leverages on investments in the skills of children, to this effect, we continued providing Science, Technology, Engineering, Art and Maths (STEAM) lessons particularly biased towards computer programming fundamentals to grade 5 Northmead Primary School pupils. A total of 40 students (20 boys and 20 girls). This also includes providing the children with necessary computer equipment such as Raspberry Pi to assist them in their programming lessons.

4. Regulatory Developments

The ability to co-create was not limited to bank customers but this also extended to other stakeholders such as regulators. The year 2024 witnessed extensive regulatory changes. Therefore, to ensure that the bank's IT-platform fully supported the regulatory changes, we fine-tuned our Applications Programming Interfaces (APIs) between the bank and the Central Bank to better comply with Electronic Balance of Payments reporting (eBOP) requirements.

Our payments processing platforms were upgraded to ISO 20022 standards which support provision of more information about the remitter and recipient of funds, an undertaking which heightened the financial services industry's ability to secure more information relating to a transaction, the information is helpful for economic management modelling purposes by providing an understanding of flows of transactions by sector up to customer level and the underlying reasons why the payment is effected.

On the flip side, this also helps to identify and thwart Anti Money Laundering and Counter Terrorist Financing attempts to mention but a few reasons.

The Bank participated in configuring its IT platform to support the aspirations of the Central Bank to drive towards a 24/7 banking industry through the extended banking hours pilot as the first step towards achieving a 24/7 open banking economy. Likewise, ZRA implemented several system changes to enhance collections of customs and domestic tax revenues.

The introduction of Smart Tax Invoice, i.e. electronic invoicing, and stock data inventory management. The introduction of Integrated Payment System (IPS) all which demanded of the bank's systems to be reconfigured and realigned.

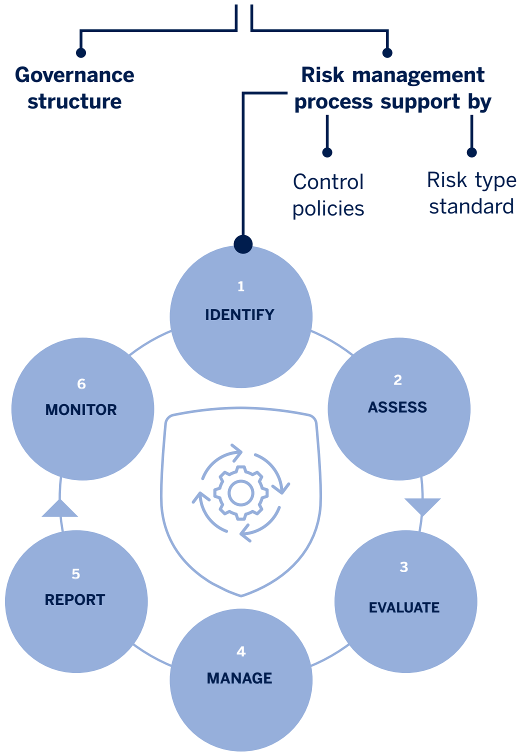
Cyber Security Awareness

All the tec-developments were caveated by ensuring that Cybersecurity remained a top priority. We undertook additional measures by implementing satellite server for patch management and other cyber risk interventions. This is within the existing parameters of preventing, detecting, responding, and containing any cyber risks. We continued to reiterate the need for awareness by training our staff and sending out fan-out messages to clients urging them to be alert as they interact with the internet to avoid falling prey to fraud attempts. The people factor by far remained the weakest link world over in as far as being the weakest point in hedging against cyber frauds was concerned. It is, therefore, important to build hedges of defends around user awareness across the entire spectrum of users of technology.

RISK MANAGEMENT STATEMENT

David Chansa
Chief Risk Officer

RISK MANAGEMENT FRAMEWORK



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 of occurrence 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 and 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.

Risk is the likelihood that outcomes of business processes may differ from what is expected. Risk events can stem from different sources, which include economic, financial and political conditions, regulatory changes, legal liabilities, strategic execution, accidents, pandemics, people, systems and natural disasters.

Recognising that risks are inherent in what it does, the Bank has put in place the Risk Management Framework, which outlines the Bank's approach to risk management. The framework is largely made up of two parts, namely the risk management process and governance structure, which are supported by a set of control policies and risk type standards.

Risk Governance

Segregation of duties remains key in successful implementation of an effective risk management plan.

Board of Directors

The Board has the ultimate responsibility for the oversight of the risk management process 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 on 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 the 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 the 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 and 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's transition to a platform business, driven by technology and the cloud solutions.

Executive Management

The Executive Committee (EXCO) is 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 to EXCO and its sub-committee, 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 Bank's business 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 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 the bank's digital transformation journey in view of the platforms business agenda. Its sphere of influence ranges from technology innovation to cyber 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.

The Three Lines of Defence

To clearly define roles and responsibilities, the Bank has adopted the Three Lines of Defence model, which is a globally accepted standard. The model ensures clear independence and challenge between the different lines while ensuring effective collaboration in attaining the Bank's overall strategy. The functions of each line are outlined below:

First line: Ownership and day to day management of risk is with the first line. Its functions include; defining the risk and control culture, and risk appetite; identifying and assessing risks and emerging threats; designing and implementing appropriate controls; balancing risk and return with every business decision; allocating capital optimally for maximum returns; performing self-assessments on the control environment; escalating material events that breach risk appetite through the governance structure; and ensuring appropriate risk disclosure to shareholders and regulators.

Second line: This is responsible for: defining the risk management framework and policies; facilitating risk management activities through the risk management lifecycle; challenging management's day-to-day risk decisions; monitoring and providing expert advice on emerging threats; monitoring that risk decisions are being taken in line with the risk culture and appetite, and reporting breaches; managing the interface with regulators regarding industry policy advocacy and risk and compliance matters; compiling risk disclosures as per regulatory requirements; reviewing compliance with risk standards; and performing independent reviews on specific risk and control areas.

Third line: Provides assurance through a risk-based audit plan that assesses and reports on the quality of controls and risk management practices; and periodically reviews the design adequacy of the Risk Management Framework, the level of compliance to policies and standards, and the completeness and reliability of the risk assessment and reporting process.

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 structured as follows:

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 out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk, concentration risk and country risk and represents the largest source of risk to which our banking entities are exposed;
- **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 the 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);

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 (ESG) 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

- **Liquidity risk:** The risk that an entity, although solvent, cannot maintain or generate enough cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms;
- **Strategic risk:** The potential downside impact of an operating income shortfall due to lower-than-expected performance in business volumes and margins not compensated for by a reduction in costs;
- **Non-Financial Risk (NFR):** the risk of inadequate or failed processes, people or systems that make up business operations because of changes in internal or external factors. The definition excludes strategic and financial risks. These risks are complex, difficult to anticipate, oversee and monitor. They evolve rapidly and could have financial or non-financial implications for the Bank. We manage non-financial risks under the umbrella of operational risk. The Bank has a set of risk governance standards for each major risk type which form the policies and procedures basis. 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.

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 risk types. The standards, frameworks and policies are reviewed and updated in keeping with changes in the Bank's risk profile and changes in industry, regulation, technology and the economy in general.

With regard to risk management technology, the Bank has continued to leverage the Risk Market Place (RMP). RMP is a system that enables a proactive management of risk and it also enables conscious risk management through predictive, purposeful and real time data. Through this technology we are enabling everyone in the Organisation to manage risk quickly and intuitively.

Capital Plan

Capital risk is the risk of the Bank having insufficient capital resources to meet minimum requirements set by the regulators 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 K520m (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 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 and
- 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 that facilitates a forward-looking view of how the Bank's risk profile may change because 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 effects of the changes 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 practices. To drive sustainable and inclusive 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 "Lets Secure Zambezi" initiative. 2024 was the third year the Bank ran this initiative.

ESG 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 Clients, 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 2024, 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.

Nature of business

The principal activities of the Stanbic Group are the provision of commercial and retail banking services, custodial services and lease financing.

Share capital and other equity instruments

The 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 11 to the financial statements.

Operating results and dividends

	2024 ZMW '000	2023 ZMW '000
Net interest income	**3 063 806**	2 617 112
Net fee and commission income	**907 735**	700 648
Trading income	**899 332**	545 159
Profit for the year	**1 834 302**	1 363 393

Dividends

During the year dividend declared was ZMW 550 000 000 (2023: ZMW 500 000 000).

Developments during the year

The operating environment was challenging in 2024 with the impact of the drought which further impacted power generation in the country. The Group navigated these challenges at an entity level as well as from the perspective of supporting clients by providing alternative power solutions like loans and bonds issuances.

Staff remuneration

The total remuneration paid to employees for the year amounted to ZMW 876 082 000 (2023: ZMW 799 082 000) as disclosed in note 29 to the financial statements. The average number of employees was as follows:

Month	Number	Month	Number
January	757	July	771
February	759	August	764
March	764	September	768
April	759	October	772
May	763	November	774
June	769	December	777

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

Gifts and donations

During the year, Stanbic Group made donations of ZMW 10 696 000 (2023: ZMW 5 626 746) to various charitable organisations and events.

Property and equipment

Stanbic Group purchased property and equipment amounting to ZMW132 197 000 (2023: ZMW 47 214 021) during the year as disclosed in note 8 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 (2023: Nil).

Related party transactions

As required by the Banking and Financial Services Act of Zambia, related party transactions are disclosed in note 32 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 32.

Prohibited borrowings or lending

There were no prohibited borrowings or lending as required under Section 89 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 annexure A 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.

Directors

The directors who held office during the year were:

Abraham Mwenda	Chairman
Antonio Coutinho	Regional Chief Executive – retired December 2024
Mwindwa Siakalima	Executive Director and Chief Executive
Susan Mulikita	Non - Executive
Neil Surgey	Non - Executive
Anthony Mukutuma	Non - Executive
Ian Robinson	Non - Executive
Kapambwe Doreen Chiwele	Non - Executive
Diana Kangwa	Non - Executive
Mizimo Musokotwane	Executive Director
Helen Lubamba	Executive Director

Environmental, Social and Governance (ESG) related emerging risks

Matters related to ESG emerging risks have been disclosed in the annual report in Annexure A.

Subsidiaries

Details of effective interest and investment in subsidiaries have been disclosed in note 7 to the financial statements.

Auditor

The current auditors, Deloitte have indicated their willingness to continue in office. A resolution proposing their reappointment and authorising the Directors to approve their fees will be tabled at the annual general meeting.

Company Secretary
For and on behalf of the Board

28 February 2025

Directors' responsibility for financial reporting

The Directors are responsible for the preparation of consolidated and separate annual financial statements that give a true and fair view of the state of the financial affairs of Stanbic Bank Zambia Limited and its subsidiaries. The financial statements comprise the consolidated and separate statements of financial position as at 31 December 2024, the consolidated and separate income statements 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 IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), 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 controls as the Directors determine are necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. Further the Directors are responsible 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 a going concern 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, set out on pages 45 to 127, were prepared by the Chief Finance and Value Management Officer and the Financial Controller, both qualified Chartered Accountants, under the supervision of the Board Audit Committee, and were approved for issue by the Board of Directors on 28 February 2025 and 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 and its subsidiaries ("the Group and Bank") set out on pages 45 to 127, which comprise of the consolidated and separate statements of financial position as at 31 December 2024, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Bank as at 31 December 2024, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB) and in compliance with the requirements of the Companies Act of Zambia, 2017, Banking and Financial Services Act, 2017 and the Securities Act of Zambia, 2016.

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 sepa*rate 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), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter	How the Matter Was Addressed in the Audit
Estimation of expected credit losses on loans and advances The Group exercises significant judgement using subjective assumptions over both when and how much to record as expected credit losses, and estimation of the amount of the impairment provision for loans and advances to customers. The key areas where we identified greater levels of management judgment and therefore increased levels of audit focus in the Group's implementation of IFRS 9 include: ➢ The judgments made to determine the categorisation (staging) of individual loans and advances accounts in line with IFRS 9. In particular, the identification of a Significant Increase in Credit Risk ("SICR") and Default require consideration of quantitative and qualitative criteria. This is a key area of judgement as this determines whether a 12-month or lifetime PD is used; ➢ Where there is uncertainty in respect of the respective models' ability to address specific trends or conditions due to inherent limitations of modelling based on past performance, the timing of model updates, and macroeconomic events, additional provisions are made via management overlays. Significant judgement was made in determining the management overlays; ➢ Identification and measurement of economic scenarios to measure ECLs on a forward-looking basis reflecting a range of future economic conditions; and • Modelling for estimation of ECL parameters: • Probabilities of Default (PDs) • Loss Given Default (LGD); and • Exposure at Default (EAD). As at 31 December 2024, the consolidated and separate gross loans and advances to customers were ZMW15.6 billion against which Expected Credit Losses of ZMW480.8 million were recorded. Loans and advances are stated at amortised cost net of identified impairments. Because of the significance of these estimates, judgments and the size of loans and advances portfolio, the audit of loan impairment provisions is considered a key audit matter.	Our audit of the impairment of loans and advances included, amongst others, the following audit procedures performed together with the assistance of our internal credit risk specialists: • Obtained an understanding of the Group's methodology for determining expected credit losses, including enhancements in the year, and evaluated this against the requirements of IFRS 9, Financial Instruments; • Tested the design and implementation of critical controls across all ECL-related processes, particularly the allocation of assets into stages and management overlays; • On a sample of contracts, we assessed the identification of loans and advances that had experienced a significant increase in credit risk or met the Group's default definition criteria for classification purposes. This was completed by reviewing documentation and credit performance to determine whether the staging of such facilities was in accordance with Group policy and IFRS 9 standards; • Assessed the reasonableness of management overlays, taking into account client credit-specific risk. We recalculated the management overlays and assessed their completeness in light of our understanding of the model and data limitations; • Tested the assumptions, inputs and formulae used in the ECL models with the support of our internal credit risk specialists (including assessing the appropriateness of model design and formulae used, considering alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default; • We corroborated the assumptions used for the determination of forward-looking information (FLI) in the models using publicly available information; • Tested the data used in the ECL calculation by reconciling to source systems; • Assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards and We found that the modelling approach and methods applied in determining expected credit losses against loans and advances were appropriate and that the amount impaired and recognised in the consolidated and separate financial statements was reasonable and complied with IFRS 9 Financial Instruments

Other matter

The financial statements of the Group and Bank for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on March 22, 2024

Other Information

The directors are responsible for the other information. The other information comprises of the Directors' Report as required by the Companies Act of Zambia, the Directors' responsibility in respect of Preparation of Financial Statements and other information included in the Business Review and Sustainability sections of the Annual Report 2024. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the IASB 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 directors determines 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, 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 directors either intends to liquidate the Group and /or the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 internal control.i
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

Companies Act of Zambia, 2017

The Companies Act of Zambia, 2017 requires that in carrying out our audit of Stanbic Bank Zambia Limited, we report on whether:

- there is a relationship, interest, or debt which us, as the Group and Bank's auditor, have in the Bank.
- there are serious breaches by the Group and Bank's directors, of corporate governance principles or practices contained in Part VII's Sections 82 to 112 of the Zambia Companies Act of 2017, and
- there is an omission in the financial statements as regards to particulars of loans made to a Bank Officer (a director, Bank secretary or executive officer of a Bank) during the year, and if reasonably possible, disclose such information in our opinion.

In respect of the foregoing requirements, we have no matters to report.

Banking and Financial Services Act, 2017

The Banking and Financial Services Act, 2017 requires that in carrying out our audit of Stanbic Zambia Limited, we report on whether:

- all the information necessary to comply with the requirements of the Act was provided to us by the Bank.
- there are transactions or conditions affecting the ability of the Bank to continue as a going concern which have come to our attention and that in our opinion are not satisfactory and require rectification. This includes:
  - any transaction of the financial service provider that has come to the attention of the external auditor and which, in the opinion of the external auditor, has not been within the powers of the financial service provider or which was contrary to this Act or any other law; and
  - a non-performing loan that is outstanding, has been restructured or the terms of repayment have been extended, if the principal amount of the loan is five percent or more of the regulatory capital of the financial service provider.

In respect of the foregoing requirements, we have no matters to report.

SEC Rules and Regulation of Zambia

Rule 18 of the Securities (Accounting and Financial Reporting Requirements) Rules (SEC Rules), Statutory Instruments No. 163 of 1993, require that in carrying out our audit of the Stanbic Bank Zambia Limited, we report on whether:

- The annual financial statements of the Bank have been properly prepared in accordance with Securities and Exchange Commission rules;
- The Bank has, throughout the financial year, kept proper accounting records in accordance with the requirements of Securities and Exchange Commission rules;
- The statement of financial position and statement of comprehensive income are in agreement with the Corporation's accounting records; and
- We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In respect of the foregoing requirements, we have no matters to report.

Deloitte & Touche

Chartered Accountants

Alice Jere Tembo

Partner

PC No.: Aud/F000433

Date: 20th March 2025

Consolidated and separate Statements of Financial Position

as at 31 December 2024

	Note	GROUP 2024 ZMW'000	GROUP 2023 ZMW'000	BANK 2024 ZMW'000	BANK 2023 ZMW'000
Assets					
Cash and balances with the central bank	1	12 480 719	9 559 633	12 480 719	9 559 633
Loans and advances to banks	1.1	8 429 444	3 921 085	8 429 444	3 921 085
Derivative assets	2	118 057	272	118 057	272
Trading assets	3	2 409 873	1 790 804	2 409 873	1 790 804
Financial investments	4	7 991 437	8 317 162	7 991 437	8 317 162
Loans and advances to customers	6	15 043 062	13 616 946	15 043 062	13 616 946
Other assets	5	427 805	427 212	417 139	415 274
Interests in subsidiaries	7	-	-	79 307	79 307
Property, equipment and right of use assets	8	509 943	472 630	404 790	370 983
Intangible assets	9	137 605	161 486	137 605	161 486
Deferred tax asset	10	153 851	141 433	153 851	141 433
Total assets		47 701 796	38 408 663	47 665 284	38 374 385
Equity and liabilities					
Equity		6 195 119	4 891 831	6 048 203	4 766 249
Equity attributable to the ordinary shareholder		6 195 119	4 891 831	6 048 203	4 766 249
Ordinary share capital	11	416 000	416 000	416 000	416 000
Reserves		5 779 119	4 475 831	5 632 203	4 350 249
Liabilities		41 506 677	33 516 832	41 617 081	33 608 136
Derivative liabilities	2	30 773	36 199	30 773	36 199
Trading liabilities	12	3 770 751	2 528 697	3 770 751	2 528 697
Provisions and other liabilities	13	1 114 311	1 091 682	1 173 667	1 147 390
Current tax liability	31	51 075	55 803	49 094	57 312
Deposits from banks	14	1 383 227	1 468 291	1 383 227	1 468 291
Deposits from customers	14	33 326 299	25 953 501	33 379 328	25 987 588
Other borrowings	15	1 409 529	1 995 784	1 409 529	1 995 784
Subordinated debt	15	420 712	386 875	420 712	386 875
Total equity and liabilities		47 701 796	38 408 663	47 665 284	38 374 385

The notes and annexures on pages 45 to 127 are an integral part of these financial statements.

Chairman

Chief Executive

Director

Company Secretary

Consolidated and separate Income Statements

for the year ended 31 December 2024

		GROUP		BANK	
	Note	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Net interest income		3 063 806	2 617 112	3 052 849	2 605 506
Interest income	22	3 751 841	3 143 222	3 751 841	3 143 222
Interest expense	23	(688 035)	(526 110)	(698 992)	(537 716)
Non-interest revenue		1 825 124	1 276 678	1 806 031	1 282 059
Net fee and commission revenue		907 735	700 648	887 034	686 820
Fee and commission revenue	24	1 040 589	794 737	1 019 888	780 909
Fee and commission expense	25	(132 854)	(94 089)	(132 854)	(94 089)
Trading revenue	26	899 332	545 159	899 332	545 159
Dividend income	27	-	-	-	19 000
Other revenue	27	18 057	30 871	19 665	31 080
Total net income		4 888 930	3 893 790	4 858 880	3 887 565
Credit impairment (charges) /recovery	28	(145 922)	(97 907)	(145 922)	(97 907)
Net income before operating expenses		4 743 008	3 795 883	4 712 958	3 789 658
Staff costs	29	(876 082)	(799 082)	(876 068)	(799 082)
Other operating expenses	29	(1 228 404)	(1 007 185)	(1 226 669)	(1 006 611)
Total operating expenses	29	(2 104 486)	(1 806 267)	(2 102 737)	(1 805 693)
Profit before taxation		2 638 522	1 989 616	2 610 221	1 983 965
Taxation	30	(804 220)	(626 223)	(797 253)	(623 086)
Profit for the year		1 834 302	1 363 393	1 812 968	1 360 879

The notes and annexures on pages 51 to 127 are an integral part of these financial statements.

Consolidated and separate Statements of Other Comprehensive Income

for the year ended 31 December 2024

		GROUP		BANK	
	Note	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Profit for the year		1 834 302	1 363 393	1 812 968	1 360 879
Other comprehensive loss after taxation for the year		18 986	(39 272)	18 986	(39 272)
Change in fair value of debt financial assets measured at fair value through other comprehensive income (FVOCI) and change in expected credit loss**		25 051	(51 782)	25 051	(51 782)
Deferred taxation on change in fair value	10.2	(7 120)	12 328	(7 120)	12 328
Deferred taxation on revaluation gains	10.2	1 055	182	1 055	182
Total comprehensive income for the year*		1 853 288	1 324 121	1 831 954	1 321 607

*In the prior year the dividend amount of K500 million was disclosed in the statement of other comprehensive income which has been corrected in the current year. The impact of this is an increased in other comprehensive income for the prior year of K500 million

** In the current year to enhance presentation the change in FV on debt financial assets and related ECL impact in OCI has been represented as single line within OCI, the comparative information has been adjusted accordingly where it was presented gross as (ZMW60,947,000) and ZMW9,165,000 in the PY, it is now presented as a net of (ZMW51,782,000), in order to present the total OCI remeasurement in relation to these financial instruments in a single line.

The notes and annexures on pages 51 to 127 are an integral part of these financial statements.

Statement of Changes in cash flow

for the year ended 31 December 2024

		GROUP		BANK	
	Note	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Net cash flows from operating activities		4 824 771	(2 193 590)	4 831 072	(2 207 394)
Cashflows from operations		2 811 389	1 500 639	2 792 895	1 467 624
Interest receipts		3 991 523	2 868 608	3 991 492	2 868 608
Interest payments		(321 755)	(545 132)	(332 712)	(556 738)
Fee and commission receipts		1 707 339	1 302 346	1 688 246	1 307 727
Recoveries on loans previously written off		37 318	31 942	37 318	31 942
Cash payments to suppliers and employees		(2 603 036)	(2 157 125)	(2 591 449)	(2 183 915)
Net movement in operating assets and liabilities		2 840 813	(3 075 824)	2 862 131	(3 081 598)
Increase in operating assets	31.1	(5 572 817)	(8 892 425)	(5 574 089)	(8 881 251)
Increase in operating liabilities	31.2	8 413 630	5 816 601	8 436 220	5 799 653
Dividend income		-	-	-	19 000
Income tax paid	31.3	(827 431)	(618 405)	(823 954)	(612 420)
Net cash flows used in investing activities		(131 276)	(45 516)	(129 890)	(45 516)
Capital expenditure on property and equipment		(132 197)	(47 214)	(130 811)	(47 214)
Proceeds from sale of property, equipment		921	1 698	921	1 698
Net cash flows used in financing activities		(1 373 324)	(1 328 514)	(1 381 011)	(1 314 710)
Principal element of lease payment **		(32 594)	(41 765)	(40 281)	(27 961)
Principal payments on debt**		(557 811)	(236 733)	(557 811)	(236 733)
Interest repayments		(232 919)	(310 016)	(232 919)	(310 016)
Dividends paid		(550 000)	(740 000)	(550 000)	(740 000)
Net increase / (decrease) in cash and cash equivalents		3 320 171	(3 567 620)	3 320 171	(3 567 620)
Effects of exchange rate*		496 191	528 433	496 191	528 433
Cash and cash equivalents at the beginning of the year*		7 036 082	10 075 269	7 036 082	10 075 269
Cash and cash equivalents at the end of the year*	31.4	10 852 444	7 036 082	10 852 444	7 036 082

* Terms loans held with other banks were incorrectly assessed as cash and cash equivalent in prior year, a restatement has been made in the comparative period to reclassify them to cash flows from operating activities. The change has resulted in a decrease in opening cash and cash equivalents by ZMW1 008 700 000, a decrease in closing cash and cash equivalents by ZMW1 295 276 000 and an decrease in cash flows from operating activities by ZMW286 576 000 . Additionally, the effect of exchange rate for 2023 has been reassessed as it was previously being computed in error based on the overall assets and liabilities on the balance sheet and not just the cash and cash equivalents, which has resulted in a restatement from ZMW30 835 000 to ZMW528 433 000
** The principal and interest portion on lease payment on debt were incorrectly presented as a single line within cash flows from investing activities in the prior year audited financial statements. This has been represented as follows: the principal portion has been reclassified to cash flows from financing activities while the interest portion has been reclassified to cash flows from operating activities. The principal payments
on debt have been included separately under cash flows, they were previously part of changes in operating liabilities.
***The comparative statements of cash flows, for both group and bank, have been represented to align with the use of direct method that was used in the current year presentation due to a voluntary change in accounting policies. The statement of cash flows were presented using the indirect method in the prior year audited financial statement. The change was found to be more informative for users of the financial statements.

The notes and annexures on pages 51 to 127 are an integral part of these financial statements.

Statements of changes in equity

for the year ended 31 December 2024

	Share capital ZMW'000	Statutory reserves ZMW'000	Credit risk reserve ZMW'000	Fair value through OCI reserve ZMW'000	Revaluation reserve ZMW'000	Retained earnings ZMW'000	Total equity ZMW'000
GROUP							
Balance at 1 January 2023	416 000	7 700	114 840	11 459	140 519	4 201 313	4 891 831
Total comprehensive (loss) /income for the year	-	-	-	(39 454)	(6 690)	870 265	824 121
Profit for the year	-	-	-	-	-	1 363 393	1 363 393
Other comprehensive (loss) / income after tax for the year	-	-	-	(39 454)	(6 690)	6 872	(39 272)
Transactions with owners							
Dividend paid	-	-	-	-	-	(500 000)	(500 000)
Change in credit risk reserve	-	-	(21 981)	-	-	21 981	-
Balance at 31 December 2023	416 000	7 700	114 840	11 459	140 519	4 201 313	4 891 831
Balance at 1 January 2024	416 000	7 700	114 840	11 459	140 519	4 201 313	4 891 831
Total comprehensive (loss) / income for the year	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	1 834 302	1 834 302
Other comprehensive (loss) / income after tax for the year	-	-	-	18 245	(12 542)	13 283	18 986
Transactions with owners							
Dividend paid	-	-	-	-	-	(550 000)	(550 000)
Change in credit risk reserve	-	-	(28 821)	-	-	28 821	-
Balance at 31 December 2024	416 000	7 700	86 019	29 704	127 977	5 527 719	6 195 119

The notes and annexures on pages 51 to 127 are an integral part of these financial statements.

Statements of changes in equity (continued)

for the year ended 31 December 2024

	Share capital ZMW'000	Statutory reserves ZMW'000	Credit risk reserve ZMW'000	Fair value through OCI reserve ZMW'000	Revaluation reserve ZMW'000	Retained earnings ZMW'000	Total equity ZMW'000
BANK							
Balance at 1 January 2023	416 000	7 700	136 821	50 913	75 475	3 257 733	3 944 642
Total comprehensive (loss) / income for the year	-	-	-	(39 454)	(6 690)	867 751	821 607
Profit for the year	-	-	-	-	-	1 360 879	1 360 879
Other comprehensive (loss)/ income after tax for the year	-	-	-	(39 454)	(6 690)	6 872	(39 272)
Transactions with owners							
Dividend paid	-	-	-	-	-	(500 000)	(500 000)
Change in credit risk reserve	-	-	(21 981)	-	-	21 981	-
Balance at 31 December 2023	416 000	7 700	114 840	11 459	68 785	4 147 465	4 766 249
Balance at 1 January 2024	416 000	7 700	114 840	11 459	68 785	4 147 465	4 766 249
Total comprehensive (loss) / income for the year							
Profit for the year	-	-	-	-	-	1 812 968	1 812 968
Other comprehensive (loss) / income after tax for the year	-	-	-	18 245	(4 418)	5 159	18 986
Transactions with owners				-	-	-	-
Dividend paid	-	-	-	-	-	(550 000)	(550 000)
Change in credit risk reserve	-	-	(28 821)	-	-	28 821	-
Balance at 31 December 2024	416 000	7 700	86 019	29 704	64 367	5 444 413	6 048 203

The notes and annexures on pages 51 to 127 are an integral part of these financial statements.

Accounting policy elections and restatements

The principal accounting policies applied in the presentation of the Group and separate annual financial statements are set out below. The accounting policy elections below apply to the Group unless otherwise stated.

Basis of preparation

These consolidated and separate financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), the requirements of the Banking and Financial Services Act, Companies Act and the Securities act of Zambia. The annual financial statements have been approved by the board on 28 February 2025.

The annual financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Financial assets classified at FVOCI, financial assets and liabilities classified at FVTPL and liabilities for cash-settled share-based payment arrangements.
- Buildings are accounted for using the revaluation model

The following principal accounting policy elections in terms of IFRS Accounting Standards have been made, with reference to the detailed accounting policies shown in brackets:

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 thousand except, when otherwise indicated

Changes in accounting policies

The accounting policies applied in the preparation of the results are consistent with those reported in the previous year, apart from the items mentioned in this section. The group did not early adopt any amended standards during the current reporting period.

- IAS 1 *Presentation of Financial Statements* (amendments) clarified how to classify debt and other liabilities as current or non-current and introduced a requirement to classify debt as non-current only if an entity can avoid settling the debt in the 12 months after the reporting period. The amendments specified 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 an entity to disclose information about these covenants in the notes to the financial statements.
- IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* (amendments) added requirements for an entity to provide additional disclosures about its supplier finance arrangements. The new requirements provide users of financial statements with information to assess how supplier finance arrangements affect an entity's liabilities, cash flows, the effect thereof on its exposure to liquidity risk and how an entity might be affected if the arrangements were no longer available to it.
- IFRS 16 *Leases* (IFRS 16) (narrow scope amendments) added requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction. The amendments added to the existing sale and leaseback requirements in IFRS 16 and did not change the accounting for leases, other than those arising in a sale and leaseback transaction

Key management assumptions

In preparing the Group and separate 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, collectively referred to as key management assumptions (KMA), are continually evaluated and are based on factors such as historical experience and current best estimates of future events. The estimates and judgements below have remained unchanged unless otherwise stated. The following represents the most material key management assumptions applied in preparing these financial statements. The key management assumptions below apply to the Group and Bank, unless otherwise stated.

Expected credit loss (ECL)

During the current reporting period models have been enhanced but no material changes to assumptions have occurred.

ECL on financial assets – drivers

For the purpose of determining the ECL:

- The home loans, vehicle and asset finance (VAF), card, personal, business lending and other products portfolios are based on the product categories or subsets of the product categories, with tailored ECL models per portfolio. The impairment provision calculation excludes post-write-off recoveries (PWOR) from the loss given default (LGD) in calculating the ECL. These LGD parameters are aligned to market practice.
- Corporate, sovereign and bank 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 relating to corporate, sovereign and bank 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 or financial asset has increased significantly since initial recognition (stage 2).
- A lifetime measurement period is applied to all credit impaired (stage 3) exposures.
- Lifetime includes 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.
- The measurement period for unutilised loan commitments utilise the same approach as on-balance sheet exposures.

Significant increase in credit risk and low credit risk

Home loans, vehicle and asset finance, card, personal, business lending and other products

All exposures are assessed to determine whether there has been a significant increase in credit risk (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. Behaviour scorecards are based on a combination of factors which include the information relating to customers, transactions and delinquency behaviour (including the backstop when contractual payments are more than 30 days past due (DPD)) to provide a quantitative assessment (score), and more specifically, a ranking of customer creditworthiness. The creditworthiness of a customer is summarised by a score, with high scores corresponding to low-risk customers, and conversely, low scores corresponding to high-risk customers. These scores are often taken into account in determining the probability of default (PD) including relative changes in PD. Credit risk has increased since initial recognition when these criteria are met.

The Group determines the SICR threshold by utilising an appropriate transfer rate of exposures that are less than 30 days DPD to stage 2. This transfer rate is such that the proportion of the 0 to 29 DPD book transferred into stage 2 is no less than the observed 12-month roll rate of 0 to 29 days accounts into 30 or more days in arrears. The SICR thresholds are reviewed regularly to ensure that they are appropriately calibrated to identify SICR by portfolio vintage and to 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, the rebuttable presumption of 30 DPD as well as exposures classified as either debt review or as 'watch-list' are used to classify exposures within stage 2.

Corporate, sovereign and bank products (including certain 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 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.

All 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 DPD (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 low credit risk. To determine whether a client's credit risk has increased significantly since origination, the Group and Bank would need to determine the extent of the change in credit risk using the table that follows.

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

Key management assumptions (continued)

Incorporation of forward-looking information (FLI) in ECL measurement

The Group determines the macroeconomic outlook, over a planning horizon of at least three years.

For home services, VAF, card, personal, business lending and other products these forward-looking economic expectations are included in the ECL where adjustments are made based on the group's macroeconomic outlook, using models that correlate these parameters with macroeconomic variables. Where modelled correlations are not viable or predictive, adjustments are based on expert judgement to predict the outcomes based on the group's macroeconomic outlook expectations. In addition to forward-looking macroeconomic information, other types of FLI, such as specific event risks and industry data, 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 corporate, sovereign and bank products' 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 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. While 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, this includes the classification of distressed restructures (including debt review exposure accounts) as default for a minimum of six months, while observing payment behaviour; 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 and Bank have not rebutted the 90 DPD rebuttable presumption.

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. home services, VAF, 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 home services, VAF, card, personal, business lending and other products is determined with reference to post-default payment behaviour such as cumulative delinquency, as well as an analysis of 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 instalments) is considered low to zero, and a period between 180 to 360 days in arrears; 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.
- For corporate, sovereign and bank products, write-off is assessed on a case-by-case basis and approved by the Corporate & Investment Banking (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 of 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 (including debt review exposures) that no longer qualify as credit impaired remain within stage 3 for a minimum period of six months (i.e. an average of six full 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 home loans, VAF, card, personal, business lending and other products credit governance committees (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 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 ECL model) back to stage 1 (12-month ECL model) prospectively.

Key management assumptions (continued)

Forward-looking economic expectations applied in the determination of the ECL at the reporting date

A range of scenarios have been determined for base, bear and bull forward-looking economic expectations as at 31 December 2024, for inclusion in the group and company's forward-looking process and ECL calculation.

Zambian economic expectation

The following were assumed in the base case scenario

- Local currency is undervalued with bias for appreciation in 2025
- Drought decimates hydroelectric power availability causing production challenges for conventional mining and smelting activities. However, La Nina rainfall should encourage recovering in hydropower production and output
- External funding props the local currency as the government maintains its fiscal consolidation commitments starting in FY 2025 (after exceeding the approved budget for 2024 by 11.6% owing to the increased allocations to debt service and drought related relief) and foreign portfolio investments inflows bounce back significantly over the forecast period
- While the debt restructuring completion is a positive step that has led to a shit in the country's bond credit rating, it puts pressure on the primary income deficit and consequently, the external balance as the country starts to service its debt.
- Inflation remains above the Bank of Zambia 6%-8% target range.
- The Boz continues to tighten monetary conditions at its MPC meetings
- GDP data indicates slow growth in 2024 before recovering to 6.2% in 2025 due to base effects and strong recovery in mining and agricultural sectors bolstered by improved weather conditions

Main macroeconomic factors

The following table shows the main macroeconomic factors used to estimate the forward-looking impact on the ECL provision of financial assets. Each scenario, namely base, bear and bull scenario, is presented for each identified time period.

	Base scenario		Bear scenario		Bull scenario	
Macroeconomic factors – 2024	Next 12 months[1]	Remaining forecast period[2]	Next 12 months[1]	Remaining forecast Period[2]	Next 12 months[1]	Remaining forecast period[2]
GDP (% y/y) pa	6.2	5.2	4.9	3.2	7.2	6.9
CPI (% y/y) pe	14.5	9.1	13.8	10.8	7.2	6.5
Policy interest rate (%) pe	13.3	9.6	14.0	10.0	13.1	9.0
3-m rate (%) pe	9.6	10.4	11.1	12.4	7.9	6.7
6-m rate (%) pe	10.1	10.8	11.6	12.9	8.4	7.2
USD/ZMW pe	26.5	25.3	31.4	41.2	23.9	17.5

1 Next 12 months following 31 December 2024 is 1 January 2025 to 31 December 2025.
2 The remaining forecast period is 1 January 2026 to 31 December 2028.
The scenario weighting is: base at 60%, bear at 30% and bull at 10%.

	Base scenario		Bear scenario		Bull scenario	
Macroeconomic factors – 2023	Next 12 months[1]	Remaining forecast period[2]	Next 12 months[1]	Remaining forecast Period[2]	Next 12 months[1]	Remaining forecast period[2]
GDP (% y/y) pa	4.77	4.49	1.77	2.82	5.71	6.0
CPI (% y/y) pe	13.3	8.97	13.82	10.5	7.25	4.72
Policy interest rate (%) pe	10.1	9.0	10.5	9.8	10.0	8.60
3-m rate (%) pe	8.92	8.29	15.08	14.16	6.80	4.95
6-m rate (%) pe	9.42	8.79	15.58	14.66	7.30	5.45
USD/ZMW pe	22.67	23.79	25.56	31.25	18.0	17.91

1 Next 12 months following 31 December 2023 is 1 January 2024 to 31 December 2024.
2 The remaining forecast period is 1 January 2025 to 31 December 2027.
The scenario weighting is: base at 50%, bear at 30% and bull at 20%.

Key management assumptions (continued)

Sensitivity analysis of the forward-looking impact on the total ECL provision on all financial instruments relating to corporate, sovereign and bank products

The ECL methodology for corporate, sovereign and bank products is based primarily on client-specific risk metrics, as such the forward-looking macroeconomic information is one of the components and/or drivers of the total reported ECL. Rating reviews of each client are performed at least annually, and entail credit analysts completing a credit scorecard and incorporating forward-looking information at a client level. The weighting is reflected in both the determination of significant increase in credit risk as well as the measurement of the resulting expected credit loss for the individual client. Therefore the impact of forward-looking economic conditions is embedded into the total ECL for each client.

Sensitivity analysis of the forward-looking impact on the total ECL provision on all financial instruments relating to home loans, VAF, card, personal, business lending and other products

The level of the forward-looking balance sheet provisioning was maintained at 2024 levels due to the challenging macroeconomic environment, which was underpinned by aggressive monetary tightening, inflation and sharp and frequent interest rates, other consumer pressures. The following table shows a comparison of the forward-looking impact on the provision as at 31 December 2024, 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.

	2024		2023	
	ZMW'000	Change of total PPB and BCB provisions on loans and advances %	ZMW'000	Change of total PPB and BCB provisions on loans and advances %
Forward-looking impact on the total ECL provision	85 859		48 586	
Scenarios				
Base	24 690	28.75	757	(0.01)
Bear	69 744	81.20	2 532	(0.05)
Bull	48 709	56.73	1 302	(0.02)

Refer to note 6 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.

Management judgemental adjustments

Management judgemental adjustments are required in terms of IFRS 9 to take into account factors that do not form part of the normal modelling process. These additional factors may result from model or data limitations, recent events or expert credit judgement and are applied at a segment, industry or client level. These management judgemental adjustments are reviewed as part of the governance process surrounding credit risk and ECL. Management judgemental adjustments incorporated in the calculation of ECL

Fair value

Financial instruments

In terms of IFRS Accounting Standards, the group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value, being the price that would, respectively, be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value it is presumed that the entity is a going concern and that fair value is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. Information obtained from the valuation of financial instruments is used to assess the performance of the group and, in particular, provides assurance that the risk and return measures that the group has taken are accurate and complete.

Valuation process

The group's valuation control framework governs internal control standards, methodologies and procedures over its valuation processes, which include the following.

Prices quoted in an active market

The existence of quoted prices in an active market represents the best evidence of fair value. Where such prices exist, they are used in determining the fair value of financial assets and financial liabilities.

Key management assumptions (continued)

Valuation techniques

Where quoted market prices are unavailable, the group establishes fair value using valuation techniques that incorporate observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices, for such assets and liabilities. Parameter inputs are obtained directly from the market, consensus pricing services or recent transactions in active markets, whenever possible. Where such inputs are not available, the group makes use of theoretical inputs in establishing fair value (unobservable inputs). Such inputs are based on other relevant input sources of information and incorporate assumptions that include prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustments to reflect the terms of the actual instrument being valued and current market conditions. Changes in these assumptions would affect the reported fair values of these financial instruments. Valuation techniques used for financial instruments include the use of financial models that are populated using market parameters that are corroborated by reference to independent market data, where possible, or alternative sources, such as, third-party quotes, recent transaction prices or suitable proxies. The fair value of certain financial instruments is determined using industry standard models such as, discounted cash flow analysis and standard option pricing models. These models are generally used to estimate future cash flows and discount these back to the valuation date. For complex or unique instruments, more sophisticated modelling techniques may be required, which require assumptions or more complex parameters such as correlations, prepayment spreads, default rates and loss severity.

Valuation adjustments

Valuation adjustments: Valuation adjustments are an integral part of the valuation process. Adjustments include, but are not limited to:

- credit spreads on illiquid issuers
- implied volatilities on thinly traded instruments
- correlation between risk factors
- prepayment rates
- other illiquid risk drivers.

In making appropriate valuation adjustments, the group applies methodologies that consider factors such as bid-offer spreads, liquidity, counterparty and own credit risk. Exposure to such illiquid risk drivers is typically managed by:

- using bid-offer spreads that are due to the relatively low liquidity of the underlying risk driver
- quantifying and reporting the sensitivity to each risk driver
- limiting exposure to such risk drivers and analysing exposure on a regular basis.

Validation and control

All financial instruments carried at fair value, regardless of classification, and for which there are no quoted market prices for that instrument, are fair valued using models that conform to international best practice and established financial theory. These models are validated independently by the group's model validation unit and formally reviewed and approved by the market risk methodologies committee. This control applies to both off-the-shelf models, as well as those developed internally by the group. Further, all inputs into the valuation models are subject to independent price validation procedures carried out by the group's market risk unit. Such price validation is performed on at least a monthly basis, but daily where possible given the availability of the underlying price inputs. Independent valuation comparisons are also performed and any significant variances noted are appropriately investigated. Less liquid risk drivers, which are typically used to mark level 3 assets and liabilities to model, are carefully validated and tabled at the monthly price validation forum to ensure that these are reasonable and used consistently across all entities in the group. Sensitivities arising from exposures to such drivers are similarly scrutinised, together with movements in level 3 fair values. They are also disclosed on a monthly basis at the asset and liability committees.

Portfolio exception

The group has, on meeting certain qualifying criteria, elected the portfolio exception which allows an entity to measure the fair value of certain groups of financial assets and financial liabilities on a net basis similar to how market participants would price the net risk exposure at the measurement date. Other financial instruments, which are not level 3, are utilised to mitigate the risk of these changes in fair value

Notes to the annual financial statements (continued)

1. Cash and balances with the central bank

GROUP AND COMPANY	2024 ZMW'000	2023 ZMW'000
Coins and bank notes	2 314 189	3 865 846
Cash reserve requirements with central bank[1]	8 617 323	5 149 360
Current account balances with the central bank	1 549 207	544 427
Total	12 480 719	9 559 633

[1] The reserving balances are not available for use by the group and the required reserving percentage as at 31 December 2024 was 26% (2023: 17%).

1.1 Loans and advances to banks

GROUP AND COMPANY	2024 ZMW'000	2023 ZMW'000
Loans and advances to Group banks	1 479 375	1 149 618
Loans and advance to Non Group banks	6 956 562	2 775 573
	8 435 937	3 925 191
Expected credit losses	(6 493)	(4 106)
Total	8 429 444	3 921 085

Loans and advances with maturity below 90 days qualify as cash and cash equivalents (note 31.4) for group and bank.

		Transfers between stages						
	Opening ECL 1 January 2024 ZMW'000	(To)/from stage 1 ZMW'000	From/(to) stage 2 ZMW'000	From/(to) stage 3 ZMW'000	Total ZMW'000	Net ECL raised/ (released) ZMW'000	Exchange and other movements ZMW'000	Closing ECL 31 December 2024 ZMW'000
Balances with banks								
Stage 1	4 017	89	-	-	89	2 387	-	6 493
Stage 2	89	-	(89)	-	(89)	-	-	-
Total	4 106	89	(89)	-	-	2 387	-	6 493

		Transfers between stages						
	Opening ECL 1 January 2023 ZMW'000	(To)/from stage 1 ZMW'000	From/(to) stage 2 ZMW'000	From/(to) stage 3 ZMW'000	Total ZMW'000	Net ECL raised/ (released) ZMW'000	Exchange and other movements ZMW'000	Closing ECL 31 December 2023 ZMW'000
Balances with banks								
Stage 1	828	-	-	-	-	3 189	-	4 017
Stage 2	1 176	-	-	-	-	(1 088)	1	89
Total	2 004	-	-	-	-	2 101	-1	4 106

Derivative instruments

All derivatives are classified as held-for-trading and mature within 1 year. A summary of the fair values of the derivative assets and derivative liabilities is as follows:

	Fair value of assets		Fair value of liabilities	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
GROUP AND BANK				
Held-for-trading	118 057	272	(30 773)	(36 199)
Total	118 057	272	(30 773)	(36 199)

Use and measurement of derivative instruments

The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

In the normal course of business, the group and company enter into a variety of foreign exchange, interest rate, commodity, credit and equity derivative transactions in accordance with the group and company's risk management policies and practices. Derivative instruments used by the group and company are held for trading and include swaps, options, forwards, futures and other similar types of instruments based on foreign exchange rates, and interest rates.

Derivatives held-for-trading

The group transacts in derivative contracts to address client demand, both as a market maker in the CIB markets and in structuring tailored derivatives for clients.

Trading assets

	GROUP AND BANK	
	2024 ZMW'000	2023 ZMW'000
Treasury bills	793 481	859 222
Government bonds	1 616 392	931 582
Total	2 409 873	1790 804

Maturity analysis

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

GROUP AND BANK	2024 ZMW'000	2023 ZMW'000
Maturing within 1 month	381 824	1 393
Maturing after 1 month but within 6 months	530 730	543 387
Maturing after 6 months but within 12 months	806 097	607 247
Maturing after 12 months	691 222	638 777
	2 409 873	1 790 804

Notes to the annual financial statements

4. Financial investments

	GROUP AND BANK	
	2024 ZMW'000	2023 ZMW'000
Government bonds	5 845 562	3 559 150
Treasury bills	2 283 635	4 910 727
Total	8 129 197	8 469 877
Net financial investments measured at amortised cost	7 468 917	8 006 513
Gross financial investments measured at amortised cost	7 606 677	8 159 228
ECL for financial investments measured at amortised cost[1]	(137 760)	(152 715)
Financial investments measured at fair value	522 520	310 649
Debt financial investments measured at FVOCI	522 520	310 649
Total	7 991 437	8 317 162

[1] Refer to the credit impairment charges note 28 for the current year credit impairment release of ZMW 12 960 000 (2023: ZMW 36 678 000) on debt financial investments measured at amortised cost.

5. Other assets

	GROUP		BANK	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Investment in Zambia Electronic Clearing House Limited	1 163	1 163	1 163	1 163
Items in the course of collection	366 083	391 961	356 321	391 961
Prepayments	23 301	13 049	23 301	13 049
Other non-financial assets	37 258	21 039	36 354	9 101
Total	427 805	427 212	417 139	415 274

Due to the short-term nature of these assets, historical experience and available forward looking information, debtors are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant on these balances.

The Bank has an investment in the electronic clearing house along with other industry players.

Notes to the annual financial statements (continued)

6. Loans and advances to customers

	GROUP AND BANK 2024 ZMW'000	GROUP AND BANK 2023 ZMW'000
Gross loans and advances measured at amortised cost	15 591 229	14 127 432
Home loans	396 199	333 405
Vehicle and asset finance	1 551 089	1 825 577
Card and payments	16 757	13 277
Personal unsecured lending	1 952 891	1 597 671
Business lending and other	2 663 644	2 540 929
Corporate and sovereign	9 010 649	7 816 573
Interest in suspense	(67 382)	(106 404)
Expected credit losses (note 6.1)	(480 785)	(404 082)
Net loans and advances	15 043 062	13 616 946

In terms of the Banking and Financial Services Act of Zambia there were no non performing loans (2023: Nil) or restructured loans owing to the bank whose principal amount exceeded 5% of the regulatory capital of the Bank.

6.1 Reconciliation of ECL for loans and advances measured at amortised cost

	Stage 1 ZMW'000	Stage 2 ZMW'000	Stage 3 ZMW'000	Total ZMW'000
GROUP AND BANK				
Opening ECL 1 January 2023	106 141	89 617	107 959	303 717
Transfers between stages[1]	9 234	(9 234)	-	-
Net ECL raised	21 089	26 762	122 744	170 595
ECL on new exposures raised[2]	47 626	10 139	-	57 765
Subsequent changes in ECL	(13 312)	18 176	122 744	127 608
Change in ECL due to derecognition	(13 225)	(1 553)	-	(14 778)
Impaired accounts written off[3]	-	-	(30 776)	(30 776)
Exchange and other movements[4]	698	(697)	(39 455)	(39 454)
Closing ECL 31 December 2023	137 162	106 448	160 472	404 082
Opening ECL 1 January 2024	137 162	106 448	160 472	404 082
Transfers between stages[1]	46 863	(36 137)	(10 726)	-
Net ECL raised	3 450	41 071	150 309	194 830
ECL on new exposures raised[2]	65 793	52 477	13 749	132 019
Subsequent changes in ECL	(44 360)	(10 643)	136 560	81 557
Change in ECL due to derecognition	(17 983)	(763)	-	(18 746)
Impaired accounts written off[3]	-	-	(116 854)	(116 854)
Exchange and other movements[4]	724	(420)	(1 577)	(1 273)
Closing ECL 31 December 2024	188 199	110 962	181 624	480 785

1 The group policy is to transfer opening balances based on the ECL stage at the end of the reporting period. Therefore, it may appear that exposures were transferred directly from stage 3 to stage 1 as the curing requirements would have been satisfied during the reporting period.
2 The ECL recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the rows "ECL on new exposures raised" based on the exposures' ECL stage as at the end of the reporting period.
3 The contractual amounts outstanding on loans and advances for group and bank were written off during the reporting period are still subject to enforcement activities.
4 Exchange and other movements include the time value of money (TVM) unwind and net interest in suspense (IIS) raised and released during the year.

6.2 Modifications on loans and advances measured at amortised cost

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 14 789 891 (2023: ZMW 285 432).

Notes to the annual financial statements

7. Interests in subsidiaries

	BANK	
	2024 ZMW'000	2023 ZMW'000
Stanbic Securities Zambia Limited	*	*
Stanbic Insurance Brokers Zambia Limited	100	100
Stanbic Nominees Zambia Limited	5	5
Burnet Investment Limited	79 202	79 202
Total	79 307	79 307

All subsidiaries are 100% owned

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 Investment Limited

Burnet Investment 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 (2023: 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.

Notes to the annual financial statements
(continued)

8. Property, equipment and right of use assets

	Property		Equipment				Right of use asset	
	Leasehold ZMW'000	Leasehold Improvements ZMW'000	Computer equipment ZMW'000	Motor vehicles[1] ZMW'000	Office equipment ZMW'000	Furniture and fittings ZMW'000	Buildings ZMW'000	Total ZMW'000
Group								
Net book value – 1 January 2023	296 306	14 585	48 422	6 231	11 325	30 624	51 981	459 474
Cost	345 464	66 041	200 391	22 850	30 521	100 294	140 537	906 098
Accumulated depreciation	(49 158)	(51 456)	(151 969)	(16 619)	(19 196)	(69 670)	(88 556)	(446 624)
Movements	(7 095)	2 518	9 756	(211)	(2 430)	782	9 836	13 156
Additions and modifications	-	6 004	29 520	3 524	620	7 546	34 848	82 062
Disposals	-	-	(53)	-	(115)	(740)	-	(908)
Depreciation	(7 095)	(3 486)	(19 711)	(3 735)	(2 935)	(6 024)	(25 012)	(67 998)
Net book value – 31 December 2023	289 211	17 103	58 178	6 020	8 895	31 406	61 817	472 630
Cost	345 464	72 045	229 859	26 374	31 026	107 100	175 385	987 253
Accumulated depreciation	(56 253)	(54 942)	(171 681)	(20 354)	(22 131)	(75 694)	(113 568)	(514 623)
Movements	(7 503)	3 353	66 369	7 859	1 957	3 603	(38 325)	37 314
Additions and modifications	-	9 385	98 113	11 649	4 497	8 553	(10 331)	121 866
Transfers	-	(1 346)	-	-	-	1 346	-	-
Disposals	(661)	-	(415)	(2 991)	-	-	-	(4 067)
Depreciation on disposal	253	-	395	2 991	-	-	-	3 639
Depreciation	(7 095)	(4 686)	(31 723)	(3 790)	(2 540)	(6 296)	(27 994)	(84 124)
Net book value – 31 December 2024	281 708	20 456	124 547	13 879	10 852	35 009	23 492	509 943
Cost	344 803	80 084	327 555	35 032	35 523	116 999	165 054	1 105 050
Accumulated depreciation and impairment	(63 095)	(59 628)	(203 008)	(21 153)	(24 671)	(81 990)	(141 562)	(595 107)
Bank								
Net book value – 1 January 2023	154 134	14 585	48 422	6 231	11 325	30 624	98 946	364 267
Cost	178 148	66 041	200 390	22 850	30 521	100 294	221 677	819 922
Accumulated depreciation	(24 014)	(51 456)	(151 968)	(16 619)	(19 196)	(69 670)	(122 731)	(455 655)
Movements	(4 966)	2 518	9 756	(211)	(2 430)	782	1 267	6 716
Additions and modifications	-	6 004	29 520	3 524	620	7 546	34 848	82 062
Disposals	-	-	(53)	-	(115)	(740)	-	(908)
Depreciation	(4 966)	(3 486)	(19 711)	(3 735)	(2 935)	(6 024)	(33 581)	(74 438)
Net book value – 31 December 2023	149 168	17 103	58 178	6 020	8 895	31 406	100 213	370 983
Cost	178 148	72 045	229 857	26 374	31 026	107 100	256 525	901 077
Accumulated depreciation	(28 980)	(54 942)	(171 679)	(20 354)	(22 131)	(75 694)	(156 312)	(530 094)
Movements	(5 365)	3 353	66 370	6 565	1 957	3 603	(42 676)	33 807
Additions and modifications	-	9 385	98 113	10 263	4 497	8 553	(6 113)	124 698
Transfers	-	(1 346)	-	-	-	1 346	-	-
Disposals	(661)	-	(415)	(2 991)	-	-	-	(4 067)
Depreciation on disposal	253	-	395	2 991	-	-	-	3 639
Depreciation charge for the year	(4 957)	(4 686)	(31 723)	(3 698)	(2 540)	(6 296)	(36 563)	(90 463)
Net book value – 31 December 2024	143 803	20 456	124 548	12 585	10 852	35 009	57 537	404 790
Cost	177 487	80 084	327 555	33 646	35 523	116 999	250 412	1 021 706
Accumulated depreciation and impairment	(33 684)	(59 628)	(203 007)	(21 061)	(24 671)	(81 990)	(192 875)	(616 916)

A register of leasehold land and buildings is available for inspection at the company registered office.

Notes to the annual financial statements

8.1 Valuation

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. 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	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Cost	148 002	148 002	62 815	62 815
Accumulated depreciation	(45 295)	(39 423)	(24 008)	(20 265)
Net book value	102 707	108 579	38 807	42 550

Details of the group's leasehold land and buildings and information about the fair value hierarchy as at the end of the reporting period are as follows

	2024				2023			
	Level 1 ZMW'000	Level 2 ZMW'000	Level 3 ZMW'000	Total ZMW'000	Level 1 ZMW'000	Level 2 ZMW"000	Level 3 ZMW'000	Total ZMW'000
Group	-	-	281 708	281 708	-	-	289 211	289 211
Bank	-	-	143 803	143 803	-	-	149 168	149 168

9. Intangible assets

	Total ZMW'000
Group and Bank	
Net book value – 1 January 2023	185 367
Cost	332 172
Accumulated amortisation	(146 805)
Movements	(23 881)
Additions	-
Disposals	-
Amortisation	(23 881)
Net book value – 31 December 2023	161 486
Cost	332 172
Accumulated amortisation and impairment	(170 686)
Movements	(23 881)
Additions	-
Disposals	-
Amortisation	(23 881)
Net book value – 31 December 2024	137 605
Cost	332 172
Accumulated amortisation and impairment	(194 567)

Notes to the annual financial statements (continued)

Deferred tax

Deferred tax analysis

	GROUP AND BANK	
	2024 ZMW'000	2023 ZMW'000
Property and equipment	(23 564)	(20 307)
Property revaluation reserve	(30 880)	(31 935)
FVOCI reserve	(7 367)	(247)
Right of use assets *	(17 261)	(30 064)
Right of use liabilities*	20 640	32 725
Impairment charges on loans and advances and other provisions	165 093	152 357
Other deductible accruals	47 190	38 904
Deferred tax closing balance	153 851	141 433
Deferred tax asset	215 662	193 922
Deferred tax liability	(61 811)	(52 489)

*The deferred tax impact on temporary differences arising from right of use assets and lease liabilities are represented to show them separately in line with the amendment to IAS 12. Previously the impact was report under other deductible accruals. The impact of this change is a reclassification of an amount of K2 661 000 deferred tax asset from other deductible accruals

Deferred tax reconciliation

	GROUP AND BANK	
	2024 ZMW'000	2023 ZMW'000
Deferred tax at the beginning of the year	141 433	113 032
Total temporary differences for the year	12 418	28 401
Property and equipment	(3 257)	(5 854)
Property revaluation reserve	1 055	182
FVOCI reserve	(7 120)	12 328
Impairment charges on loans and advances and other provisions	12 736	21 406
Other deductible accruals and right of use assets and liabilities	9 004	339
Deferred tax at the end of the year	153 851	141 433
Temporary differences for the year comprise		
Recognised in profit or loss	18 483	15 891

Notes to the annual financial statements

11. Share capital

Authorised

GROUP AND BANK	2024 ZMW'000	2023 ZMW'000
Ordinary shares at ZMW1 each (2023: 416 000 000 shares at ZMW 1 each).	416 000	416 000
Total	416 000	416 000

Issued

GROUP AND BANK	2024 ZMW'000	2023 ZMW'000
Ordinary shares at ZMW1 each (2023: 416 000 000 shares at ZMW 1 each)	416 000	416 000

No ordinary shares were issued during 2024 or 2023.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to only one vote per share at meeting of the Bank. Total dividends of K550 000 000 were declared during the year (2023: ZMW 500 000 000).

12. Trading liabilities

GROUP AND BANK	2024 ZMW'000	2023 ZMW'000
Unlisted debt securities	3 770 751	2 528 697
Total	3 770 751	2 528 697

Notes to the annual financial statements (continued)

13. Provisions and other liabilities

	GROUP		BANK	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
ECL for off-balance sheet exposures (note 13.1)	11 615	11 178	11 615	11 178
Lease liabilities (note 13.2)	24 207	27 505	68 803	109 084
Statutory obligations	22 610	17 779	22 610	17 779
Intercompany creditors	189 347	293 424	189 347	293 424
Accrued expenses	519 328	488 872	519 328	488 872
Unclaimed balances	140 101	146 863	140 101	146 863
Other liabilities*	207 103	106 061	221 863	80 190
Total	1 114 311	1 091 682	1 173 667	1 147 390

*The balance was previously aggregated as ZMW1,035,220,000 in error and not sufficiently disaggregated. But to provide additional information by way of expansion on the other liabilities the balance has been split in the current year into unclaimed balances, accrued expenses and intercompany creditors. The remaining balances Includes incentive provisions, transit accounts and product suspense accounts.

13.1 Reconciliation of ECL for off-balance sheet exposures

Letters of credit, bank acceptances and guarantees

GROUP AND BANK	Opening balance ZMW'000	Net ECL raised/ (released) ZMW'000	Exchange and other movements ZMW'000	Closing balance ZMW'000
2024				
Stage 1	2 864	7 920	-	10 784
Stage 2	8 314	(7 457)	(26)	831
Total	11 178	463	(26)	11 615
2023				
Stage 1	12 959	(10 095)	-	2 864
Stage 2	4 114	4 190	10	8 314
Total	17 073	(5 905)	10	11 178

Notes to the annual financial statements

13. Provisions and other liabilities continued

13.2 Reconciliation of lease liabilities

	Balance at 1 January 2024 ZMW'000	Additions and modifications ZMW'000	Interest expense ZMW'000	Payments ZMW'000	Balance at 31 December 2024 ZMW'000
GROUP					
Buildings and branches	27 505	29 296	4 330	(36 924)	24 207
BANK					
Buildings and branches	109 084	-	14 243	(54 524)	68 803

	Balance at 1 January 2023 ZMW'000	Additions and modifications ZMW'000	Interest expense ZMW'000	Payments ZMW'000	Balance at 31 December 2023 ZMW'000
GROUP					
Buildings and branches	38 008	31 262	2 725	(44 490)	27 505
BANK					
Buildings and branches	108 313	30 732	14 000	(43 961)	109 084

The leases relate to branches, land and ATM sites, they are between 1 and 5 years.

14. Deposits from banks and customers

	GROUP		BANK	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Deposits from banks	1 383 227	1 468 291	1 383 227	1 468 291
Deposits from customers	33 326 299	25 953 501	33 379 328	25 987 588
Current accounts	25 863 723	20 716 145	25 916 752	20 750 232
Call deposits	2 137 642	1 641 140	2 137 642	1 641 140
Savings account	2 204 257	1 944 479	2 204 257	1 944 479
Term deposits	3 120 677	1 651 737	3 120 677	1 651 737

Notes to the annual financial statements (continued)

15. Subordinated debt and other borrowings

15.1 Subordinated debt

GROUP AND BANK	Redeemable/ repayable date	Callable date	Notional value ZMW'000	Carrying value 2024 ZMW'000	Carrying value 2023 ZMW'000
SBSA Subordinated debt	13 December 2026	13 December 2026	419 625	420 712	386 875

There was no default during the year

15.2 Other borrowings

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 and is expected to be fully paid off within the next 12 months. Conditions related to the IFC borrowing relate to negative, affirmative and financial covenants all of which have been met and are expected to be met in the next 12 months.

TMTRF is priced at between 8% - 9% and is secured by the loan book. The facility is expected to be repaid in full by 31 July 2027.

	International Finance Corporation (IFC)		Bank of Zambia		Total other borrowings	
GROUP AND BANK	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Opening balance	100 000	150 000	1 813 267	2 000 000	1 913 267	2 150 000
Repayments	(50 000)	(50 000)	(507 811)	(186 733)	(557 811)	(236 733)
Closing balance	50 000	100 000	1 305 456	1 813 267	1 355 456	1 913 267
Carrying value					1 409 529	1 995 784

15. 3 Net debt reconciliation

	2024 ZMW'000	2023 ZMW'000
Opening principal and Interest balance	2 382 659	2 598 192
Interest charge for the period	204 562	217 119
Interest repaid	(232 919)	(310 016)
Principal repayments	(557 811)	(236 733)
Foreign exchange movements	33 750	114 097
Closing balance	1 830 241	2 382 659

This disclosure was added in the current year as an enhancement in disclosures to show a reconciliation of the opening to closing balance on net debt.

Notes to the annual financial statements

16. Accounting classifications and fair values of assets and liabilities

The tables that follow set out the group and company classification of assets and liabilities, and their fair values.

		FVTPL		FVOCI					
2024	Note	Held-for-trading ZMW'000	Designated at fair value ZMW'000	Debt instruments ZMW'000	Total fair value ZMW'000	Amortised cost[1] ZMW'000	Other non-financial assets and liabilities ZMW'000	Total carrying amount ZMW'000	Fair value[2] ZMW'000
GROUP									
Assets									
Cash and balances with the central bank	1	-	10 897 120	-	10 897 120	1 583 599	-	12 480 719	12 480 719
Loans and advances to banks	1	-	-	-	-	8 429 444	-	8 429 444	8 429 444
Derivative assets	2	118 057	-	-	118 057	-	-	118 057	118 057
Trading assets	3	2 409 873	-	-	2 409 873	-	-	2 409 873	2 409 873
Financial investments	4	-	-	522 520	522 520	7 468 917	-	7 991 437	7 868 383
Loans and advances to customers	6	-	-	-	-	15 043 062	-	15 043 062	15 827 144
Other assets	5	-	-	-	-	404 504	-	404 504	404 504
Total assets		2 527 930	10 897 120	522 520	13 947 570	32 929 526	-	46 877 096	47 538 124
Liabilities									
Derivative liabilities	2	30 773	-	-	30 773	-	-	30 773	30 773
Trading liabilities	12	3 770 751	-	-	3 770 751	-	-	3 770 751	3 770 751
Deposits from banks and other borrowings		-	-	-	-	2 792 756	-	2 792 756	2 792 756
Deposits from customers	14	-	-	-	-	33 326 299	-	33 326 299	33 326 299
Subordinated debt	15	-	-	-	-	420 712	-	420 712	420 712
Provisions and liabilities	13	-	-	-	-	1 114 311	-	1 114 311	1 114 311
Total liabilities		3 801 524	-	-	3 801 524	37 654 078	-	41 455 602	41 455 602
BANK									
Assets									
Cash and balances with the central bank	1	-	10 897 120	-	10 897 120	1 583 599	-	12 480 719	12 480 719
Loans and advances to banks	1	-	-	-	-	8 429 444	-	8 429 444	8 429 444
Derivative assets	2	118 057	-	-	118 057	-	-	118 057	118 057
Trading assets	3	2 409 873	-	-	2 409 873	-	-	2 409 873	2 409 873
Financial investments	4	-	-	522 520	522 520	7 468 917	-	7 991 437	7 868 383
Loans and advances to customers	6	-	-	-	-	15 043 062	-	15 043 062	15 827 144
Other assets	5	-	-	-	-	393 838	-	393 838	393 838
Total assets		2 527 930	10 897 120	522 520	13 947 570	32 918 860	-	46 866 430	47 527 458
Liabilities									
Derivative liabilities	2	30 773	-	-	30 773	-	-	30 773	30 773
Trading liabilities	12	3 770 751	-	-	3 770 751	-	-	3 770 751	3 770 751
Deposits from banks and other borrowings		-	-	-	-	2 792 756	-	2 792 756	2 792 756
Deposits from customers	14	-	-	-	-	33 379 328	-	33 379 328	33 379 328
Subordinated debt	15	-	-	-	-	420 712	-	420 712	420 712
Provisions and liabilities	13	-	-	-	-	1 173 667	-	1 173 667	1 173 667
Total liabilities		3 801 524	-	-	3 801 524	37 766 463	-	41 567 987	41 567 987

[1] Includes financial assets and financial liabilities for which the carrying value has been adjusted for changes in fair value due to designated hedged risks.
[2] Carrying value has been used where it closely approximates fair values, excluding non-financial instruments. Refer to the fair value section in accounting policy 3 – Fair value in annexure B and key management assumptions for a description on how fair values are determined.
[3] The fair value of other financial assets and liabilities approximates their carrying value due to their short-term nature.

Notes to the annual financial statements (continued)

16. Accounting classifications and fair values of assets and liabilities (continued)

2023	Note	FVTPL Held-for-trading ZMW'000	FVTPL Designated at fair value ZMW'000	FVOCI Debt instruments ZMW'000	Total fair value ZMW'000	Amortised cost[1] ZMW'000	Other non-financial assets and liabilities ZMW'000	Total carrying amount ZMW'000	Fair value[2] ZMW'000
GROUP									
Assets									
Cash and balances with the central bank	1	-	9 015 206	-	9 015 206	544 427	-	9 559 633	9 559 633
Loans and advances to banks	1	-	-	-	-	3 921 085	-	3 921 085	3 921 085
Derivative assets	2	272	-	-	272	-	-	272	272
Trading assets	3	1 790 804	-	-	1 790 804	-	-	1 790 804	1 790 804
Financial investments	4	-	-	310 649	310 649	8 006 513	-	8 317 162	8 284 660
Loans and advances to customers	6	-	-	-	-	13 616 946	-	13 616 946	14 345 300
Other assets	5	-	-	-	-	414 163	-	414 163	414 163
Total assets		1 791 076	9 015 206	310 649	11 116 931	26 503 134	-	37 620 065	38 315 917
Liabilities									
Derivative liabilities	2	36 199	-	-	36 199	-	-	36 199	36 199
Trading liabilities	12	2 528 697	-	-	2 528 697	-	-	2 528 697	2 528 697
Deposits from banks and other borrowings		-	-	-	-	3 464 075	-	3 464 075	3 464 075
Deposits from customers	14	-	-	-	-	25 953 501	-	25 953 501	25 953 501
Subordinated debt	15	-	-	-	-	386 875	-	386 875	386 875
Provisions and liabilities	13	-	-	-	-	1 091 682	-	1 091 682	1 091 682
Total liabilities		2 564 896	-	-	2 564 896	30 896 133	-	33 461 029	33 461 029
BANK									
Assets									
Cash and balances with the central bank	1	-	9 015 206	-	9 015 206	544 427	-	9 559 633	9 559 633
Loans and advances to banks	1	-	-	-	-	3 921 085	-	3 921 085	3 921 085
Derivative assets	2	272	-	-	272	-	-	272	272
Trading assets	3	1 790 804	-	-	1 790 804	-	-	1 790 804	1 790 804
Financial investments	4	-	-	310 649	310 649	8 006 513	-	8 317 162	8 284 660
Loans and advances to customers	6	-	-	-	-	13 616 946	-	13 616 946	14 345 300
Other assets	5	-	-	-	-	402 225	-	402 225	402 225
Total assets		1 791 076	9 015 206	310 649	11 116 931	26 491 196	-	37 608 127	38 303 979
Liabilities									
Derivative liabilities	2	36 199	-	-	36 199	-	-	36 199	36 199
Trading liabilities	12	2 528 697	-	-	2 528 697	-	-	2 528 697	2 528 697
Deposits from banks and other borrowings		-	-	-	-	3 464 075	-	3 464 075	3 464 075
Deposits from customers	14	-	-	-	-	25 953 501	-	25 953 501	25 953 501
Subordinated debt	15	-	-	-	-	386 875	-	386 875	386 875
Provisions and liabilities	13	-	-	-	-	1 147 390	-	1 147 390	1 147 390
Total liabilities		2 564 896	-	-	2 564 896	30 951 841	-	33 516 737	33 516 737

1 Includes financial assets and financial liabilities for which the carrying value has been adjusted for changes in fair value due to designated hedged risks.
2 Carrying value has been used where it closely approximates fair values, excluding non-financial instruments. Refer to the fair value section in accounting policy 3 – Fair value in annexure B and key management assumptions for a description on how fair values are determined.
Prior year values for financial investments and loans and advances to customers have been restated to show a more accurate fair value
3 The fair value of other financial assets and liabilities approximates their carrying value due to their short-term nature.

Notes to the annual financial statements

16. Accounting classifications and fair values of assets and liabilities

The tables that follow set out the group and company classification of assets and liabilities, and their fair values.

17. Assets and liabilities at fair value

17.1 Financial assets and liabilities measured at fair value on a recurring basis[1]

	2024				2023			
	Level 1 ZMW'000	Level 2 ZMW'000	Level 3 ZMW'000	Total ZMW'000	Level 1 ZMW'000	Level 2 ZMW"000	Level 3 ZMW'000	Total ZMW'000
GROUP AND BANK								
Financial assets								
Cash and balances with the central bank	10 897 120	-	-	10 897 120	9 015 206	-	-	9 015 206
Derivative assets	-	118 057	-	118 057	-	272	-	272
Trading assets	-	2 409 873	-	2 409 873	-	1 790 804	-	1 790 804
Financial investments	-	522 520	-	522 520	-	310 649	-	310 649
Total	10 897 120	3 050 450	-	13 947 120-	9 015 206	2 101 725	-	11 116 931
Financial liabilities								
Derivative liabilities	-	30 773	-	30 773	-	36 199	-	36 199
Trading liabilities	-	3 770 751	-	3 770 751	-	2 528 697	-	2 528 697
Total	-	3 801 524	-	3 801 524	-	2 564 896	-	2 564 896

[1] Recurring fair value measurements of assets or liabilities are those assets and liabilities that IFRS Accounting Standards requires or permits to be carried at fair value in the statement of financial position at the end of each reporting period.

Notes to the annual financial statements (continued)

16. Accounting classifications and fair values of assets and liabilities (continued)

17. Assets and liabilities at fair value (continued)

17.2 Assets and liabilities not measured at fair value for which fair value is disclosed

	2024				2023			
	Level 1 ZMW'000	Level 2 ZMW'000	Level 3 ZMW'000	Total ZMW'000	Level 1 ZMW'000	Level 2 ZMW"000	Level 3 ZMW'000	Total ZMW'000
GROUP								
Assets								
Cash and balances with the central bank	1 583 599	-	-	1 583 599	544 427	-	-	544 427
Loans and advances to banks	8 429 444	-	-	8 429 444	3 921 085	-	-	3 921 085
Financial Investments	-	7 468 917	-	7 468 917	-	8 006 513	-	8 006 513
Loans and advances to customers*	-	-	15 043 062	15 043 062	-	-	13 616 946	13 616 946
Total	10 013 043	7 468 917	15 043 062	32 525 022	4 465 512	8 006 513	13 616 946	26 088 971
Liabilities								
Deposits from banks and other borrowings	-	2 792 756	-	2 792 756	-	3 464 075	-	3 464 075
Deposits from customers	-	33 326 299	-	33 326 299	-	25 953 501	-	25 953 501
Subordinated debt	-	420 712	-	420 712	-	386 875	-	386 875
Total	-	36 539 767	-	36 539 767	-	29 804 451	-	29 804 451
BANK								
Assets								
Cash and balances with the central bank	1 583 599	-	-	1 583 599	544 427	-	-	544 427
Loans and advances to banks	8 429 444	-	-	8 429 444	3 921 085	-	-	3 921 085
Financial Investments	-	7 468 917	-	7 468 917	-	8 006 513	-	8 006 513
Loans and advances to customers*	-	-	15 043 062	15 043 062	-	-	13 616 946	13 616 946
Total	10 013 043	7 468 917	15 043 062	32 525 022	4 465 512	8 006 513	13 616 946	26 088 971
Liabilities								
Deposits from banks and other borrowings	-	2 792 756	-	2 792 756	-	3 464 075	-	3 464 075
Deposits from customers	-	33 379 328	-	33 379 328	-	25 953 501	-	25 953 501
Subordinated debt	-	420 712	-	420 712	-	386 875	-	386 875
Total	-	36 539 767	-	36 539 767	-	29 804 451	-	29 804 451

Set out above are assets and liabilities not measured at fair value for which fair value is disclosed, other than those with carrying amounts that are reasonable approximations of fair values.
* Loans and advances to customers have been reclassified to level 3 from the prior classification under level 2 which was done in error. This is deemed appropriate as the determination of fair value amounts relies more on unobservable inputs

Notes to the annual financial statements

18. Financial assets and liabilities designated at FVTPL

18.1 Financial assets designated at FVTPL[2]

GROUP AND BANK	Maximum exposure to credit risk[1] ZMW '000	Current year gain on changes in fair value attributable to changes in credit risk ZMW'000	Cumulative gain on changes in fair value attributable to changes in credit risk ZMW'000
2024			
Cash and balances with central bank	10 897 120	-	-
2023			
Cash and balances with central bank	9 015 206	-	-

[1] This balance primarily relates to sovereign, corporate and bank exposures. Refer to Annexure B for additional information on maximum exposure to credit risk by credit quality.

[2] Fair value through profit and loss

19. Reconciliation of FVOCI and revaluation reserve movements

19.1 Debt financial investments

GROUP AND BANK	Balance at the beginning of the year ZMW'000	Gains/ (Losses) net of deferred tax ZMW'000	Balance at the end of the year ZMW'000
2024			
Fair value of OCI instruments	11 459	18 245	29 704
2023			
Fair value of OCI instruments	50 913	(39 454)	11 459

[1] Fair Value through other comprehensive income

19.2 Revaluation reserve

GROUP	Balance at the beginning of the year ZMW'000	Gains net of Deferred tax ZMW'000	Excess depreciation ZMW'000	Balance at the end of the year ZMW'000
2024				
Revaluation reserve	140 519	1 055	(13 597)	127 977
2023				
Revaluation reserve	147 209	182	(6 872)	140 519

BANK	Balance at the beginning of the year ZMW'000	Gains net of Deferred tax ZMW'000	Excess depreciation ZMW'000	Balance at the end of the year ZMW'000
2024				
Revaluation reserve	68 785	1 055	(5 473)	64 367
2023				
Revaluation reserve	75 475	182	(6 872)	68 785

Notes to the annual financial statements (continued)

20. Contingent liabilities and commitments

20.1 Contingent liabilities

GROUP AND BANK	2024 ZMW'000	2023 ZMW'000
Guarantees	657 890	606 312
Letters of credit	4 064 249	3 110 832
Total	4 722 139	3 717 144

20.2 Capital commitments

GROUP AND BANK	2024 ZMW'000	2023 ZMW'000
Contracted capital expenditure	2 000	11 057
Capital expenditure approved but not yet contracted	313 922	211 384
Total	315 922	222 441

The expenditure will be funded from internal resources.

20.3 Lease commitments

20.3.1 The future minimum payments under low-value assets and short-term leases are as follows:

GROUP AND BANK	Within 12 months ZMW'000	Within one to five years ZMW'000	Total ZMW'000
2024			
Low-value assets and short-term leases	432	-	432-
2023			
Low-value assets and short-term leases	1 957	217	2 174

Low-value assets comprise IT equipment

20.4 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 Accounting Standards 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 2024 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 84,5 million (2023: ZMW 77 million).

Notes to the annual financial statements

21. Maturity analysis

The group and bank assess the maturity of financial assets and financial liabilities at 31 December each year which provides an indication of the remaining contractual life of these assets at that point in time. For the maturity analysis of financial liabilities on a contractual undiscounted basis, refer to the funding and liquidity risk section within annexure A.

21.1 Financial assets and liabilities

	Note	Redeemable on demand[5] ZMW	Within one year ZMW'000	Within one to five years ZMW'000	After five years ZMW'000	Total ZMW'000
Group						
2024						
Cash and balances with the central bank[1]	1	12 480 719	-	-	-	12 480 719
Loans and advance to banks	1.1	6 988 048	847 670	592 726	-	8 429 444
Trading assets	3	-	1 718 651	691 222	-	2 409 873
Gross financial investments	4	-	2 283 634	5 845 563	-	8 129 197
Other assets	5	404 504	-	-	-	404 504
Gross loans and advances[2]	6	574 053	7 321 961	6 421 877	1 273 338	15 591 229
Net derivative liability	2	(30 773)	-	-	-	(30 773)
Trading liabilities	12	-	(3 770 751)	-	-	(3 770 751)
Deposits from banks and other borrowings		(1 383 227)	(411 761)	(997 768)	-	(2 792 756)
Deposits from customers	14	(28 067 980)	(5 258 319)	-	-	(33 326 299)
Subordinated debt[3]	15.1	-	-	(483 712)	-	(483 712)
Other liabilities	13	-	(1 114 311)	-	-	(1 114 311)
2023						
Cash and balances with the central bank[1]	1	9 559 633				9 559 633
Loans and advance to banks	1.1	2 625 809		1 295 276		3 921 085
Trading assets	3		1 152 025	638 779		1 790 804
Gross financial investments	4		5 066 471	3 403 406		8 469 877
Other assets	5	414 163				414 163
Gross loans and advances[2]	6	608 852	5 193 310	7 727 649	597 621	14 127 432
Net derivative liability	2	(35 927)				(35 927)
Trading liabilities	12		(2 375 710)	(152 987)		(2 528 697)
Deposits from banks and other borrowings		(1 468 291)	(557 810)	(1 437 974)		(3 464 075)
Deposits from customers	14	(20 593 340)	(5 360 161)			(25 953 501)
Subordinated debt[3]	15.1			(386 875)		(386 875)
Other liabilities	13		(1 091 682)			(1 091 682)

1 On demand cash and balances with the central bank includes notes and coins.

2 Includes loans and advances measured at fair value through profit or loss.

3 The maturity analysis for subordinated debt has been determined as the earlier of the contractual repayment date or the option by the issuer to redeem the debt.

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Notes to the annual financial statements (continued)

21. Maturity analysis (continued)

	Note	Redeemable on demand[5] ZMW	Within one year ZMW'000	Within one to five years ZMW'000	After five years ZMW'000	Total ZMW'000
Bank						
2024						
Cash and balances with the central bank[1]	1	12 480 719	-	-	-	12 480 719
Loans and advance to banks	1.1	6 988 048	847 670	592 726	-	8 429 444
Trading assets	3	-	1 718 651	691 222	-	2 409 873
Gross financial investments	4	-	2 283 634	5 845 563	-	8 129 197
Other assets	5	393 838	-	-	-	393 838
Gross loans and advances[2]	6	574 053	7 321 961	6 421 877	1 273 338	15 591 229
Net derivative liability	2	(30 773)	-	-	-	(30 773)
Trading liabilities	12	-	(3 770 751)	-	-	(3 770 751)
Deposits from banks and other borrowings		(1 383 227)	(411 761)	(997 768)	-	(2 792 756)
Deposits from customers	14	(28 121 009)	(5 258 319)	-	-	(33 379 328)
Subordinated debt[3]	15.1	-	-	(420 712)	-	(420 712)
Other liabilities	13	-	(1 173 667)	-	-	(1 173 667)
2023						
Cash and balances with the central bank[1]	1	9 559 633				9 559 633
Loans and advance to banks	1.1	2 625 809		1 295 276		3 921 085
Trading assets	3		1 152 025	638 779		1 790 804
Gross financial investments	4		5 066 471	3 403 406		8 469 877
Other assets	5	402 225				402 225
Gross loans and advances[2]	6	608 852	5 193 310	7 727 649	597 621	14 127 432
Net derivative liability	2	(35 927)				(35 927)
Trading liabilities	12		(2 375 710)	(152 987)		(2 528 697)
Deposits from banks and other borrowings	14	(1 468 291)	(557 810)	(1 437 974)		(3 464 075)
Deposits from customers	14	(20 627 427)	(5 360 161)			(25 987 588)
Subordinated debt[3]	15.1			386 875		386 875
Other liabilities	13		(1 147 390)			(1 147 390)

[1] On demand cash and balances with the central bank includes notes and coins.
[2] Includes loans and advances measured at fair value through profit or loss.
[3] The maturity analysis for subordinated debt has been determined as the earlier of the contractual repayment date or the option by the issuer to redeem the debt.

Notes to the annual financial statements

22. Interest income

	GROUP		BANK	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Effective interest rate income on:				
Loans and advances and short term funds	2 650 951	2 120 363	2 650 951	2 120 363
Financial investments	1 100 890	1 022 859	1 100 890	1 022 859
Total	3 751 841	3 143 222	3 751 841	3 143 222
Interest income on items measured at amortised cost	3 751 841	3 143 222	3 751 841	3 143 222

23. Interest expense

	GROUP		BANK	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Current accounts	103 485	85 963	103 485	85 963
Savings and term deposit accounts	289 394	181 530	290 438	180 939
Subordinated debt	36 984	28 127	36 984	28 127
Lease liability	4 330	2 726	14 243	14 001
Other interest bearing liabilities	253 842	227 764	253 842	228 686
Total	688 035	526 110	698 992	537 716
Interest expense on items measured at amortised cost	688 035	526 110	698 992	537 716

24. Fee and commission revenue

	GROUP		BANK	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Account transaction fees	326 821	243 024	326 821	243 024
Card-based commission	161 715	138 480	161 715	138 480
Electronic banking fees	105 130	98 368	105 130	98 368
Foreign currency service fees	51 506	27 717	51 506	27 717
Documentation and administration fees	197 765	181 324	197 765	181 324
Other[1]	197 652	105 824	176 951	91 996
Total	1 040 589	794 737	1 019 888	780 909

[1] Other primarily comprises of fee and commission revenue earned on sundry services such as arrangement, agency and asset management fees as well as guarantee and commitment commissions.

All fee and commission revenue reported above relates to financial assets or liabilities not carried at fair value through profit or loss for the Group and Bank.

Notes to the annual financial statements (continued)

25. Fee and commission expense

	GROUP		BANK	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Card-based commission[1]	(132 854)	(94 089)	(132 854)	(94 089)
Total	(132 854)	(94 089)	(132 854)	(94 089)

[1]All fee and commission expenses reported above relate to financial assets or liabilities not carried at fair value through profit or loss for the Group and Bank.

26. Trading revenue

	GROUP		BANK	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Foreign exchange	923 859	607 825	923 859	607 825
Net interest expense on traded securities	(24 527)	(62 666)	(24 527)	(62 666)
Total	899 332	545 159	899 332	545 159

27. Other revenue

	GROUP		BANK	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Sundry income	18 057	30 871	19 665	31 080
Dividend received	-	-	-	19 000
Total	18 057	30 871	19 665	50 080

Notes to the annual financial statements

28. Credit impairment charges

	GROUP		BANK	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Net ECL raised /(released):	184 720	130 113	184 720	130 113
Financial investments	(12 960)	(36 678)	(12 960)	(36 678)
Loans and advances to customers (note 6.1)	194 830	170 595	194 830	170 595
Loans and advances to banks	2 387	2 101	2 387	2 101
Letters of credit, bank acceptances, guarantees and other	463	(5 905)	463	(5 905)
Recoveries on loans and advances previously written off	(37 318)	(31 942)	(37 318)	(31 942)
Cured interest in suspense	(1 480)	(264)	(1 480)	(264)
Total	145 922	97 907	145 922	97 907

29. Operating expenses

	GROUP		BANK	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Amortisation – intangible assets (note 9)	23 881	23 881	23 881	23 881
Audit fees	6 084	3 553	6 084	3 220
Communication related expenses	23 827	14 918	23 827	14 918
Depreciation (note 8)	84 124	67 998	90 463	78 438
Information technology	294 057	229 745	294 057	229 745
Marketing and advertising	52 624	38 556	52 624	38 556
Operating lease charges	6 764	4 621	6 764	4 621
Premises	44 400	24 496	44 400	24 486
Professional fees	31 043	57 014	31 043	57 014
Staff costs	876 082	799 082	876 082	799 082
Equity-linked transactions (annexure B)	(16 405)	39 305	(16 405)	39 305
Pension and other post-employment benefit costs	41 186	35 553	41 186	35 553
Skills development levy	3 897	3 377	3 897	3 377
Salaries and wages	847 404	720 847	847 404	720 847
Security	35 271	35 057	35 271	35 057
Other expenses	619 990	507 346	618 241	496 675
Total	2 104 486	1 806 267	2 102 737	1 805 693

Notes to the annual financial statements (continued)

30. Taxation

	GROUP		BANK	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Normal tax	822 703	642 114	815 736	638 977
Deferred tax	(18 483)	(15 891)	(18 483)	(15 891)
Total taxation	804 220	626 223	797 253	623 086
Deferred tax credit recognised in OCI	6 065	(12 510)	6 065	(12 510)
Direct taxation per the income statement	798 155	638 733	791 188	635 596

Income tax recognised in OCI

The table below sets out the amount of income tax relating to each component within OCI:

	GROUP		BANK	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Items that may not be subsequently reclassified to profit or loss				
Net property revaluation movement	1 055	182	1 055	182
Net change in fair value for OCI reserve	(7 120)	12 328	(7 120)	12 328
Total OCI tax credit	(6 065)	12 510	(6 065)	12 510

Tax rate reconciliation

	GROUP		BANK	
	2024 %	2023 %	2024 %	2023 %
Standard rate of Zambian taxation	30	30	30	30
Non deductible expenses	0.47	1.5	0.54	1.4
Direct tax charge for the year as a percentage of profit before tax	30.47	31.5	30.54	31.4

Notes to the annual financial statements

31. Statement of cash flows notes

31.1 Increase in operating assets

	GROUP		BANK	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Change in financial investments	325 725	(2 236 792)	325 725	(2 236 792)
Change in statutory deposits	(3 467 963)	(2 897 177)	(3 467 963)	(2 897 177)
Change in loans and advances to banks greater than 90 days	(145 120)	(286 576)	(145 120)	(286 576)
Change in loans and advances to customers	(1 665 798)	(2 984 042)	(1 665 798)	(2 984 042)
Change in derivative assets, trading assets and other assets	(619 661)	(487 838)	(620 933)	(476 664)
Total	(5 572 817)	(8 892 425)	(5 574 089)	(8 881 251)

31.2 Increase in operating liabilities

	GROUP		BANK	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Deposits from banks and customers	7 154 373	6 756 972	7 173 315	6 757 992
Trading and derivative liabilities	1 236 628	(1 038 138)	1 236 628	(1 038 138)
Provisions and other liabilities	22 629	97 767	26 277	79 799
Total	8 413 630	5 816 601	8 436 220	5 799 653

31.3 Taxation paid

	GROUP		BANK	
	2024 ZMW'000	2023 ZMW'000	2024 ZMW'000	2023 ZMW'000
Current tax payable at the start of the year	55 803	32 094	57 312	30 755
Income statement charge	822 703	642 114	815 736	638 977
Current tax payable at end of the year	(51 075)	(55 803)	(49 094)	(57 312)
Payment	827 431	618 405	823 954	612 420

31.4 Cash and cash equivalents

GROUP AND BANK	2024 ZMW'000	2023 ZMW'000
Cash and balances with central banks	12 480 719	9 559 633
Loans and advances to banks	8 429 444	3 921 085
Less: Loans and advances to banks maturing after 90 days	(1 440 396)	(1 295 276)
Less: cash reserve requirement	(8 617 323)	(5 149 360)
Balance at the end of the year	10 852 444	7 036 082

Notes to the annual financial statements (continued)

32. Related party transactions

32.1 Parent

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

32.2 Subsidiaries

Details of effective interest, investments in subsidiaries are disclosed in note 7.

32.3 Key management personnel

Key management personnel has been defined as Stanbic Bank prescribed officers effective for 2024 and 2023. Non-executive directors are included in the definition of key management personnel as required by IFRS Accounting Standards. The definition of key management includes the close family members of key management personnel and any entity over which key management exercises control or joint control. Close family members are those family members who may be expected to influence, or be influenced by, that person in their dealings with Stanbic.

GROUP AND BANK	2024 ZMW'000	2023 ZMW'000
Key management compensation	50 429	101 660
Salaries and other short-term benefits paid	63 296	59 191
Compulsory social security obligations	3 538	3 164
Share based payment transactions	(16 405)	39 305
Loans and advances		
Loans outstanding at the beginning of the year	38 650	20 493
Net change in loans during the year	(9 096)	18 157
Loans outstanding at the end of the year	29 554	38 650
Interest income	3 546	4 251
Deposit and debt funding		
Deposits outstanding at the beginning of the year	1 566	3 384
Net change in deposits during the year	22 755	(1 818)
Deposits outstanding at the end of the year	24 321	1 566
Interest expense	267	115
Directors fees	7 460	6 020

Notes to the annual financial statements

32. Related party transactions (continued)

32.4 Balances with SBG companies

The table below denotes balances with the group and company's holding company, subsidiaries and fellow SBG subsidiaries.

	GROUP AND BANK	
	2024 ZMW'000	2023 ZMW'000
Amounts due from Standard Bank of South Africa	3 140	536
Amounts due to Standard Bank of South Africa	189 347	293 424
Other related party balances		
Short term funds, derivatives and other assets Standard Bank of South Africa	1 472 605	1 146 433
Short terms funds and derivatives – other fellow subsidiaries	8 875	3 365
Deposits, derivatives, subordinated debt and other liabilities Standard Bank of South Africa	(693 685)	(541 805)

32.5 Transactions with SBG

The table below denotes material transactions with the group holding company.

	GROUP AND BANK	
	2024 ZMW'000	2023 ZMW'000
Management fees	145 691	115 919
Information technology charges	188 611	116 014
Other income from related parties	(99 816)	(43 361)
Other expenses from related parties	64 643	35 716
Dividend paid to related parties	550 000	500 000

Notes to the annual financial statements (continued)

33. 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 predominantly 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). In certain instances, other suitable rates are used, such as Central Bank Policy Rates.

There are no IBOR-linked contracts remaining with transition having taken place predominantly in Q2 and Q3 2023.

34. Share Based payments

GROUP AND BANK	2024 ZMW'000	2023 ZMW'000
Expenses recognised in staff costs		
Deferred bonus scheme (DBS)	-	5 843
Performance reward plan (PRP)	2 242	541
Cash-settled deferred bonus scheme (CSDBS)	(18 647)	32 921
Total expenses recognised in staff costs	(16 405)	39 305
Summary of liabilities recognised in other liabilities		
Deferred bonus scheme (DBS)	16 913	20 448
Cash-settled deferred bonus scheme (CSDBS)	-	32 075
Total liability recognised in other liabilities	16 913	52 523

Deferred bonus scheme

All employees granted an annual performance award over a certain threshold have part of their award deferred. In addition, the group makes special awards to qualifying employees in employment of a group entity. The awards are indexed to SBG's share price and accrues notional dividends during the vesting period, which are payable on vesting. Awards vest in three equal amounts at 18, 30 and 42 months from the date of the award. The maturity value is determined with reference to SBG's share price on the vesting date. These awards are classified as cash-settled awards from an SBSA group and company perspective, and have been partially hedged through the use of equity forwards.

Notes to the annual financial statements

34. Share Based payments (continued)

	Units	
	2024	2023
Movement summary		
Units outstanding at beginning of the year	7 999	2 259
Granted	10 989	8 008
Exercised	(3 715)	(2 268)
Units outstanding at end of the year	15 273	7 999
Weighted average fair value at grant date (R)	168	165.79
Expected life (years)	3	2.51

Performance reward plan

The performance reward plan is settled in SBG's shares to qualifying employees on the applicable vesting dates together with notional dividends that are settled in cash. Shares that vest (if any), and that are delivered to the employee, are conditional on pre-specified performance metrics set annually by the SBG Remuneration Committee. These awards are classified as cash-settled awards at an SBSA group and company perspective, and have been partially hedged through the use of equity forwards.

Notes to the annual financial statements

34. Share Based payments (continued)

Cash settled deferred bonus scheme

Effective for awards made in and after 2017, employees granted an annual performance award over a certain threshold, who are in employment in South Africa and meet other specific criteria have part of their award deferred. This replaces the DBS from 2017 onwards for these employees. In addition, employees who are assigned to SBSA from other SBG group companies (from the Africa Regions and International operations), and for whom an annual performance award over a threshold is granted, have part of their award deferred. For employees who are awarded CSDBS, and who qualify, the group may award additional special awards.

Awards in rand are indexed to SBG's share price and accrues notional dividends during the vesting period, which are payable on vesting. Awards vest in three equal amounts at 18, 30 and 42 months from the grant date of the award. The maturity value is determined with reference to the SBG share price on the vesting date. These awards are classified as cash-settled from an SBSA group and company perspective. Awards in currencies other than rand (being the employee's host country) are denominated in that currency with the same terms as rand denominated awards with the value of the awards, in foreign currency, moving in parallel with changes in the SBG share price. These awards have been partially hedged through the use of equity forwards.

Share incentives

Standard Bank equity growth scheme

The Equity Growth Scheme (EGS) represents participation rights in the future growth of the SBG share price. The eventual value of the right is settled by the receipt of SBG shares equivalent to the full value of the participation rights. Certain EGS awards issued prior to March 2014 included performance conditions.

Deferred bonus scheme

Employees are awarded a deferred incentive, as a mandatory deferral of their short-term incentive or as discretionary award, into the DBS. The deferred incentive is unitised into a number of units with respect to the group's share price on the date of award. The shares are delivered to the employee on the vesting date for equity-settled share incentives. The cash-settled deferred bonus scheme awards are settled in cash on the vesting date. Notional dividends on the units are paid to the employees on the vesting date.

Performance reward plan

The group's PRP, effective from March 2014, is an equity-settled share scheme with a three-year vesting period that is designed to incentivise the group's senior executives whose roles enable them to contribute to and influence the group's long-term decision-making and performance results. The PRP seeks to promote the achievement of the group's strategic long-term objectives and to align the interests of executives with shareholders. The awards are subject to the achievement of performance conditions set at award date and that determine the number of shares that ultimately vest. The awards will only vest in future in terms of the rules of the PRP. The shares, subject to meeting the pre-specified conditions, are delivered to the employee on vesting date. Notional dividends accrue during the vesting period and will be payable on vesting date.

Share appreciation rights plan

The SARP represents participation rights in the future growth of the SBG share price. The eventual value of the right is settled by the receipt of SBG shares equivalent to the full value of the participation rights.

35. Events after reporting date

There were no material significant events after the reporting date that require disclosure in or adjustment to the financial statements for the year ended 31 December 2024.

Annexure A – IFRS risk and capital management disclosures

The IFRS risk and capital management sections below apply to the Group and Bank , unless otherwise stated. For a more detailed discussion on the group and company's approach to risk management, refer to the risk and capital management report as noted in the reporting suite section of the annual report.

Overview

Capital management

The Group's capital management function is designed to ensure that regulatory requirements are met at all times and that the banking Group and its principal subsidiaries are capitalised in line with the group's risk appetite and target ranges, both of which are approved by the board.

It further aims to facilitate the allocation and use of capital, such that it generates a return that appropriately compensates shareholders for the risks incurred. Capital adequacy is actively managed and forms a key component of the group's forecasting process. The capital plan is tested under a range of stress scenarios as part of the group's annual ICAAP and recovery plan.

The capital management function is governed primarily by management level subcommittees that oversee the risks associated with capital management, namely the group asset and liability committee (ALCO) . The principal governance documents are the Risk Appetite Statement.

Risk management

The Group's activities give rise to various financial risks. Financial risks are categorised into credit, funding and liquidity and market risk.

Climate-related financial risks**

The group recognises the scale of the present and future expected environmental, social and economic impacts of climate change. Exposure to the risks associated with climate change arise for the group both in respect of its own activities and operations, but more materially through the transmission of climate risks into credit, market, reputational and other risk exposures from lending to, investing in and otherwise transacting with clients and counterparties. Two distinct climate risk drivers are recognised as primary sources of these risks for the group across all presence countries and operations, with varying levels of intensity.

Firstly, the risk of financial loss arising through increasing severity and frequency of physical climate risk drivers. This may include more frequent and extreme climate change related weather events such as storms, wildfires, droughts and other physical hazards, all of which are evident in the presence countries in which the group operates. It may also include chronic longer-term changes in climate, such as changing precipitation patterns, rising sea levels and average temperature rises.

Secondly, the risk of financial loss arising through transition risk drivers, being changes associated with microeconomic (individual and corporate level) and macroeconomic (economy and country level) adjustments made in transitioning to a lower carbon emissions economy and business operating model. Such drivers include climate related changes in policies, legislation and regulations, changes due to technology improvements that support transition to a lower carbon economy, changes in market demand for products and services that support the transition, and reputational risks associated with changing customer preferences. The current and future expected costs, including for possible stranded assets that do not deliver an economic return because of changes associated with a transition to a lower carbon economy, are higher for clients and counterparties of the group that operate in sectors that are more vulnerable to these transition risk drivers.

In support of Africa's fair-share contribution to the Paris Agreement goal of limiting global warming to less than 1.5°C above pre-industrial levels by 2050, the group has committed to achieving net zero carbon emissions from its own operations for newly built facilities by 2030, for existing facilities by 2040, and from its portfolio of financed emissions by 2050.

Governance

Through the commitments made and the targets set therein, the Standard Bank Group Climate Policy guides both the management of exposures to businesses in sectors that are vulnerable to climate-related risks and the direction of finance towards qualifying transactions that seek to address Africa's energy poverty, achieve fair employment opportunities, and support the just transition to net zero.

The board and its committees are responsible for overseeing both the implementation of the group's climate policy and supporting sector-specific strategies for driving sustainable and transition finance, and the management of climate-related financial risks associated with the group's lending and investing activities, wherever they are identified. The board and its supporting committees are responsible for:

- Overseeing implementation of the Climate Policy including monitoring of progress made to meet targets and commitments set.
- Reviewing outputs of internal scenario analysis and regulatory climate risk stress tests, as well as other related risk matters.
- Assessing executive performance in relation to climate policy commitments and targets.

The group risk oversight committee (ROC), chaired by the chief risk officer, oversees financial and non-financial related risk, including climate-related risk. ROC is responsible for overseeing the embedment of climate-related risk-identification, classification, analysis, monitoring and reporting in the enterprise-wide risk management system. The refinement of quantified limits and thresholds for exposures to climate-related risks is ongoing across impacted portfolios in the group.

Strategy

The group supports a just transition that prioritises environmental sustainability in a manner that creates work opportunities and social inclusion, addresses Africa's energy poverty and acknowledges Africa's contribution to global emissions. As part of the efforts to achieve this transition, the group has committed to reducing its financed emissions while responsibly managing its exposure to fossil fuels, specifically where there is an energy transition roadmap that supports cleaner fuels.

The group has adopted a phased and progressive approach to understanding its climate risk exposures, designing sector-specific strategies and setting appropriate targets to reduce exposures and maximise opportunities. The first phase included the identification of four client sectors that face material climate-related risk and opportunity, namely: agriculture, gas, oil and thermal coal. The second phase, completed in 2022, focused on strategies in the residential real

Annexure A – IFRS risk and capital management disclosures

estate, commercial real estate and short term insurance sectors. Our updated climate policy reflects the targets and commitments made in these sectors. To develop these strategies, the group has undertaken a rigorous process of research, internal consultation and expert engagement designed to develop a clear understanding of risks and opportunities in each sector, set appropriate strategies and to determine appropriate targets to manage portfolio risk and maximise opportunity.

Risk management

The group's preliminary credit portfolio risk assessments on sectors the group defined as being more vulnerable to physical and transition risks have informed the setting of the group's climate policy and its understanding of climate risks in portfolios. These assessments were further reinforced by an external advisory supported engagement in 2022 the aim of which was to stress the assumptions made in the climate policy, in particular those around a target-setting process that was informed by the Net Zero 2050 (1.5°) scenario in the NGFS (Network for Greening the Financial System) Orderly transition pathway to net zero. The results of this scenario testing confirmed the risk of stranded assets for exposures to sectors with high transition risk, as well as elevated physical risk-related credit exposures to counterparties in areas expected to be impacted by extreme and chronic climatic events in the medium to long term. The outputs of this testing exercise will be used to prepare for regulatory stress testing and internal scenario analysis purposes. The following climate related risks are examples of financial risks identified for management within the group's existing and evolving taxonomy for both financial and non-financial risks.

Transition risks

- Exposure to policy risk over the medium to long term associated with uncertain long-term demand for fossil fuels, especially coal, and other high emitting sectors. Key drivers for this risk include expected policy actions such as more onerous carbon-pricing regulations to limit emissions on business activities. Such action could lead to higher risks of stranded assets and the related financial risks for the group arising from an impairment in value of clients' operating assets pledged as collateral and leading therefore to an increase in the probability risk of client defaults.
- Market risk primarily over the short to medium term related to changing client expectations for greener products and services, potentially impacting on some of our clients' future business opportunities. Likewise, expectations from investors will also adjust to an appetite for lower financed emissions, applying pressure on the group to align with low emissions pathways.
- Higher reputational risk including in the immediate short-term arising from negative stakeholder sentiment and adverse media coverage related to support of projects or activities with negative impacts on the climate, including oil and gas related infrastructure projects.

Physical risks

Acute physical risks such as more frequent and more intense extre weather events, pose a risk to the group's own operations and thos its customers in sectors the group has identified as being vulnerabl including agriculture and others. Chronic physical risks such as risi average temperatures and changing precipitation patterns over th medium to long term, that lead to heat stress, droughts, higher wildfire risks and water shortages, may impact the group's clients affected sectors including mining, industrial, manufacturing and agriculture through water shortages, labour productivity, economi output and occupational health.

Opportunities

The group continues to work with its clients and partners to help them address their climate impacts, lower their emissions and improve their resilience.. The group supports sustainable agricultu practices that promote reduced carbon emissions and improved resilience to climate risk.

** Adopted from ultimate parent

Annexure A – IFRS risk and capital management disclosures

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, risks associated with climate change, concentration risk and country risk and represents the largest source of risk to which banking entities in the group are exposed.

Approach to managing and measuring credit risk

The group's credit risk is a function of its business model and arises from corporate, business and retail loans and advances, underwriting and guarantee commitments, as well as from the counterparty credit risk (CCR) arising from derivative and securities financing contracts entered into with our customers and trading counterparties. To the extent that equity risk is held on the banking book, it would be managed according to the same general principles and governance standards as would otherwise apply to credit risk.).

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 exposures relative to approved limits
- ensuring that there is expert scrutiny and approval of credit risk and its mitigation independently of the business functions.

A group credit limit and concentration guideline, including for SBSA is embedded within the group's enterprise-wide risk management process. Within the group's overall risk appetite disciplines, the credit metrics and concentrations framework includes key credit ratios and counterparty, sector and country concentration guidelines. These in turn are cascaded to client segment and legal entity level where they are monitored against approved appetite thresholds.

The group distinguishes between through-the-cycle Probability of Default measures (PDs) and point-in-time PDs, and utilises both measures in decision-making. To determine point-in-time PD's for IFRS 9 measurement, through-the-cycle PDs are used as a starting point and adjusted to determine appropriate point-in-time PDs. PDs are used to assign credit ratings for counterparties in pricing decisions, regulatory capital calculations and expected loss and impairments measurement.

A credit portfolio limit framework has been defined to monitor and control the credit risk profile within our 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 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 seeks to mitigate credit risk, including for 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 where that is legally enforceable, and the distribution of risk.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 where that is legally enforceable, and the distribution of risk.Collateral, parental guarantees, credit derivatives and on- and off-balance sheet netting are widely used to mitigate credit risk. Credit risk management 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 requires collateral to meet certain criteria for recognition in LGD modelling, including but not limited to:

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

The main types of collateral obtained for the group's banking book exposures include:

- mortgage bonds over residential, commercial and industrial properties
- cession of book debts
- pledge and cession of financial assets
- bonds over plant and equipment
- the underlying movable assets financed under leases and instalment sales.

Reverse repurchase agreements and commodity leases to customers are collateralised by the underlying assets.

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.

For trading and derivatives transactions where collateral support is considered necessary, the group typically use recognised and enforceable International Swaps and Derivatives Association agreements (ISDA), with a credit support annexure.

Netting agreements, such as collateral under the credit support annexure of an ISDA agreement, are obtained only where we firstly have a legally enforceable right to offset credit risk by way of such an agreement, and secondly where we have the intention of utilising such agreement to settle on a net basis.

Other credit protection terms may be stipulated, such as limitations on the amount of unsecured credit exposure acceptable, collateralisation if the mark-to-market credit exposure exceeds acceptable limits, and termination of the contract if certain credit events occur, for example, downgrade of the counterparty's public credit rating.

Annexure A – IFRS risk and capital management disclosures (continued)

ECL is provided even if the exposure is fully covered by collateral.

Wrong-way risk arises in transactions where the likelihood of default (as measured by the PD) by a counterparty and the size of credit exposure (as measured by EAD) to that counterparty tend to increase at the same time. This risk is managed both at an individual counterparty level and at an aggregate portfolio level by limiting exposure to such transactions, taking adverse correlation into account in the measurement and mitigation of credit exposure and increasing oversight and approval levels. We have no appetite for wrong-way risk arising where the correlation between EAD and PD is due to a legal, economic, strategic or similar relationship (specific wrong-way risk). General wrong-way risk, which arises when the EAD and PD for the counterparty is correlated due to macro factors, is closely managed within existing risk frameworks.

To manage actual or potential portfolio risk concentrations in areas of higher credit risk and credit portfolio growth, we implement hedging and other strategies from time to time. This is done at individual counterparty, sub-portfolio and portfolio levels through the use of syndication, distribution and sale of assets, asset and portfolio limit management, credit derivatives and credit protection.

Use of internal estimates

Our credit risk rating systems and processes differentiate and quantify credit risk across counterparties and asset classes. Internal risk parameters are used extensively in risk management and business processes, including:

- setting risk appetite
- setting concentration and counterparty limits
- credit approval and monitoring.

Corporate, sovereign and banking portfolios

Corporate entities include large companies, as well as small medium entities (SMEs) that are managed on a relationship basis.

Sovereign and bank borrowers include sovereign government entities, central banks, local and provincial government entities, bank and non-bank financial institutions.

The creditworthiness of corporate (excluding specialised lending), sovereign and bank exposures is assessed based on a detailed individual assessment of the financial strength of the borrower. This quantitative analysis, together with expert judgement and external rating agency ratings, leads to an assignment of an internal rating to the entity.

Specialised lending's creditworthiness is assessed on a transactional level, rather than on the financial strength of the borrower, in so far as the group relies only on repayment from the cash flows generated by the underlying assets financed.

Concentration risk management is performed to ensure that credit exposure concentrations in respect of obligors, countries, sectors and other risk areas are effectively managed. This includes concentrations arising from credit exposure to different entities within an obligor economic group, such as exposure to public sector and other government entities that are related to the same sovereign.

Credit portfolio characteristics and metrics

Maximum exposure to credit risk

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. The group uses a 25-point master rating scale to quantify the credit risk for each borrower (corporate asset classes) or facility (specialised lending and retail asset classes), as illustrated in the table below. These ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data from the applicable home services, VAF, card, personal, business lending and other product portfolios. Exposures which are in default are not considered in the 1 to 25-point master rating scale.

The table includes securities held as collateral for exposures in default

Default

- The internal credit risk management definitions and approaches are aligned to the group's definition of default . While 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: where, in the group's view and based on objective evidence, the counterparty is considered to be unlikely to pay amounts due to the group on due date or shortly thereafter without recourse to actions such as realisation of security; or
- the counterparty is past due (or in the case of overdraft facilities, is in excess of the current limit) for more than 90 days, on any material credit obligation to the group.

The group has not rebutted IFRS 9's 90 days past due rebuttable presumption and therefore exposures which are overdue for more than 90 days are considered to be in default.

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 any financial reorganisation or insolvency process.

- 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 and where this is likely to result in diminished financial obligation to the group.
- where the group stops accruing income in respect of the counterparty or raises a specific impairment in respect of any exposure to the counterparty.
- where the group sells any exposure to a counterparty at a material credit-related economic loss.

The information disclosed in the tables that follow, in respect of the credit quality of exposures was derived from the credit risk and capital systems of the group. The classification of the exposures into asset classes was determined by reference to classifications as per note 6.

Annexure A – IFRS risk and capital management disclosures

IFRS: MAXIMUM EXPOSURE TO CREDIT RISK BY CREDIT QUALITY

	Gross carrying amount ZMW'000	SB 1 – 12 Stage 1 ZMW'000	SB 1 – 12 Stage 2 ZMW'000	SB 13 – 20 Stage 1 ZMW'000	SB 13 – 20 Stage 2 ZMW'000	SB 21 – 25 Stage 1 ZMW'000	SB 21 – 25 Stage 2 ZMW'000	Default Stage 3 ZMW'000	Total gross carrying amount of default exposures ZMW'000	Securities and expected recoveries on default exposures ZMW'000	Balance sheet ECL and IIS on default exposures ZMW'000	Gross default coverage %	Non-performing exposures %
2024													
Loans and advances at amortised cost													
Home loans	396 199	-	-	371 879	-	-	16 097	8 223	8 223	9 174	-	-	2
Vehicle and asset finance	1 551 089	720 349	-	719 537	-	-	82 701	28 502	28 502	9 196	19 306	68	2
Card payments	16 757	-	-	15 200	-	-	619	938	938	938	-	0	6
Personal unsecured lending	1 952 891	-	-	1 772 688	-	-	81 627	98 576	98 576	-	98 621	100	5
Business lending and other	2 663 644	249 910	-	2 110 518	-	-	94 888	208 328	208 328	86 960	121 368	58	8
Corporate and sovereign	9 010 649	4 246 789	-	3 279 520	1 215 283	129 115	37 285	102 657	102 657	30 797	24 320	24	1
Gross carrying amount	15 591 229	5 217 048	-	8 269 342	1 215 283	129 115	313 217	447 224	447 224	137 065	263 615	59	3
Less: ECL on loans and advances	(480 785)												
Less: Interest in suspense	(67 382)												
Net carrying amount of loans and advances measured at amortised cost	15 043 062												
Financial investments measured at amortised cost													
Corporate and sovereign	7 606 677	7 606 677											
Banks	-												
Gross carrying amount	7 606 677	7 606 677											
Less: ECL for financial investments measured at amortised cost	(137 760)												
Net carrying amount of financial investments measured at amortised cost	7 468 917												
Debt financial investments at FVOCI													
Corporate and sovereign	522 520			522 022	498								
Gross carrying amount	522 520			522 022	498								
Less: Total expected credit losses	(16 140)												
Total financial investment at fair value through OCI	506 830												
Off-balance sheet exposures													
Letters of credit and banker's acceptances	4 064 249												
Guarantees	657 890												
Total exposure to off-balance sheet credit risk	4 722 139												
Less: ECL for off-balance sheet exposures	(11 615)												
Net carrying amount of off-balance sheet exposures	4 710 524												
Total exposure to credit risk on financial assets subject to ECL	27 729 333												
Add the following exposures:													
Cash and balances with the central bank	12 480 719												
Loans and advances to bank s	8 429 444												
Derivatives	118 057												
Trading assets	2 409 873												
Other assets	404 504												
Total exposure to credit risk	51 571 930												

[1] The ECL on unutilised facilities is included in the ECL for loans and advances.
[2] Balances with the central bank are classified as FVTPL. These balances are subject to the rigorous regulatory requirements of these transactions and its link to the underlying entity's ability to operate as a bank.
[4] Due to the short-term nature of these assets and historical experience and available forward looking information, debtors are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant.

Annexure A – IFRS risk and capital management disclosures (continued)

IFRS: MAXIMUM EXPOSURE TO CREDIT RISK BY CREDIT QUALITY (continued)

		SB 1 – 12		SB 13 – 20		SB 21– 25		Default					
	Gross carrying amount1 ZMW'000	Stage 1 ZMW'000	Stage 2 ZMW'000	Stage 1 ZMW'000	Stage 2 ZMW'000	Stage 1 ZMW'000	Stage 2 ZMW'000	Stage 3 ZMW'000	Total gross carrying amount of default exposures ZMW'000	Securities and expected recoveries on default exposures ZMW'000	Balance sheet ECL and IIS on default exposures ZMW'000	Gross default coverage %	Non-performing exposures %
2023													
Loans and advances at amortised cost													
Home loans	333 405	-	-	280 483	-	-	40 561	12 361	12 361	(3 611)	15 972	129	4
Vehicle and asset finance	1 825 577	54 274	-	1 601 308	-	95 847	15 045	59 103	59 103	19 742	39 361	67	3
Card payments	13 277	-	-	11 177	-	-	1 359	741	741	(587)	1 328	179	6
Personal unsecured lending	1 597 671	-	-	1 462 524	-		73 236	61 911	61 911	25 635	36 276	59	4
Business lending and other	2 540 929	326 281	-	1 848 167	-	-	92 693	273 788	273 788	60 389	213 399	78	11
Corporate and sovereign	7 816 573	3 306 664	-	3 536 805	267 847	662 336	42 921	-	-	-	-	-	-
Gross carrying amount	14 127 432	3 687 219	-	8 740 464	267 847	758 183	265 815	407 904	407 904	101 568	306 336	75	2
Less : Interest in suspense	(106 404)												
Less: ECL on loans and advances	(404 082)												
Net carrying amount of loans and advances measured at amortised cost	13 616 946												
Financial investments measured at amortised cost													
Corporate and sovereign	8 159 228	1718 598	-	-	-		6 751 280	-					
Bank	-	-	-	-	-		-	-					
Gross carrying amount	8 159 228	1 718 598	-	-	-		6 751 280	-					
Less: ECL for financial investments measured at amortised cost	(152 715)												
Net carrying amount of financial investments measured at amortised cost	8 006 513												
Debt financial investments at fair value through OCI													
Corporate and sovereign	310 649	-	-	310 196	453			-					
Gross carrying amount	310 649	-	-	310 196	453			-					
Less: Total expected credit losses	(14 120)												
Total financial investment at FVOCI	296 529												
Off-balance sheet exposures													
Letters of credit and banker's acceptances	3 110 832												
Guarantees	606 312												
Total exposure to off-balance sheet credit risk	3 717 144												
Less: ECL for off-balance sheet exposures	(11 178)												
Net carrying amount of off-balance sheet exposures	3 705 966												
Total exposure to credit risk on financial assets subject to ECL	25 625 954												
Add the following exposures not subject to ECL													
Cash and balances with the central bank	9 559 633												
Loans and advances to bank s	3 921 085												
Derivatives	272												
Trading assets	1 790 804												
Other assets	414 163												
Total exposure to credit risk	41 311 911												

1 The ECL on unutilised facilities is included in the ECL for loans and advances.
2 Balances with the central bank are classified as FVTPL. These balances are subject to the rigorous regulatory requirements of these transactions and its link to the underlying entity's ability to operate as a bank.
4 Due to the short-term nature of these assets and historical experience, debtors are regarded as having a low probability of d

Annexure A – IFRS risk and capital management disclosures

Concentration Risk

Concentration risk is the risk of loss arising from an excessive concentration of exposure to a single counterparty, an industry, a product, a geography, maturity, or collateral. The group's credit risk portfolio is well-diversified. The group's management approach relies on the reporting of concentration risk along key dimensions, the setting of portfolio limits and stress testing.

IFRS: INDUSTRY SEGMENTAL ANALYSIS GROSS LOANS AND ADVANCES

	2024 ZMW'000	2023 ZMW'000
Agriculture	1 745 822	1 751 090
Construction	603 610	114 333
Electricity	2 043 360	576 029
Finance, real estate and other business services	2 394 631	2 427 137
Individuals	1 882 497	1 688 183
Manufacturing	4 496 888	4 101 222
Mining	409 377	1 371 248
Transport	1 176 096	1 296 898
Wholesale	838 948	801 292
Gross loans and advances	15 591 229	14 127 432

IFRS: INDUSTRY SEGMENTAL ANALYSIS OF STAGE 3/NON-PERFORMING LOAN CREDIT IMPAIRMENTS OF LOANS AND ADVANCES

	2024 ZMW'000	2023 ZMW'000
Agriculture	31 227	45 161
Construction	1 548	1 478
Electricity	-	-
Finance, real estate and other business services	8 394	10 245
Individuals	92 836	57 944
Manufacturing	-	-
Mining	5 895	-
Transport	26 511	10 731
Wholesale	36 664	34 913
Credit impairment on non-performing loans	203 075	160 472

Annexure A – IFRS risk and capital management disclosures (continued)

Collateral

The table below shows the financial effect that collateral has on the group's maximum exposure to credit risk. The table is presented according to Basel asset categories and includes collateral that may not be eligible for recognition under Basel but that management takes into consideration in the management of the group's exposures to credit risk. Credit risk management, measurement and mitigation including the use of collateral, are detailed on pages 88. All on- and off-balance sheet exposures that are exposed to credit risk, including NPL, have been included.

Collateral includes:

- securities that have a tradable market, such as shares and other securities
- physical items, such as property, plant and equipment
- financial guarantees, suretyships and intangible assets.

Netting agreements, which do not qualify for offset under IFRS Accounting Standards but which are nevertheless enforceable, are included as part of the group's collateral for risk management purposes. All exposures are presented before the effect of any impairment provisions.

The group does not currently trade commodities that could give rise to physical commodity inventory or collateral exposure with the exception of precious metals. In the normal course of its precious metal trading operations the group does not hold allocated physical metal; however, this may occur from time-to-time. Where this does occur, appropriate risk and business approval is required to ensure that the minimum requirements are satisfied, including but not limited to approval of risk limits and insurance cover.

COLLATERAL[1]

	Total exposure ZMW'000	Secured ZMW'000	Netting agreements ZMW'000	Secured exposure after netting ZMW'000
2024				
Corporate and sovereign[1 2]	9 010 649	2 215 845	-	2 215 845
PPB & BCB	6 580 580			
Home loans	396 199	396 199	-	396 199
Other exposures	6 184 381			
Total	15 591 229			
Less: ECL for loans and advances	(480 785)			
Less: Interest in suspense	(67 382)			
Total exposure	15 043 062			
Cash and balances with central banks	12 480 719			
Loans and advances to banks	8 429 444			
Derivative assets	118 057			
Trading assets	2 409 873			
Financial investments	7 975 747			
Other assets	404 504			
Total	46 861 406			

[1] The unsecured exposure,and collateral coverage disclosures have been aggregated and Corporate and sovereign counterparties have been aggregated to better align to how management analyses and reviews credit mitigation risk considering the nature and characteristics thereof. This aggregation has no impact on the statement of financial position.
[2] Includes Business lending and other exposures in Note 6 Loans and advances.

Annexure A – IFRS risk and capital management disclosures

Collateral (continued)

	Total exposure ZMW'000	Secured ZMW'000	Netting agreements ZMW'000	Secured exposure after netting ZMW'000
2023				
Corporate and sovereign[1]	7 816 573	3 791 254	-	3 791 254
PPB & BCB	6 310 859	4 699 913		4 699 913
Home loans	333 405	333 405	-	333 405
Other exposures	5 977 454	4 366 508	-	4 366 508
Total	14 127 432	8 491 167	-	8 491 167
Less: ECL for loans and advances	(404 082)			
Less: Interest in suspense	(106 404)			
Total exposure	13 616 946			
Cash and balances with central banks	9 559 633			
Loans and advances to banks	3 921 085			
Derivative assets	272			
Trading assets	1 790 804			
Financial investments	8 303 042			
Other assets	414 163			
Total	37 605 945			

1 Includes business lending and other exposures in Note 6 Loans and advances.

Funding and liquidity risk (continued)

Definition

Liquidity risk is defined as the risk that an entity, although solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

Approach to managing liquidity risk

The nature of the group's banking and trading activities gives rise to continuous exposure to liquidity risk. Liquidity risk may arise where counterparties, who provide the group with short-term funding, withdraw or do not roll over that funding, or normally liquid assets become illiquid as a result of a generalised disruption in asset markets.

Our risk management framework supports the measurement and management of liquidity, in all geographies across the Corporate and Investment, Consumer and High Net Worth and Business and Commercial Banking sectors to ensure that payment obligations can be met by our legal entities under both normal and stressed conditions within the group's risk appetite framework and that regulatory minimum requirements are always met. This is achieved through a combination of maintaining adequate liquidity buffers, to ensure that cash flow requirements can be met, and ensuring that our balance sheet is structurally sound and supportive of our strategy. Liquidity risk is managed on a consistent basis across our banking subsidiaries, allowing for local requirements. Liquidity risk management ensures that we have the appropriate amount, diversification and tenor of funding and liquidity to always support its asset base.

We manage liquidity risk as three interrelated pillars, which are aligned to the Basel III liquidity requirements, namely tactical short-term liquidity risk management, structural long-term liquidity risk management and contingency liquidity risk management.

Refer to the Funding and Liquidity Risk section of the Risk and Capital Management report for additional information.

Maturity analysis of financial liabilities by contractual maturity

The following table analyses cash flows on a contractual, undiscounted basis based on the earliest date on which the group can be required to pay and will, therefore, not agree directly to the balances disclosed in the consolidated statement of financial position.

Derivative liabilities are included in the maturity analysis on a contractual, undiscounted basis when contractual maturities are essential for an understanding of the derivatives' future cash flows. Management considers only contractual maturities to be essential for understanding the future cash flows of derivative liabilities that are designated as hedging instruments in effective hedge accounting relationships. All other derivative liabilities, together with trading liabilities, are treated as trading and are included at fair value in the redeemable on demand bucket since these positions are typically held for short periods of time.

Annexure A – IFRS risk and capital management disclosures (continued)

Funding and liquidity risk (continued)

Maturity analysis of financial liabilities by contractual maturity (continued)

The table also includes contractual cash flows with respect to off-balance sheet items. Where cash flows are exchanged simultaneously, the net amounts have been reflected.

	Up to one month ZMW'000	Maturing between one to three months ZMW'000	Maturing between three to six months ZMW'000	Maturing between six to twelve months ZMW'000	Maturing between one to five years ZMW'000	Maturing greater than five years ZMW'000	Total ZMW'000
2024							
Financial liabilities							
Deposits from banks and other borrowings	1 383 227	-	83 248	351 268	1 140 843	-	2 958 586
Deposits from customers	28 071 639	1 898 402	-	4 916 648	-	-	34 886 689
Provisions and other liabilities	1 114 311	-	-	-	-	-	1 114 311
Trading liabilities	695 963	1 355 141	451 474	1 540 742	-	-	4 043 320
Derivative liabilities	30 773	-	-	-	-	-	30 773
Subordinated debt	-	-	-	-	483 712	-	483 712
Total	31 295 913	3 253 543	534 722	6 808 658	1 624 555	-	43 517 391
Unrecognised financial liabilities							
Financial guarantees and Letters of credit	403 090	1 826 021	-	2 493 028	-	-	4 722 139
Total	31 699 003	5 079 564	534 722	9 301 686	1 624 555	-	48 239 530
2023							
Financial liabilities							
Deposits from banks and other borrowings	1 468 291		151 048	455 573	2 262 617	-	4 337 529
Deposits from customers	20 593 340	158 398	301 483	5 608 803	-	-	26 662 024
Provisions and other liabilities	1 091 682	-	-	-	-		1 091 682
Trading liabilities	45 669	1 070 637	-	1 476 995	174 404	-	2 767 705
Derivative liabilities	36 199	-	-	-	-	-	36 199
Subordinated debt	-	-	-	-	-	481 375	481 375
Total	23 235 181	1 229 035	452 531	7 541 371	2 437 021	481 375	35 376 514
Unrecognised financial liabilities							
Financial guarantees and Letters of credit	235 315	592 322	784 782	1 350 506	754 219	-	3 717 144
Total	23 470 496	1 821 357	1 237 313	8 891 877	3 191 240	481 375	39 093 658

Annexure A – IFRS risk and capital management disclosures

Market risk

Definition

Market risk is the risk of a change in the market value, actual or effective 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 and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of these variables.

The group's key market risks are:

- trading book market risk
- interest rate in the banking book (IRRBB)
- equity risk in the banking book
- foreign currency risk
- own equity-linked transactions
- post-employment obligation risk.

Trading book market risk

Definition

Trading book market risk is represented by financial instruments, including commodities, held in the trading book, arising out of normal global markets' trading activity.

Approach to managing market risk in the trading book

The group's policy is that all trading activities are undertaken within the group's global markets' operations.

The market risk function is independent of the trading operations and is accountable to the Asset-Liability Committees (ALCOs).

All Value at Risk (VaR) and Stressed Value at Risk (SVaR) limits require prior approval from ALCO. The market risk functions has the authority to set these limits at a lower level.

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 bring exposures back in line with approved market risk appetite, with such breaches being reported to management and ALCO.

VaR and SVaR

The Group uses the historical VaR and SVaR approach to quantify market risk under normal and stressed conditions.

For risk management purposes VaR is based on 251 days of unweighted recent historical data updated at least monthly, a holding period of one day and a confidence level of 95%. The historical VaR results are calculated in four steps:

- calculate 250 daily market price movements based on 251 days' historical data. Absolute movements are used for interest rates and volatility movements; relative for spot, equities, credit spreads, and commodity prices
- calculate hypothetical daily profit or loss for each day using these daily market price movements
- aggregate all hypothetical profits or losses for day one across all positions, giving daily hypothetical profit or loss, and then repeat for all other days
- VaR is the 95th percentile selected from the 250 days of daily hypothetical total profit or loss.

Daily losses exceeding the VaR are likely to occur, on average, 13 times in every 250 days.

SVaR uses a similar methodology to VaR, but is based on 251-day period of financial stress which is reviewed quarterly and assumes a ten-day holding period and a worst case loss.

The ten-day period is based on the average expected time to reduce positions. The period of stress for SBSA is currently the 2008/2009 financial crisis while, for other markets, more recent stress periods are used where the group has received internal model approval, the market risk regulatory capital requirements is based on VaR and SVaR, both of which use a confidence level of 99% and a ten-day holding period.

Limitations of historical VaR are acknowledged globally and include:

- the use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature
- the use of a one-day holding period assumes that all positions can be liquidated or the risk offset in one day. This will usually not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to liquidate or hedge all positions fully
- the use of a 95% confidence level, by definition, does not take into account losses that might occur beyond this level of confidence.

VaR is calculated on the basis of exposures outstanding at the close of business and, therefore, does not necessarily reflect intra-day exposures. VaR is unlikely to reflect loss potential on exposures that only arise under significant market movements.

Annexure A – IFRS risk and capital management disclosures (continued)

Market risk (continued)

Trading book portfolio characteristics

VaR for the year under review

Trading book market risk exposures arise mainly from residual exposures from client transactions and limited trading for the group's own account. In general, the group's trading desks have run reduced levels of market risk throughout the year for all asset classes when compared to 2022 aggregate normal VaR, and aggregate SVaR.

TRADING BOOK NORMAL VAR ANALYSIS BY MARKET VARIABLE

	Maximum[1] ZMW'000	Minimum[1] ZMW'000	Average ZMW'000
2024			
Foreign exchange risk	7 264	146	1 636
Interest rate trading	1 332	536	888
Aggregate	7 327	712	2 127
2023			
Foreign exchange risk	8 175	205	3 073
Interest rate trading	952	308	635
Aggregate	8 308	675	3 110

The maximum and minimum VaR figures reported for each market variable do not necessarily occur on the same day. As a result, the aggregate VaR will not equal the sum of the individual market VaR values, and it is inappropriate to ascribe a diversification effect to VaR when these values may occur on different days.

Approach to managing Interest Rate Risk in the Banking Book (IRRBB)

Banking book-related market risk exposure principally involves managing the potential adverse effect of interest rate movements on banking book earnings (net interest income and banking book mark-to-market profit or loss) and the economic value of equity. The group's approach to managing IRRBB is governed by applicable regulations and is influenced by the competitive environment in which the group operates. The treasury and capital management team monitors banking book interest rate risk on a monthly basis operating under the oversight of ALCO.

Measurement

The analytical techniques used to quantify IRRBB include both earnings- and valuation-based measures. The analysis takes into account embedded optionality such as loan prepayments and accounts where the account behaviour differs from the contractual position.

The results obtained from forward-looking dynamic scenario analyses, as well as Monte Carlo simulations, assist in developing optimal hedging strategies on a risk-adjusted return basis.

Annexure A – IFRS risk and capital management disclosures

Market risk (continued)

INTEREST RATE SENSITIVITY ANALYSIS[1]

	USD	ZMW
2024		
Increase in basis points	50	100
Sensitivity of annual net interest income	4 .71%	1.32%
Decrease in basis points[2]	50	100
Sensitivity of annual net interest income	-1.68%	-1.51%
2023		
Increase in basis points	50	100
Sensitivity of annual net interest income	1.56%	1.72%
Decrease in basis points[2]	50	100
Sensitivity of annual net interest income	- 3.46%	- 1.99%

1 Before tax.

2 A floor of 0% is applied to all interest rates under the decreasing interest rate scenario resulting in asymmetric rate shocks in low-rate environments.

Annexure A – IFRS risk and capital management disclosures (continued)

Foreign currency risk

Definition

The group's primary non-trading-related exposures to foreign currency risk arise as a result of the translation effect on the group's net assets in foreign-denominated financial assets and liabilities.

Approach to managing foreign currency 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 limits are monitored on a daily basis.

Foreign currency risk sensitivity analysis

The table that follows reflects the expected 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 derivative 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.

FOREIGN CURRENCY RISK SENSITIVITY IN ZMW EQUIVALENTS[1]

		USD	Euro	GBP	Other	Total
2024						
Total net long / (short) position	ZMW'000	77 734	(5 168)	(294)	20 320	92 592
Sensitivity (ZMW depreciation)[2]	%	10	10	10	10	10
Impact on profit or loss/equity	ZMW'000	7 773	(517)	(29)	2 032	9 259
2023						
Total net (short)/ long position	ZMW'000	166 596	(27 786)	(14 639)	(339 600)	(215 429)
Sensitivity (ZMW depreciation)[2]	%	10	10	10	10	10
Impact on profit or loss/equity	ZMW'000	16 659	(2 779)	(1 464)	(33 960)	(21 543)

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

Annexure A – IFRS risk and capital management disclosures

Capital management

The group manages its capital levels to support business growth, maintain depositor and creditor confidence, create value for the shareholders and ensure regulatory compliance.

The main regulatory requirements to be complied with are those specified in the Banking and Financial Services Act (BFSA) and related regulations,

Regulatory capital adequacy is measured through the following three risk-based ratios:

Tier 1 capital : ordinary share capital, share premium, retained earnings, other reserves 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 reserves limited to a maximum of 40%

The maximum amount of Tier 2 capital is limited to 100% of Tier 1 capital

REGULATORY CAPITAL POSITION

	2024 ZMW'000	2023 ZMW'000
Ordinary share capital	416 000	416 000
Retained earnings	5 437 694	4 037 528
Other reserves	37 404	19 159
Less: regulatory adjustments	(29 704)	(11 459)
Common equity tier 1 capital	5 861 394	4 461 228
Qualifying other equity instruments	-	-
Tier 1 capital	5 861 394	4 461 228
Qualifying tier II subordinated debt	419 625	385 875
Revaluation reserve	25 747	28 792
Tier 2 capital	445 372	414 667
Total regulatory capital	6 306 766	4 875 895

Annexure B – Detailed accounting policies

The following accounting policies were applied in the preparation of the group financial statements.

1. Basis of consolidation

BASIS OF CONSOLIDATION

Subsidiaries	Foreign currency translations
Separate financial statements	Group companies
Consolidated financial statements	Transactions and balances

Subsidiaries

Separate financial statements

Investments in subsidiaries are accounted for at cost less accumulated impairment losses (where applicable) in the separate financial statements. The carrying amounts of these investments are reviewed annually for impairment indicators and, where an indicator of impairment exists, are impaired to the higher of the investment's fair value less costs to sell or value in use.

Consolidated financial statements

The accounting policies of subsidiaries that are consolidated by the group conform to the group's accounting policies. Intragroup transactions, balances and unrealised gains/(losses) are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. The proportion of comprehensive income and changes in equity allocated to the group and non-controlling interest are determined on the basis of the group's present ownership interest in the subsidiary. Similarly, profits or losses of subsidiaries attributable to preference shareholders outside the group are recognised as non-controlling interest, but where these preference shareholders are within the Standard Bank Group these are presented as non-controlling interest within SBG.

Subsidiaries are consolidated from the date on which the group obtains control up to the date that control is lost. Control is assessed on a continuous basis.

Foreign currency translations

Group companies

The results and financial position of foreign operations that have a functional currency that is different from the group's presentation currency are translated into the group's presentation currency as follows:

- assets and liabilities (including goodwill, intangible assets and fair value adjustments arising on acquisition) are translated at the closing rate at the reporting date
- income and expenses are translated at average exchange rate for each month and
- all resulting foreign exchange differences are accounted for directly in a separate component of OCI, being the group's FCTR.

Annexure B – Detailed accounting policies (continued)

1. Basis of consolidation (continued)

Transactions and balances

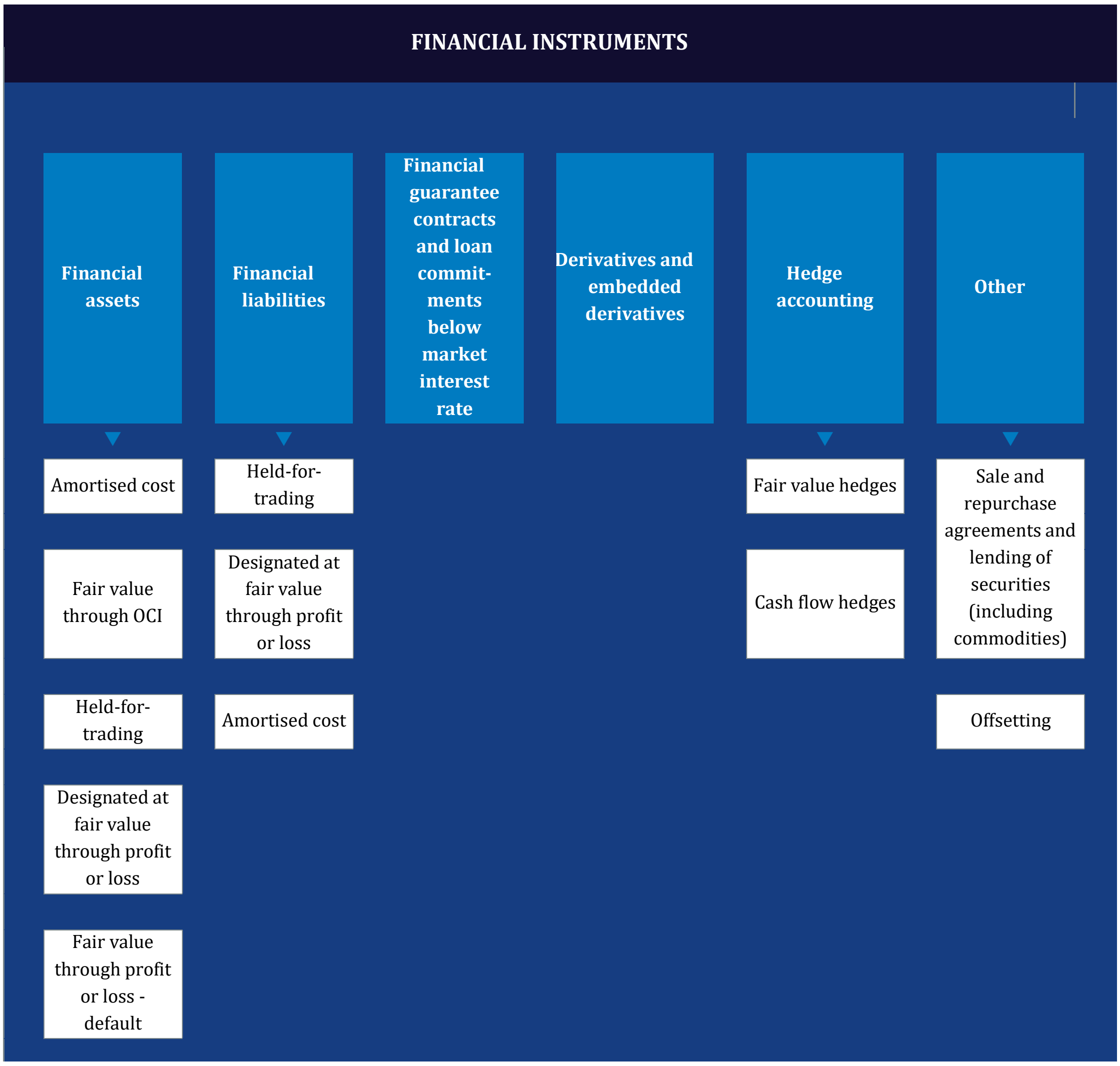
Foreign currency transactions are translated into the respective group entities' functional currencies at exchange rates prevailing at the date of the transactions (in certain instances a rate that approximates the actual rate at the date of the transaction is utilised, for example, an average rate for a month). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, 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).

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date that the fair value was determined. Exchange rate differences on non-monetary items are accounted for based on the classification of the underlying items.

Foreign exchange gains and losses on equities (debt) classified as fair value through OCI are recognised in the fair value through OCI reserve in OCI whereas the exchange differences on equities (debt) that are classified as held at fair value through profit or loss are reported as part of other revenue (trading revenue).

Foreign currency gains and losses on intragroup loans are recognised in profit or loss except where the settlement of the loan is neither planned nor likely to occur in the foreseeable future. In these cases, the foreign currency gains and losses are recognised in the group's

2. Financial instruments



Initial measurement

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).

Annexure B – Detailed accounting policies (continued)

2. Financial instruments (continued)

Financial assets

Nature

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 through profit or loss 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.

Annexure B – Detailed accounting policies (continued)

2. Financial instruments (continued)

Subsequent measurement

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. Expected credit impairments losses are recognised as part of credit impairment charges. However, for these FVOCI debt instruments the expected credit loss is recognised in OCI and does not reduce the carrying amount of the financial asset in the statement of financial position. 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. Equity instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained income. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.
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 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	Debt instruments: Fair value gains and losses (including interest and dividends) on the financial asset are recognised in profit or loss as part of other gains and losses on financial instruments within non-interest revenue. Equity instruments: Fair value gains and losses on the financial asset are recognised in profit or loss as part of other gains and losses on financial instruments. Dividends received on equity instruments are recognised in other revenue 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 not measured at fair value through profit or loss nor are used to provide loans 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 is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3 (credit-impaired assets)	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.

Annexure B – Detailed accounting policies (continued)

2. Financial instruments (continued)

The key components of the impairment methodology are 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
Forward-looking information	Forward-looking information is incorporated into the group's impairment methodology calculations and in the group's assessment of SICR. The group includes all forward-looking information which is reasonable and available without undue cost or effort. The information will typically include expected macroeconomic conditions and factors that are expected to impact portfolios or individual counterparty
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.

Cash and balances with the central bank

Cash and balances with the central bank comprise coins and bank notes and balances with the central bank (SARB). Included in balances with central bank are balances that primarily comprise of reserving requirements held with the central bank which are readily convertible to a known amount of cash and available for use by the group and company within less than three months since initial deposit, subject to certain restrictions and limitations levied by the central bank, but are subject to an insignificant risk of changes in value.

Coins and bank notes and balances with the central bank comprising reserving requirements are measured at fair value through profit or loss – default.

Cash and cash equivalents

Cash and cash equivalents, for purposes of the statement of cash flows, comprise of cash and balances with the central bank and on demand gross loans and advances to banks, which are readily convertible to a known amount of cash and available for use by the group and company within less than three months since initial deposit. These on-demand gross loans and advances to banks are held to meet short term cash commitments, rather than for investment or other purposes.

Refer to the policy on financial instruments relating to recognition and measurement of loans and advances (i.e. financial assets measured at amortised cost).

Annexure B – Detailed accounting policies (continued)

2. Financial instruments (continued)

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; and · 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 but excluding fair value gains and losses attributable to own credit risk) are recognised in the other gains and losses on financial instruments as part of non-interest revenue. Fair value gains and losses attributable to changes in own credit risk are recognised within OCI, unless this would create or enlarge an accounting mismatch in which case the own credit risk changes are recognised within trading revenue.
Amortised cost	Amortised cost using the effective interest method recognised in interest expense.

Annexure B – Detailed accounting policies (continued)

2. Financial instruments (continued)

Derecognition and modification of financial assets and liabilities

Financial assets and liabilities are derecognised or modified 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.	In determining whether a modification is substantial, for a financial asset qualitative and quantitative factors are considered and for a financial liability, both qualitative and quantitative factors are considered. 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 non-interest 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 non-interest 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.	

Annexure B – Detailed accounting policies (continued)

2. Financial instruments (continued)

Financial guarantee contracts and loan commitments below market interest rate

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.

A loan commitment is a firm commitment to provide credit under specified terms and conditions. It is a binding promise from a lender that a specified amount of loan or line of credit will be made available to the named borrower at a certain interest rate, during a certain period and, usually, for a certain purpose.

Financial guarantee contracts and loan commitments at a below market interest rate are initially recognised when the group becomes party to the irrevocable commitment at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee/loan commitment. Financial guarantee contracts (that are not designated at fair value through profit or loss) and loan commitments at a below market interest rate, are subsequently measured at the higher of the:

- ECL calculated for the financial guarantee or loan commitment; or
- unamortised premium.

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.

Derivatives are initially recognised at fair value. Derivatives that are not designated in a qualifying hedge accounting relationship are classified as held-for-trading with all changes in fair value being recognised within trading revenue. This includes forward contracts to purchase or sell commodities, where net settlement occurs or where physical delivery occurs and the commodities are held to settle another derivative contract. All derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

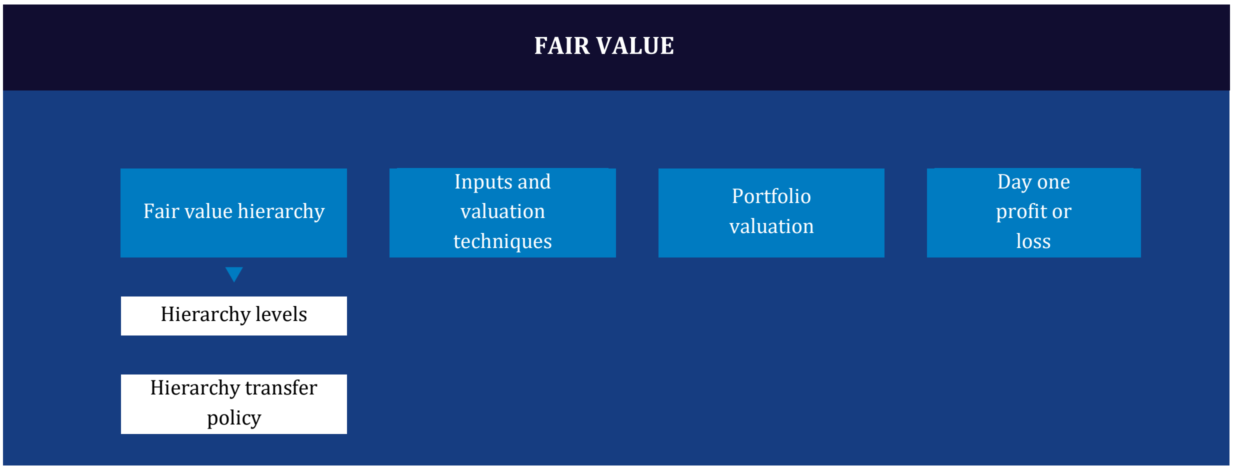
Embedded derivatives included in hybrid instruments, where the host is a financial asset, is assessed in terms of the accounting policy on financial assets. In all other instances (being non-financial host contracts and financial liabilities), the embedded derivatives are treated and disclosed as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, the terms of the embedded derivative are the same as those of a stand-alone derivative and the combined contract is not measured at fair value through profit or loss. The host contract is accounted for and measured applying the relevant group accounting policy.

The method of recognising fair value gains and losses on derivatives designated as a hedging instrument depends on the nature of the hedge relationship.

Annexure B – Detailed accounting policies (continued)

2. Financial instruments (continued)

Fair value



In terms of IFRS Accounting Standards , the group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

Annexure B – Detailed accounting policies (continued)

3. Fair value (continued)

Fair value hierarchy

The group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by the level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Hierarchy levels

The levels have been defined as follows:

Level 1

Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted 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 all significant inputs are directly or indirectly observable from market data.

Level 3

Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

Hierarchy transfer policy

Transfers of financial assets and financial liabilities between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Inputs and valuation techniques

Fair value is measured based on quoted market prices or dealer price quotations for identical assets and liabilities that are traded in active markets, which can be accessed at the measurement date, and where those quoted prices represent fair value. If the market for an asset or liability is not active or the instrument is not quoted in an active market, the fair value is determined using other applicable valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants.

Fair value measurements are categorised into level 1, 2 or 3 within the fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and a market-related discount rate at the reporting date for an asset or liability with similar terms and conditions.

If an asset or a liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

The fair value of the following items included in cash and cash equivalents is the same as the amortised cost value, as amortised cost items are initially measured at fair value: cash and balances with the central bank and on demand gross loans and advances to banks which are readily convertible to a known amount of cash that hasn't been adjusted for expected credit losses. The fair value of these items of cash and cash equivalents as well as deposits and debt funding that are mostly redeemable on demand does not change, as there are no adjustments made to these items subsequent to initial recognition. These items are included in level 1 of the fair value hierarchy.

Annexure B – Detailed accounting policies (continued)

3. Fair value (continued)

Inputs and valuation techniques (continued)

The group's valuation control framework governs internal control standards, methodologies, and procedures over its valuation processes, which include the following valuation techniques and main inputs and assumptions per type of instrument:

<table>
<tr><th>Item and description</th><th>Valuation technique</th><th>Main inputs and assumptions</th></tr>
<tr><td>Derivative financial instruments
Derivative financial instruments comprise foreign exchange, interest rate, commodity, credit and equity derivatives that are either held-for-trading or designated as hedging instruments in hedge relationships.</td><td>Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument.
Techniques include:
· discounted cash flow model
· Black-Scholes model
· combination technique models.</td><td rowspan="4">For level 2 and 3 fair value hierarchy items:
· discount rate*
· spot prices of the underlying
· correlation factors
· volatilities
· dividend yields
· earnings yield
· valuation multiples
· credit spreads
· bid-offer spreads.</td></tr>
<tr><td>Trading assets and trading liabilities
Trading assets and liabilities comprise instruments which are part of the group's underlying trading activities. These instruments primarily include sovereign and corporate debt, commodities, collateral, collateralised lending agreements and equity securities.</td><td rowspan="3">Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date.
Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial investment being fair valued.
Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks.
Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.</td></tr>
<tr><td>Pledged assets
Pledged assets comprise instruments that may be sold or repledged by the group's counterparty in the absence of default by the group. Pledged assets include sovereign and corporate debt, equities, commodities pledged in terms of repurchase agreements and commodities that have been leased to third parties.</td></tr>
<tr><td>Financial investments
Financial investments are non-trading financial assets and primarily comprise of sovereign and corporate debt, listed and unlisted equity instruments, investments in debentures issued by the SARB, investments in mutual fund investments and unit-linked investments.</td></tr>
</table>

Annexure B – Detailed accounting policies (continued)

3. Fair value (continued)

Inputs and valuation techniques continued

Item and description	Valuation technique	Main inputs and assumptions
Loans and advances to banks and customers Loans and advances comprise: ▪ Home services ▪ Vehicle and asset finance ▪ Card and payments ▪ Personal unsecured lending ▪ Business lending and other ▪ Corporate and sovereign ▪ Bank	For certain loans, fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using credit default swaps (CDS) markets, where available and appropriate, as well as the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.	For level 2 and 3 fair value hierarchy items: · discount rate*
Deposits and debt funding Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.	For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors, including a measure of the group's credit risk relevant to that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. The credit risk of the reference asset in the embedded CDS in credit-linked deposits is incorporated into the fair value of all credit-linked deposits that are designated to be measured at fair value through profit or loss. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.	For level 2 and 3 fair value hierarchy items: · discount rate*

* Discount rates, where applicable, include the risk-free rate, risk premiums, liquidity spreads, credit risk (own and counterparty as appropriate), timing of settlement, storage/service costs, prepayment and surrender risk assumptions and recovery rates/loss given default.

Portfolio valuations

The group has elected the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities. This exception permits the group of financial assets and financial liabilities to be measured at fair value on a net basis, with the net fair value being allocated to the financial assets and financial liabilities.

Day one profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred (and recognised together with the instrument it relates to) where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models that utilise non-observable market data as inputs.

The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Annexure B – Detailed accounting policies (continued)

4. Employee benefits

EMPLOYEE BENEFITS

- Post-employment benefits
  - Defined contribution plans
  - Defined benefit plans
- Short-term benefits

Type and description	Statement of financial position	Statement of other comprehensive income	Income statement
Defined contribution plans	Accruals are recognised for unpaid contributions.	No direct impact.	Contributions are recognised as an operating expense in the periods during which services are rendered by the employees.
Defined benefit plans	Assets or liabilities measured at the present value of the estimated future cash outflows, using interest rates of government bonds denominated in the same currency as the defined benefit plan (corporate bonds are used for currencies for which there is a deep market of high-quality corporate bonds), with maturity dates that approximate the expected maturity of the obligations, less the fair value of plan assets. A net defined benefit asset is only recognised to the extent that economic benefits are available to the group from reductions in future contributions or future refunds from the plan.	Remeasurements of the net defined benefit obligation, including actuarial gains and losses, the return on plan assets (excluding interest calculated) and the effect of any asset ceiling are recognised within OCI.	Net interest income/(expense) is determined on the defined benefit asset/(liability) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset/(liability). Other expenses (including current service costs) related to the defined benefit plans are also recognised in operating expenses. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in operating expenses. The group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.
Short-term benefits Short-term benefits consist of salaries, accumulated leave payments, profit share, bonuses and any non-monetary benefits such as medical aid contributions.	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.	No direct impact.	Short-term employee benefit obligations are measured on an undiscounted basis and are expensed in operating expenses as the related service is provided.

Annexure B – Detailed accounting policies (continued)

5. Non-financial assets

NON-FINANCIAL ASSETS

Tangible assets	Intangible assets
Property	Goodwill
Equipment	Computer software
Land	Other intangible assets

Type and initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment
Tangible assets (property, equipment and land) Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. 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. Land is measured at cost less accumulated impairment losses. Costs that are subsequently incurred are included in the asset's related carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the group and the cost of the item can be measured reliably. Expenditure, which does not meet these criteria, is recognised in operating expenses as incurred. Where significant parts of an item of property or equipment have different useful lives, they are accounted for as separate major components of property and equipment.	Property and equipment are depreciated on the straight-line basis over estimated useful lives (see below) of the assets to their residual values. Land is not depreciated. Leasehold property: Forty years Computer equipment: Four to five years Motor vehicles: Four to five years Office equipment: Three to ten years Furniture & fittings: Five to thirteen years Leased assets: Shorter of useful life or lease term The residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end.	These assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in non-trading and capital related items for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset. 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. For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest cash generating units (CGUs). Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. The carrying amount of these other assets may, however, not be reduced below the higher of the CGU's fair value less costs to sell and its value in use. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through non-trading and capital related items 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.

Annexure B – Detailed accounting policies (continued)

5. Non-financial assets (continued)

Type and initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment
Computer software 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. Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses from the date that the assets are available for use. 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 (two 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.	Intangible assets that have an indefinite useful life are tested annually for impairment and additionally when an indicator of impairment exists. The accounting treatment for computer software and other intangible assets is otherwise the same as for tangible assets.
Derecognition Non-financial assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is recognised in profit or loss and is determined as the difference between the net disposal proceeds and the carrying amount of the non-financial asset.		

Annexure B – Detailed accounting policies (continued)

6. Property developments and properties in possession

PROPERTY DEVELOPMENTS AND PROPERTIES IN POSSESSION

Property developments | Properties in possession

Property developments

Property developments are stated at the lower of cost or net realisable value. Cost is assigned by specific identification and includes the cost of acquisition and where applicable, development and borrowing costs during development.

Properties in possession

Properties in possession are properties acquired by the group which were previously held as collateral for underlying lending arrangements that, subsequent to origination, have defaulted. The properties are initially recognised at cost and are subsequently measured at the lower of cost and its net realisable value. Any subsequent write-down in the value of the acquired properties as well as gains and losses on disposal is recognised as an operating expense. Any subsequent increases in the net realisable value, to the extent that it does not exceed its original cost, are also recognised within operating expenses.

7. Equity-linked transactions

EQUITY COMPENSATION PLANS

Equity-settled share-based payments | Cash-settled share-based payments

Equity-settled share-based payments

The fair value of the equity-settled share-based payments are determined on grant date and accounted for within operating expenses (staff costs) over the vesting period with a corresponding increase in the group's share-based payment reserve. Non-market vesting conditions, such as the resignation of employees and retrenchment of staff, 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 operating expenses and share-based payment reserve over the remaining vesting period.

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

Cash-settled share-based payments

Cash-settled share-based payments are accounted for as liabilities at fair value until the date of settlement. The liability is recognised over the vesting period and is revalued at every reporting date up to and including the date of settlement. All changes in the fair value of the liability are recognised in operating expenses (staff costs). The awards vest over the specified period of service and/or once the performance conditions are met.

Annexure B – Detailed accounting policies (continued)

8. Leases

Type and description	Statement of financial position	Income statement
Lessee accounting policies		
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.	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 (rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment) 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.	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.
	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 (refer section 6) subsequent to the initial measurement of the right of use assets.	Depreciation and impairment 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. The accounting treatment for impairment of right of use assets is the same as that for tangible assets (refer section 6).
	Termination of leases: When the group or lessor terminates or cancels a lease, the right of use asset and lease liability are derecognised.	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.

Annexure B – Detailed accounting policies (continued)

8. Leases (continued)

Type and description	Statement of financial position	Income statement
Lessee accounting policies continued		
All leases that meet the criteria as either a lease of a low value asset or a short-term lease are accounted for on a straight-line basis over the lease term.	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.	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.
Reassessment and modification of leases	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.	
	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 for which the group elected the short-term lease exemption and the lease term is subsequently modified.	
Separating components of a lease contract	The group has elected to apply the practical expedient to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. The practical expedient is applied to each class of underlying asset.	

Annexure B – Detailed accounting policies (continued)

8. Leases (continued)

Type and description	Statement of financial position	Income statement
Lessor accounting policies		
Finance leases Leases, where the group transfers substantially all the risk and rewards incidental to ownership, are classified as finance leases	Finance lease receivable, including initial direct costs and fees, are primarily accounted for as financing transactions in banking activities, with rentals and instalments receivable, less unearned finance charges.	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.
Operating leases All leases that do not meet the criteria of a financial lease are classified as operating leases.	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. At the end of the lease term, these assets are reclassified from tangible assets to other assets and measured the lower of cost and net realisable value.	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.
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.	

Annexure B – Detailed accounting policies (continued)

9. Equity

Share issue costs

Incremental external costs directly attributable to a transaction that increases or decreases equity are deducted from equity, net of related tax. All other share issue costs are expensed.

Dividends

Distributions are recognised in equity in the period in which they are declared. Distributions declared after the reporting date are disclosed in the distributions note to the annual financial statements.

10. Provisions, contingent assets and contingent liabilities

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources 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. The group's provisions typically (when applicable) include the following:

Provisions for legal claims

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.

Contingent assets

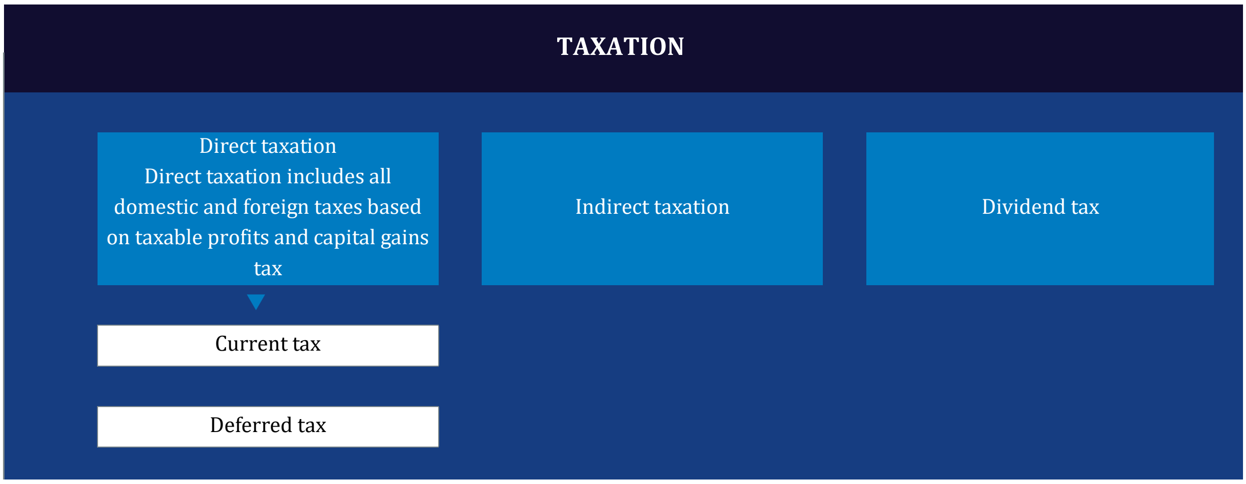
Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is probable that economic benefits will flow to the group, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the group's control.

Contingent liabilities

Contingent liabilities include certain guarantees (other than financial guarantees) and letters of credit and are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are considered remote.

Annexure B – Detailed accounting policies (continued)

11. Taxation



Type	Description, recognition and measurement	Offsetting
Direct taxation: current tax	Current tax is recognised in the direct taxation line in the income statement except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI. Current tax represents the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.	Current and deferred tax assets anc liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, an they relate to income taxes levied b 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 net basis or their tax assets and liabilities will be realised simultaneously.

Annexure B – Detailed accounting policies (continued)

11. Taxation (continued)

Type	Description, recognition and measurement	Offsetting
Direct taxation: deferred tax	Deferred tax is recognised in direct taxation except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI. Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values 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: · the initial recognition of goodwill · the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and · investments in subsidiaries, associates and jointly controlled arrangements where the group controls the timing of the reversal of temporary differences and 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 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 income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the group is unable to control the reversal of the temporary difference for associates unless there is an agreement in place that gives the group the ability to control the reversal of the temporary difference. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.	Current and 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.
Indirect taxation	Indirect taxes comprising of non-recoverable value added tax (VAT), skills development levies and other duties for banking activities, are recognised in the indirect taxation line in the income statement.	Not applicable
Dividend tax	Taxes on dividends declared by the group are recognised as part of the dividends paid within equity, as dividend tax represents a tax on the shareholder and not the group. Dividends tax withheld by the group on dividends paid to its shareholders and payable at the reporting date to the South African Revenue Service (where applicable) is included in 'Provisions and other liabilities' in the statement of financial position.	Not applicable

Annexure B – Detailed accounting policies (continued)

12. Revenue and expenditure

REVENUE AND EXPENDITURE

Net interest income	Non-interest revenue
	· Net fee and commission revenue · Trading revenue · Customer loyalty programmes · Dividend income · Other gains/losses on financial instruments · Other revenue

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 recognised as part of net interest income calculated using the effective interest method.
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.
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.

Annexure B – Detailed accounting policies (continued)

12. Revenue and expenditure (continued)

Description	Recognition and measurement
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 gains/losses on financial instruments	Includes: • Fair value gains and losses on financial assets that are classified at fair value through profit or loss (designated and default) • The gain or loss on the derecognition of a debt financial asset classified as at fair value through OCI • Gains and losses arising from the derecognition of financial assets and financial liabilities classified as at amortised cost • Gains and losses arising from the reclassification of a financial asset from amortised cost to fair value • Gains and losses arising from the modification of a financial asset (which is not distressed) and financial liability at amortised cost • Fair value gains and losses on designated financial liabilities • Fair value gains and losses on private equity or venture capital investments designated at fair value through profit or loss.
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.

Offsetting

Income and expenses are presented on a net basis only when permitted by IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions.

13. Non-current assets and liabilities held for sale

Type and description	Statement of financial position	Statement of other comprehensive income	Income statement
Non-current assets and liabilities held for sale and disposal groups Comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than continuing use (including regular purchases and sales in the ordinary course of business).	Immediately before classification, the assets (or components of a disposal group) are remeasured in accordance with the group's accounting policies and tested for impairment. Thereafter, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities (or components of a disposal group) are presented separately in the statement of financial position. In presenting the group's non-current assets and liabilities as held for sale, intercompany balances are eliminated in full.	OCI movements are presented separately.	Impairment losses on initial classification as well as subsequent gains and losses on remeasurement of these assets are recognised in profit or loss. Property and equipment and intangible assets are not subsequently depreciated or amortised. Equity accounting thereafter for an interest in an associate is suspended.

Annexure B – Detailed accounting policies (continued)

14. Other significant accounting policies

Segment reporting

An operating segment is a component of the group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance. The group's identification of segments and the measurement of segment results is based on the group's internal reporting to the chief operating decision makers, comprising of the chief executive and members of the group leadership council.

Fiduciary activities

The group commonly engages in trust or other fiduciary activities that result in the holding or placing of assets on behalf of individuals, trusts, post-employment benefit plans and other institutions. These assets and the income arising directly thereon are excluded from these annual financial statements as they are not assets of the group. However, fee income earned and fee expenses incurred by the group relating to the group's responsibilities from fiduciary activities are recognised in profit or loss.

Non-trading and capital related items

Non-trading and capital related items primarily include the following:

- Gains and losses on disposal of subsidiaries, and associates (including foreign exchange translation gains and losses)
- Gains and losses on the disposal of property and equipment and intangible assets
- Impairment and reversals of impairments of associates
- Impairment of investments in subsidiaries, property and equipment, and intangible assets
- Other items of a capital related nature.

New standards and interpretations not yet adopted

The following new standards, and amendments are not yet effective for the year ended 31 December 2024 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 21 Exchange Rates (amendments)

Effective date: 1 January 2025

The International Accounting Standards Board (IASB) issued 'Lack of Exchangeability' to require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. These amendments will assist companies and investors by addressing a matter not previously covered in the accounting requirements for the effects of changes in foreign exchange rates. The amendments will be applied retrospectively. The impact on the annual financial statements is currently being assessed and not expected to have a material impact on the group's results.

Title: IFRS 9 Financial Instruments (IFRS 9) and IFRS 7 Financial Instruments: Disclosure (amendments)

Effective date: 1 January 2026

The IASB issued amendments to the classification and measurement requirements of financial instruments in response to feedback received as part of the post implementation review of IFRS 9. The amendments include a new requirement to permit an entity to deem a financial liability that is settled using an electronic payment system to be discharged before the settlement date if specified criteria are met; and provide clarifications regarding assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features, financial assets with non-recourse features and investments in contractually linked instruments. The IASB also amended the disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs. The amendments will be applied prospectively. The impact on the annual financial statements is currently being assessed and not expected to have a material impact on the group's results.

Title: Annual Improvements to IFRS Accounting Standards - Volume 11

Effective date: 1 January 2026

The IASB has issued various amendments and clarifications to existing IFRS, none of which is expected to have a material impact on the group's annual financial statements.

Annexure B – Detailed accounting policies (continued)

Title: IFRS 18 Presentation and Disclosures in Financial Statements (IFRS 18)

Effective date: 1 January 2027

In April 2024, the IASB issued a new IFRS Accounting Standard to improve reporting of financial performance by requiring defined subtotals in the statement of profit or loss, requiring disclosure about management-defined performance measures, and adding new principles for aggregation and disaggregation of information. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 is effective from 1 January 2027 with earlier application permitted. IFRS 18 will be retrospectively applied. The group is in the planning phase of determining the impact on the group's annual financial statements.

Title: IFRS 19 Subsidiaries without Public Accountability: Disclosure (IFRS 19)

Effective date: 1 January 2027

In May 2024, the IASB issued IFRS 19 that permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. When a parent company prepares consolidated financial statements that comply with IFRS Accounting Standards, its subsidiaries are required to report to the parent using IFRS Accounting Standards. However, for their own financial statements, subsidiaries are permitted to use IFRS Accounting Standards, the IFRS for SMEs Accounting Standard or national accounting standards. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability and their parent company applies IFRS Accounting Standards in their consolidated financial statements. A subsidiary does not have public accountability if it does not have equities or debt listed on a stock exchange and does not hold assets in a fiduciary capacity for a broad group of outsiders. The group is in the planning phase of determining the impact on the annual financial statements of its qualifying subsidiaries. IFRS 19 will however, not be applicable to the group's annual financial statements.

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