



Stanbic Bank

ZAMBIA IS OUR HOME, WE DRIVE HER

# GROWTH



STANBIC BANK ZAMBIA LIMITED

# ANNUAL REPORT

2025



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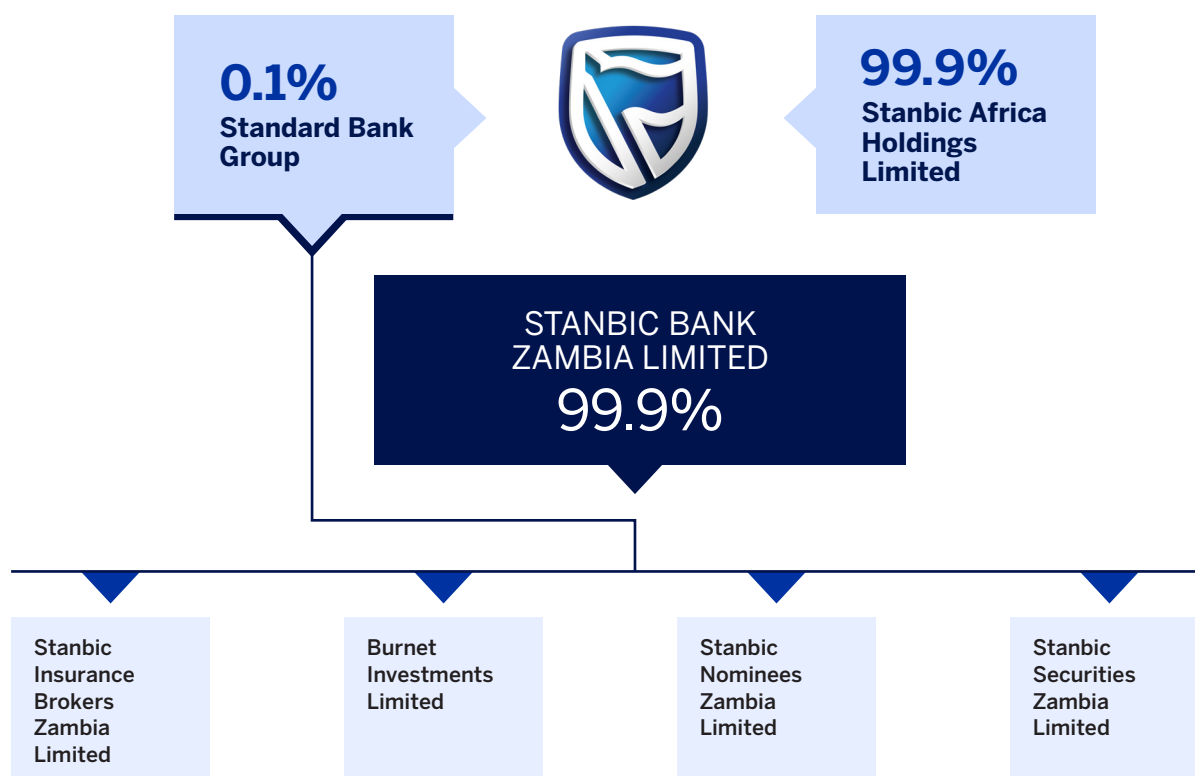
# Our Annual Report

At Stanbic Bank Zambia Limited (Stanbic or Stanbic Bank) we are driven by our purpose. As part of the Standard Bank Group, Stanbic benefits from a significant presence and extensive capabilities across 20 countries in Sub-Saharan Africa. This report explains how the Bank uses its available resources to achieve its strategic priorities and measure progress against financial and non-financial targets while creating, preserving, and mitigating value erosion. It provides a holistic and balanced view of our performance, strategy, governance, and outlook. This report is primarily intended for providers of financial capital but is also available to all our stakeholders.

## OUR PURPOSE IS CLEAR:

Zambia is our home; we drive her growth.

## OUR COMPANY STRUCTURE



# Integrated Pillars of Operation

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



## 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".

**Deeply Committed**

**Boldly pioneering**

**Unfailingly honourable**

**Trusted stewards**

**Guided by Empathy**



Stanbic Bank

Let's keep



growing.



Stanbic Bank

# TAKE YOUR BANKING TO ANOTHER LEVEL

- Access your Proof of Payment
- Confirmation Letter
- Stamped Bank Statement
- Reset your Password
- Blocking of Cards
- Account transfers

**All via Internet Banking  
or the Stanbic App.**

To lodge a complaint, visit [stanbic.co.zm](http://stanbic.co.zm)  
or contact **8200** for further inquiries

**THINK  
SMART  
GO DIGITAL**



# Chairman's Statement



**Dr. Abraham Mwenda**  
Board Chairman

Dear Stakeholders,

2025 will be remembered as a year of cautious recovery and renewed resilience for Zambia. Following the severe drought and electricity rationing of 2023/24, the Country benefited from improved rainfall in the 2024/2025 season. Agricultural output rebounded, particularly in maize and soya beans, while hydropower generation showed signs of recovery in the first half of the year. This supported an improvement in the Country's macroeconomic environment.

The International Monetary Fund projected that the Zambian economy grew by 5.2% in 2025, mainly driven by stronger mining output, improved agricultural yields, and renewed investor confidence. Inflationary pressures moderated during the year, easing from 16.7% at the end of 2024 to 11.2% at the end of 2025. The Central Bank maintained a prudent monetary stance, balancing the need to contain inflation with measures to support economic growth. It reduced the Monetary Policy Rate from 15% in February 2025 to 14.25% in November 2025 in response to declining inflationary pressures. This supported the fall in yields on government securities with the 10-year treasury bond yield declining to 22.2% at the end of 2024 and to 17.84% at the end of 2025. The weighted lending rate also declined from 29.25% to 27.97% over the same period. The Kwacha performed strongly against the United States Dollar during the year, buoyed by higher copper exports and progress in debt restructuring. The local currency appreciated by 21% from K27.97/USD at the end of December 2024 to 22.17/USD at the end of December 2025. Foreign Exchange reserves increased to a record high of USD5.2 billion from USD4.35 billion at the start of the year.

It is remarkable that this progress was achieved in a complex external environment. Geopolitical tensions persisted in Eastern Europe and the Middle East, while escalation of trade tariffs and other trade disputes created uncertainty for many businesses around the world. Nevertheless, Zambia's resilience was evident. The Country achieved milestones under the International Monetary Fund's Extended Credit Facility, completed restructuring of approximately 94% of foreign currency debt, and attracted new investments in the mining and energy sectors. The Government's ambition to reach 3 million tonnes of copper production by 2031 remains on track, with expansions and new projects lifting the medium-term outlook.

Stanbic Bank Zambia once again demonstrated resilience in 2025. Profit After Tax (PAT) increased to a new record, of ZMW2.24 billion, 22.4% higher than the PAT of ZMW1.83 billion achieved in 2024. This growth was driven by increase in customer loans and deposits and reflects the dedication of our staff and the loyalty of our clients. Our Nayo-Nayo 26 Strategy continued to guide us, with emphasis on innovation, client experience, risk management and regulatory compliance. We expanded digital offerings, enhanced transactional capabilities, and deepened relationships across corporate, SME, and retail segments.

As a responsible corporate citizen, Stanbic Bank Zambia sustained its commitment to climate adaptation and community development. Building on the "Let's Secure the Zambezi" initiative, we expanded tree-planting activities and supported renewable energy projects, including financing for solar and off-grid solutions. We also continued to empower communities through financial literacy, SME support, and alternative livelihood programs.

Our achievements in 2025 were recognized through industry awards, including Best Investment Bank from Euromoney.

#### Net Interest Income

**K3.64 Billion** | ▲ 17.6%

2024: K1.83 Billion

#### Asset Base

**K54.4 Billion** | ▲ 14%

2024: K47.7 Billion

In conclusion, I reaffirm our commitment to serving our clients and supporting Zambia's economic growth. At Stanbic, we believe that Zambia is our home, and we drive her growth. While challenges remain on the horizon, I am confident that both the country and the Bank will rise above them. I extend my gratitude to our clients for their continued support in 2025, and to the Board, Management, and Staff whose efforts made our achievements possible. Together, we look forward to another year of progress as we pursue our Nayo-Nayo 26 strategic objectives.

## Board and Executive Changes

The exceptional results attained in 2025 were made possible by effective leadership at both the Management and Board levels. The Bank recognizes the importance of strong leadership and remains committed to fostering the development of its personnel throughout the organization.

The Bank welcomed Mr. Lungisa Fuzile on the Board on 7th May 2025. Mr. Fuzile is currently the Chief Executive of Africa and Offshore Regions in the Standard Bank Group and has vast experience in economics, public policy, finance and Banking.

At the executive level, Mr. Beyani Zulu was appointed Chief Risk Officer effective 1 July 2025. Mr. Zulu is an accomplished risk management professional with over 16 years of industry experience. He previously served as Head of Operational Risk at Stanbic Bank Zambia Limited from 2014 to 2017, and most recently held the position of Chief Risk Officer at First National Bank (FNB). Mr. Zulu is a qualified accountant and a member of ACCA.

# Chief Executive's Review



**Mwindwa Siakalima**  
Chief Executive

Zambia's economy and its business operating environment recorded positive gains in the year 2025 recovering from the effects of the drought in 2024 that negatively impacted many growth sectors especially, energy and agriculture.

With the resurgence of growth in the agriculture, mining, tourism and services sectors, the Country's gross domestic product (GDP) growth projection for the year 2025 is 5.2% compared to 3.8% in 2024. With a backdrop of challenges relating to the electricity supply deficit attributed to the drought, the impact of notable regulations in the past two years, that include the Electricity (net metering) regulations and the Electricity (open access) regulations 2024 aimed at increasing electricity supply into the national grid through increased private sector participation, either by local alternative power generation or importation of electricity, saw the Country's installed generation capacity grow.

Consequently, it resulted into the sector growth recorded in 2025. True to the Bank's purpose of "Zambia is our Home, we drive her Growth", The Bank responded to supplementing Governments efforts in tackling the power deficit by providing financing to various power projects. Notably, Stanbic Bank Zambia provided the primary financing for the 100 MW Chisamba Solar Power Plant, Zambia's largest grid-connected solar project to the tune of US\$71.5 million. The plant was commissioned by President Hakainde Hichilema on 30th June 2025.

Positive strides were also made in the agriculture sector that saw the staple maize production reach a record harvest of around 3.66 million metric tons (MT) in the 2024/2025 farming season supported by favorable weather conditions, a strong call to increase production matched by an attractive uniform uptake price from the Food Reserve Agency and improvements in the farmer input support program.

Growth was also recorded in the mining sector supported by increased new investments aimed at boosting output as well as the re-opening of previously closed copper mining operations. The Country's copper production for 2025 increased by 8% year on year. With the surging demand for energy transition minerals, that include Zambia's main export, copper, the currently improving commodity price positions the sector well for more investments.

The Country's economic performance indicators have also reflected gains in macroeconomic stability as inflation has dropped ending the year 2025 at 11.2% compared to 16.7% in 2024; the exchange rate appreciated by 21% to close the year at K22.17 from K27.97 per United States dollar (US\$) at the end of December 2024 whilst the gross international reserves increased by 27% to US\$5.2bn (representing an import cover of 5.2 months) at the end of September 2025 compared to US\$4.31bn (representing an import cover of 4.6 months) at the end of 2024. On the other hand, the Monetary Policy Rate (14.25%) at the end of the year 2025 was 25 basis points higher than the December 2024 rate as the Central Bank aimed to rein in inflation closer to the target inflation band of between 6% to 8% in the face of global geo-politics impacting the price of commodities

such as oil, climate risk (including electricity deficits) and possible electricity upward tariff adjustments. Further, it is worth noting that during the year, the Country's credit risk rating by international credit rating agencies improved as reported by Standard and Poor's, Moody's and Fitch ending the year at CCC+ (with a stable outlook), Caa2 (with positive outlook) and B- (with a stable outlook), respectively. Overall, the latest credit risk ratings towards the end of 2025 pointed to the Country being taken out of selective default status on account of the Country's economic recovery and restructured debt position projected to lead to further debt reduction and improved fiscal performance.

During the year, the Bank continued to focus on its clients by continuing to offer them innovative financial solutions and exceptional client experience. The Bank officially launched Stan Pay, which is a Merchant Payments Solution that empowers clients to make cashless and cardless payments at selected merchant points. To provide easier access to finance, the Bank launched unsecured personal loans and cash advance facility on its USSD platform and in supporting working capital requirements for the Micro, Small and Medium Enterprises, the Bank increased the limit on the collateral free Tamang Pre-approved Loan to K500,000 from K250,000. The delivery of these and many other innovative clients' solutions aligns with the Bank's Nayo Nayo Strategy and contributed to the delivery of healthy financial returns to the Bank's shareholders.

#### Profit After Tax

**K2.24 Billion** |  22.4%

2024: K1.83 Billion

The Bank delivered a strong Profit After Tax (PAT) of K2.2billion which represents a 22% year-on-year (YoY) growth. This performance was driven by growth in assets, growing customer deposits, increased transaction volumes, and was supported by a solid capital position. The strong financial performance that the Bank achieved placed it as market leader on Profit After Tax and Profit Before Tax.

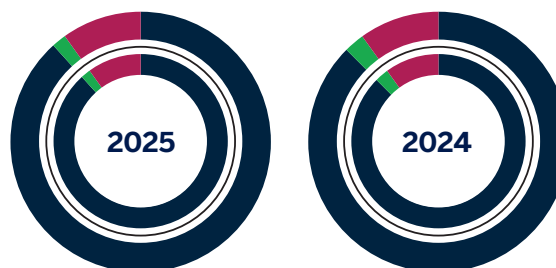
In supporting the communities in which it operates, the Bank collaborated with diverse partners on various corporate social and environmental responsibility initiatives. Through the Let's Secure the Zambezi initiative, an ecosystem restoration program in the Zambezi river catchment area, the Bank together with its partners World Wide Fund (WWF) Zambia and the Government through the National Heritage Conservation Commission (NHCC) identified beekeeping as a viable alternative livelihood for local communities who have traditionally relied on bark bee hives, an unsustainable practice that contributes to deforestation. Together with its partners, the Bank trained already established heritage enterprise groups in Keloduo, Mukangala, and Zambezi Source, Nyakaseya and Mwininyalamba chiefdoms and equipped the participants with skills needed for sustainable and modern beekeeping practices. Additionally, the Bank continued with its exercise of planting indigenous trees in the Zambezi river catchment area.

In partnership with the Development Aid from People to People (DAPP) Zambia, the Bank renovated a boys' hostel at the DAPP Children's Town in Malambanyama, Chibombo District. This reaffirms the Bank's commitment to community development, education enhancement, and support for youth empowerment.

Going into the year 2026, I am confident that the country will continue with economic recovery and the Bank will continue to seek opportunities that will drive the country's growth. I would like to take this opportunity to thank our staff, clients, partners and stakeholders who have supported us in successfully executing our Nayo Nayo Strategy that continues to focus on Transforming Client Experiences, Executing with Excellence and Driving Sustainable Growth and Value.

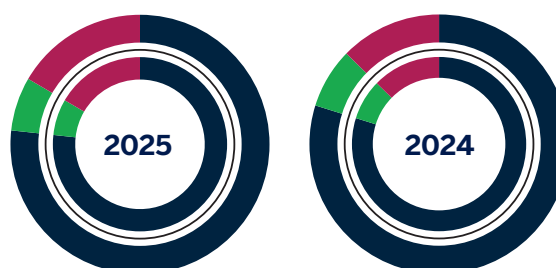
# FINANCIAL REVIEW

**Mizimo Musokotwane**  
Chief Finance & Value Management Officer



**Gross loans and advances to Customers**  
(ZMW'000)

	2025	2024
Other Lending	15,769,976	13,643,941
Mortgages	322,470	396,199
Vehicle & Asset Finance	1,768,533	1,551,089



**Current accounts and deposits from Customers**  
(ZMW'000)

	2025	2024
Current Accounts	28,079,452	20,716,145
Savings	2,456,547	1,944,479
Term Deposits	6,065,367	3,292,877

# HIGHLIGHTS

PROFIT AFTER TAX

▲ 22.4%

**K2.24** Billion

2024: K1.83 Billion

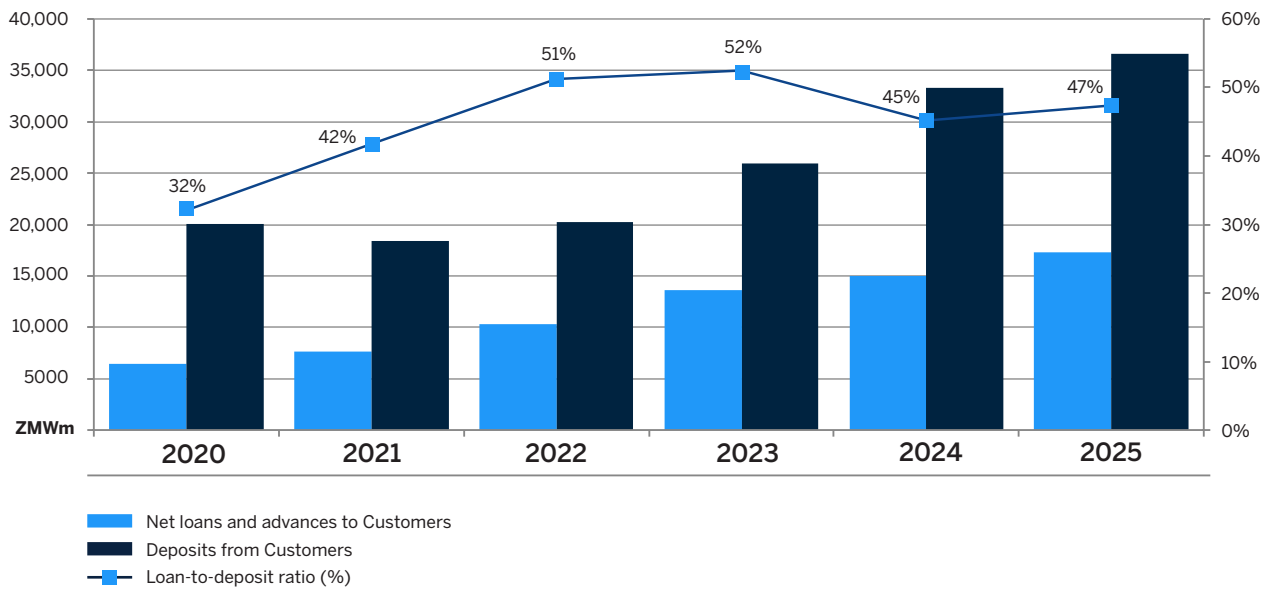
TOTAL DIRECT AND INDIRECT TAX CONTRIBUTION

▲ 25%

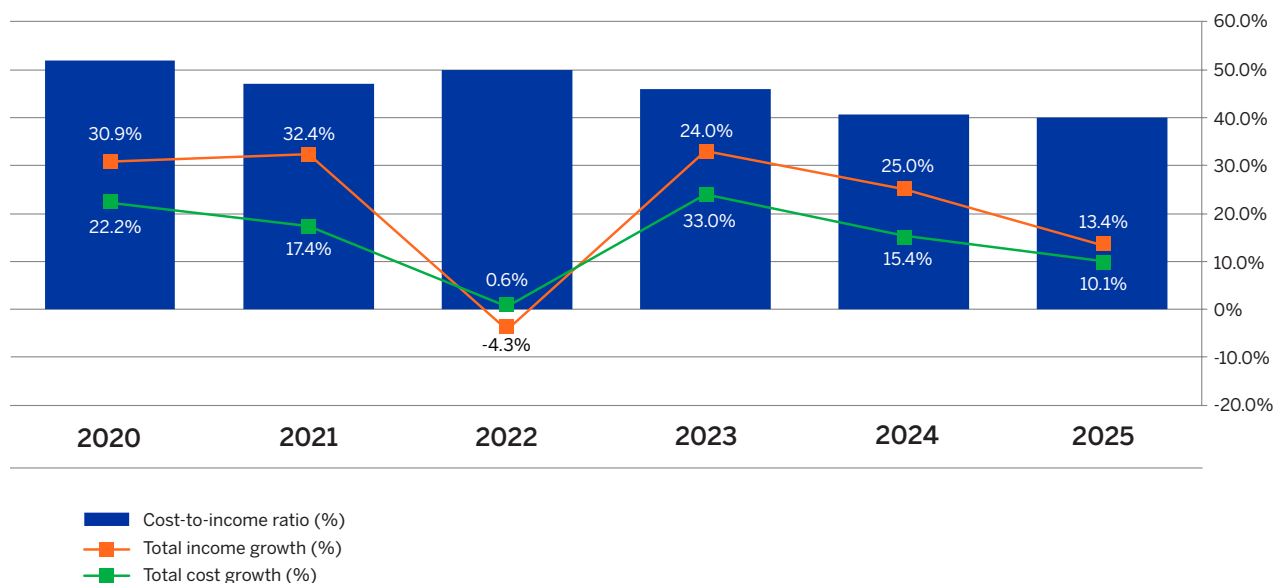
**K1.84** Billion

2024: K1.39 Billion

## Loan-to-deposit ratio



## Cost-to-income ratio



# CORPORATE AND INVESTMENT BANKING



**Helen Lubamba**  
Head Corporate and Investment Banking

## Our Business

Corporate & Investment Banking (CIB) continued to deliver resilient performance and strategic impact amid a dynamic operating environment. Anchored by disciplined execution, client-centric innovation, and embedment of risk management in its activities, CIB remained a trusted partner to private sector corporates, institutional bodies, the Government and industry stakeholders. The business demonstrated agility in navigating macroeconomic headwinds such as the power deficit, whilst deepening client relationships and accelerating digital transformation in the implementation of several innovative initiatives. Through integrated solutions across Transaction Banking, Investment Banking, Global Markets, and with the support of our Client Coverage team, CIB reinforced its role as a key growth driver for the Bank.

In 2025, the business delivered solid financial performance contributing over 50% to total Bank revenue, maintaining momentum across most of our product units.

### Revenue Growth

CIB achieved year on year revenue growth of 18%, driven by strong performance primarily in Transaction Banking and Investment Banking. This supports a Profit After Tax year on year growth of 29%.

### Client Franchise Expansion

The Bank experienced a 38% increase in client revenue (franchise) growth coupled with an improved Client Service Index rating, signifying progress in how the Bank's clients perceive how the Bank delivers their banking experience.

### Digital Transactional Banking

The adoption of digital solutions by clients continued to trend upward, with Smart-Pay and Business Online solutions recording growth of 3% and 26% respectively. Ongoing investment in digital capabilities through enhancements to existing platforms and the rollout of new solutions such as iCollect, positions us to further elevate the client transactional experience and drive operational efficiency.

### Integrated Risk Management

We continued to deliver a comprehensive suite of financing, arranging, advisory, trading, and risk management solutions to our clients, while maintaining risk exposures within prudent and acceptable thresholds. Our proactive approach to risk management is reflected in a Credit Loss Ratio of 0.02%, against a balance sheet lending portfolio exceeding ZMW18 billion, despite operating in a dynamic and evolving environment.

Robust Know Your Customer (KYC) protocols and ongoing Anti-Money Laundering (AML) initiatives remain central to our risk governance framework, enabling us to effectively manage risk while engaging with a diverse client base and collaborating with key stakeholders both domestically and internationally.

Our Client First strategy continued to underpin our approach to relationship management, enabling us to deepen client engagement through tailored solutions, proactive client coverage, and integrated product and service delivery.

**Sector Focus**

We continued to align our growth strategy to key economic sectors namely Energy, Infrastructure, Mining, Consumer (including Agriculture), Telecoms and Financial Institutions. With increased focus on energy due to the Country's power deficit, we financed the Kariba North Bank Extension (KNBE) 100MW Solar PV Plant, which was commissioned by the Head of State on the 30<sup>th</sup> of June 2025. The plant is the largest solar plant in the region outside of South Africa, signifying a milestone in Zambia's energy journey. In addition to other innovative solutions, the KNBE deal positioned the Bank as a key finance partner in delivering transformative energy solutions.

**Strategic Partnerships and Client Engagement**

In pursuit of deepening sectoral collaboration and enhancing client connectivity, we actively participated in several high-impact industry platforms throughout the year. We attended the Democratic Republic of Congo Mining Week, gaining valuable insights into opportunities within the mining sector, its supporting ecosystem, and infrastructure development. We proudly served as platinum sponsor of the Energy Forum for Africa (EFFA), a premier event that was attended by a cross section of industry leaders in government, finance, infrastructure, regulation and technology, and was meant to promote cross-border collaboration and sustainable investment across Zambia and Africa's evolving energy landscape.

Additionally, we co-sponsored the Zimbabwe-Zambia Energy Projects Summit, with a focus on strengthening the link between mining operations and energy investment.

**Operational Excellence Through Digital Innovation**

Scaling digital platforms to enhance client experience, improve efficiency, and unlock new revenue streams, we launched more modules such as the Cash-In-Transit (CIT) instant credit under the iCollect platform. In addition to this, we partnered with major Mobile Money Operators on merchant liquidation solutions to enhance the efficiency of agent operations and transaction tracking. Furthering our commitment to infrastructure innovation, we partnered with the National Road Fund Agency (NRFA) to support the development and launch of an e-Toll card, aimed at enhancing digital solutions.

**Our People**

Staff recognition remains a deliberate priority, with achievements consistently celebrated across both frontline and support teams. During the year, we were honoured with Standard Bank Group accolades, including the Mark of Excellence individual award and the Forge Masters Award for our Investment Banking team. On the global stage, our excellence was further acknowledged through prestigious awards such as Euromoney's Best Investment Bank in Zambia, Global Finance's Best Foreign Exchange Bank 2025, and the 2025 Africa Global Funds Service Providers Awards.

Talent development continues to be a strategic focus, supported by short-term assignments, cross-market exposure, continuous learning opportunities, and participation in key development programmes. Leadership sustainability is reinforced through succession planning, with a notable rise in female representation among emerging leaders.

Looking ahead, CIB remains steadfast in its commitment to delivering sustainable growth and strategic impact. Our continued focus on sector-driven innovation, operational excellence, disciplined risk management, and deep client engagement has been instrumental in driving our performance and reinforcing our role as a trusted financial partner. As we build on the momentum of 2025, we will further leverage our integrated capabilities, strategic partnerships, and digital platforms to unlock new opportunities, support inclusive economic development, and deliver value to our clients, stakeholders, and the broader market.

# BUSINESS AND COMMERCIAL BANKING



**Chanda Mwila**  
Head Business and Commercial Banking

## Our Business

Business and Commercial Banking (BCB) is dedicated to becoming Zambia's leading financial services provider for Commercial, Agribusiness, and Micro Small to Medium Enterprise clients. Our strategy is anchored on transforming client experience, executing with excellence, and expanding access to finance, information, and markets. The strategic vision is bold and focused: To be the dominant Business & Commercial Bank in Zambia.

### Business Model & Service Delivery

BCB provides comprehensive solutions to commercial, agricultural, and micro-to-medium enterprise clients via self-service digital channels, a robust distribution network, and dedicated relationship management teams. Growth and scaling are achieved through ecosystem partnerships and local market initiatives which are expertly executed by our Customer Services Teams (CSTs).

### Strategic Context and Purpose

#### Our Strategic Pillars

Our strategy is anchored in five key themes that drive sustainable growth and innovation:

<b>1</b> Data as a Product	We treat data as a strategic asset, embedding real-time insights into decision-making and personalization to enhance agility and relevance.
<b>2</b> Digital First	We are building unified, intelligent platforms that enable seamless engagement across client and employee journeys, ensuring efficiency and scalability.
<b>3</b> Client Experience	We are closing the gap between brand promise and delivery through standardized onboarding and proactive service, creating consistent and trusted interactions.
<b>4</b> Employee Value Proposition (EVP)	We invest in structured development, leadership excellence, and cultural alignment to empower our teams and foster a high-performance environment.
<b>5</b> Client Value Proposition (CVP)	We deliver sector-specific, growth-focused offerings that resonate across markets, driving meaningful impact for our clients.

## Key Initiatives & Achievements



### Transforming Client Experience

- Increased access to finance for our Small and Medium Enterprises SMEs by increasing the Tamanga Pre-Approved Loan limits from K250,000 to K500,000
- Agric Academy: BCB held its first Agric Academy graduation in 2025, to empower staff, drive innovation, and combat food insecurity through sustainable agricultural practices.
- Introduction of operating leases on vehicle asset financing (VAF): This is a value-added service that includes service and maintenance of the assets.
- Digital inclusion through the introduction of USSD transactability on our flagship digital solutions for Sole proprietors and Multiple Directors.



### Providing Access & Partnerships

- SME information Sessions and Financial Literacy Programs: Held multiple sessions in Lusaka, Copperbelt and Northwestern Provinces during the year.
- Sponsored the 4th Annual Land-Linked Zambia Conference & Exhibition: Co-organised with the Ministry of Transport and Logistics, this event brought together key stakeholders—including port, border authorities, freight agents, and financial institutions—to facilitate trends exchange and business networking.
- Remained the platinum sponsor for the National MSMEs and Co-operatives Indaba which brings together MSMEs from all corners of the country, providing them networking, information and de-risking capabilities in their growth phase.
- Client connect awareness workshop for Advanced Income Tax (AIT) in partnership with Zambia Revenue Authority (ZRA): The Bank and ZRA hosted 100 clients for insights on international trade, tax compliance, and AIT changes.
- BCB sponsored the 2025 LAZ Annual Conference, reinforcing commitment to governance, partnerships, and thought leadership, with our Chief Executive delivering the keynote address.
- Commercial & Industrial Energy and Storage Summit at Taj Pamodzi united energy stakeholders, featuring expert masterclasses, panels, and ministerial keynote speech.



### Sustainability & Social Impact

- As part of our pan-bank commitment to sustainability, we are driving significant progress toward renewable energy and efficiency, with 8.35MW (K98.9m) capacity enabled for SMEs and mid-sized enterprises.
- Our efforts align with global ESG priorities, positioning the Bank as a catalyst for green growth and inclusive development.



# PERSONAL AND PRIVATE BANKING



**Eunice Mundia**  
Head Personal and  
Private Banking

## Our Business

Personal and Private Banking focuses on delivering comprehensive and inclusive financial solutions to retail clients across all life stages and wealth segments. Our Personal Banking offering provides essential everyday banking solutions through our digital platforms and branch network, designed to serve both mainstream and emerging affluent clients. Private Banking extends this support to affluent clients through specialized and relationship-managed solutions.

### Strategic Focus Areas

#### Private Banking Experience

We continue to strengthen our private banking proposition by enhancing client capabilities through transactional and lending solutions, comprehensive wealth and investment advisory services including offshore banking solutions offered through the Standard Bank Group, and robust risk management services.

#### Leading in Personal Banking

We aim to lead the personal banking segment by expanding our client base, deepening engagement, and delivering innovative, accessible, and relevant financial solutions for everyday banking needs.

#### Delivering an Exceptional Client Experience

Our people are central to our service promise. Through a strong culture of accountability and responsiveness, we ensure that all client needs are met with professionalism and care, supported by our "Always On, Always Secure" systems.

#### Operating within an Optimal Risk Environment

We uphold a proactive and disciplined risk culture that protects client assets, supports sustainable growth, and reinforces confidence in our operations.

## Key Initiatives & Achievements - Digital Innovations and Client Solutions



#### Unsecured Personal Loans on Mobile Banking

Eligible clients can now conveniently access pre-approved personal loan offers of up to K800,000 through both Internet Banking and USSD (\*247#), enhancing financial inclusion and accessibility.



#### Digital Cash Advance

Launched a short-term salary advance facility, allowing qualifying clients to instantly access a pre-approved cash advance of up to K25,000 via mobile banking to address urgent financial needs.



#### Agent Cash-In / Cash-Out:

Expanded our physical service footprint by introducing Agent Cash-In / Cash-Out services, enabling clients to deposit and withdraw cash through selected vendors (Kazang and C-Grate) in areas without traditional branch presence.



#### Retail Merchant Payments

Rolled out a cardless payments solution that enables clients to make secure payments directly from their bank accounts on any Kazang POS machine, no debit or credit card required.



**Stanbic Bank**  
Private



# THE RELATIONSHIP THAT GROWS YOUR WEALTH

At Stanbic Private Banking, we build the relationship that grows your wealth through expert advice, personal service, and exclusive benefits designed around you. Because when your bank understands your goals, you don't just grow...  
**You Keep Growing.**

Call your personal banker or call 8200.

ZAMBIA'S BEST INTERNATIONAL  
PRIVATE BANK.  
EUROMONEY GLOBAL PRIVATE  
BANKING AWARDS 2024/2025.



## Awards

- **Euromoney** – Best Investment Bank
- **Euromoney** – Best Bank for Corporate Responsibility
- **Euromoney** – Best Bank for Customer Experience
- **97th Agriculture and Commercial Show award** – Best Banking Exhibit
- **97th Agriculture and Commercial Show award** – Best Exhibition for Renewable Energy
- **6th CSR & Sustainability Awards** – Best CSR Personality – Sarah Banda Ortíz (CSR Leader of the Year – Female)
- **6th CSR & Sustainability Awards** – Best Tech & Innovation for CSR – Tech-Driven CSR Initiative
- **6th CSR & Sustainability Awards** – CSR Excellence in Heritage, Arts & Culture – Music Industry
- **CiCM CX 2025 Excellence Awards** – 2025 CX Specific Award CX Champion

# Social Economic & Environmental Impact

## Our flagship programmes

### Climate Change & Environment

#### Let's Secure the Zambezi WWF Partnership

The Let's Secure the Zambezi campaign is a Stanbic Bank and WWF Zambia initiative which aims to restore the source of the Zambezi river. It does so by working with communities to plant trees, support sustainable livelihoods, and raise awareness about the importance of conserving this precious resource.

Stanbic and the WWF have been cooperating partners on the campaign since 2022, undertaking activities in the Zambezi river source area in Ikelenge District, North-Western Province. In 2025, the partners signed a Memorandum of Understanding (MoU) to further scale environmental conservation efforts in and around the Zambezi river source area. The MoU marks a significant milestone in the Bank's ongoing efforts to supplement the Zambian government's efforts aimed at combating the effects of climate change and help restore Zambia's natural ecosystems.

#### Impact

- The Bank contributed over ZMW500,000 towards tree planting and ecosystem restoration efforts at the Zambezi Source Area, increasing funding to an unprecedented ZMW1million over the 2025-2026 period.
- The partnership has seen over 20,000 indigenous trees planted, and more than 30,000 seedlings nurtured in community nurseries to date.
- The project also includes the distribution of 200 beehives to local communities to promote alternative livelihoods and reduce reliance on deforestation for income. Training 50 local beekeepers from Ikelenge District in sustainable beekeeping practices.
- These 50 beekeepers represent 50 households, extending the initiative's impact to more than 200 beneficiaries.



## Vivo Energy documentary partnership

Stanbic, in collaboration with partners including Vivo Energy Zambia, produced a ground-breaking documentary on the environmental conservation efforts taking place through the Let's Secure the Zambezi campaign.

The production aimed to showcase the results of the campaign's significant environmental conservation efforts and educate audiences about the impact that environmentally sustainable practices have on restoring the ecological balance around the Zambezi Source Area.

The eight-minute feature aired on ZNBC TV and Prime Television in April.

Public interest in the campaign and the Bank's environmental conservation efforts has increased as extreme weather patterns – including prolonged drought, heightened flooding, and unusually high temperatures – have become more common in recent years.

### Impact

- The documentary provides a first-hand glimpse of the valuable work being done to engage local community leaders and other stakeholders, and to restore this ecologically rich and socio-economically complex environment.



## Keep Zambia Clean – Solwezi clean up

Stanbic has extended its clean-up operation under the "Keep Zambia Clean" campaign to Solwezi District, with the goal of fostering a long-term culture of environmental responsibility in the area.

The campaign, undertaken in collaboration with the Solwezi Municipal Council, was launched in acknowledgment of the need for all stakeholders to maintain a proactive approach in keeping business surroundings clean and tidy and lowering the risk of disease outbreak.

The campaign was launched via a city-wide clean-up operation in Solwezi. The operation brought together 230 volunteers including council workers, Stanbic staff, youth groups and community members. Target areas included Kyawama market, with special activities such as targeted radio programmes aimed at raising awareness and encouraging long-term environmental stewardship.

His Worship the Mayor of Solwezi, Mr. Remmy Kalepa, welcomed Stanbic's involvement and emphasised the importance of collective action. He said: "Solwezi is a city of promise. As the provincial capital of North-Western Province, we are at the heart of Zambia's mining economy and a growing hub of commerce, education and innovation. But with growth comes the responsibility to ensure that our development is not only rapid, but also responsible. A clean and green Solwezi is not a luxury – it is a necessity."

Government re-launched the "Keep Zambia Clean, Green and Healthy" campaign in 2023, with a call to stakeholders for a multi-sectoral approach towards managing waste. In support, Stanbic Bank launched the "Keep Lusaka Clean and Green" campaign with the Lusaka City Council under the Ministry of Local Government and Rural Development, aimed at ensuring that trading spaces are clean, safe and open for business within Lusaka District.

Since then, Stanbic has undertaken similar successful operations in Ndola, Chipata, and Livingstone, partnering with local authorities and communities to clean public spaces and promote responsible waste management.

### Impact

- Over 22.5 tonnes of solid waste have been collected across these campaigns in Lusaka, Ndola and Livingstone.





## Education

### Inaugural Girls LEAD! Camp

In partnership with Junior Achievement (JA) Zambia, Stanbic Bank proudly celebrated the inaugural Girls LEAD! Camp. This life-changing programme for 100 girls from 10 secondary schools in Lusaka was designed to promote the multi-layered career opportunities available to girls, to establish a network of peers and mentors, and to help girls to discover and learn the keys to success first-hand from professionals in industry, as well as the First Lady of the Republic of Zambia.

The Girls LEAD! Camp was designed to inform, inspire and create lasting impact by exposing participants to a wide range of career paths, industries and leadership journeys. It inspires by connecting girls with mentors who have walked the path before them. And lastly, it drives impact by equipping young women with the skills, confidence and networks they need to lead change in their schools, homes and communities.

Many of the participants in the Girls LEAD! Camp come from communities where opportunities are scarce and barriers are many.

#### Impact

- With only 27% of girls completing high school in Zambia – and just 3% from poor backgrounds – the camp addresses systemic barriers, such as poverty, early marriage, and limited access to mentorship.
- Through the camp, the establishment of JA Clubs in schools, and the social impact projects that will follow, we are building a pipeline of future leaders who will not only succeed in their own right, but also lift others as they rise.



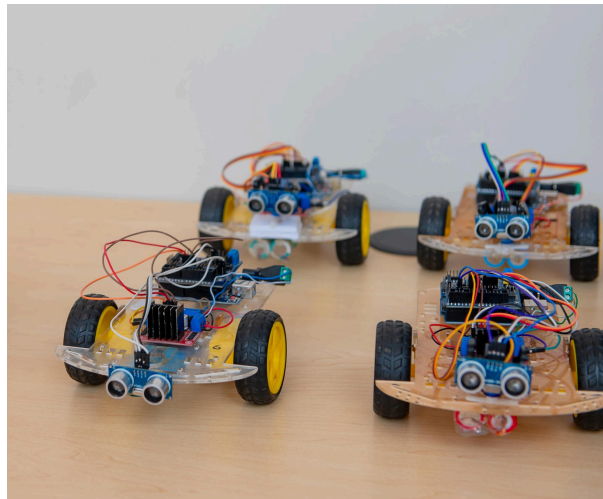
### STEAM coding programme graduation

In July 2022, Stanbic launched a coding programme at Northmead Primary School aimed at driving technological innovation. The programme centred on the five key STEAM subjects, namely science, technology, engineering, the arts and mathematics.

At the 2025 graduation event, Technology and Science Minister Felix Mutati hailed Stanbic's investment in the programme as an initiative that spurs creativity in pupils to help solve society's greatest challenges, and emphasised the importance of expanding access to STEAM education nationwide, highlighting its role in nurturing creativity among young learners and driving economic development.

#### Impact

- Since the coding programme was launched in 2022, nearly 400 students have been engaged and introduced to fundamental technology applications and basic programming skills.
- For many pupils, this programme marked their first encounter with technology such as computers and Raspberry Pi devices.
- Through hands-on learning, the participants acquired new knowledge and practical skills.
- Additionally, they applied their learning to real-world challenges, showcasing their creativity and innovation through projects like a chatbot, a temperature-monitoring station, a toll-gate system, and a time-lapse camera, among others.
- A reduced burden on the public social welfare system is projected as a result, as more children will have access to specialist learning facilities.





## Mothers' Shelters

Since 2016, Stanbic Bank has been driving a maternal-health initiative focused on constructing mothers' shelters at rural health facilities across Zambia. These shelters provide expectant mothers with safe accommodation near medical care, reducing delays in accessing skilled assistance during childbirth. The programme began with a five-year campaign funded at US\$280,000 and has grown through strategic partnerships with the Churches Health Association of Zambia (CHAZ) and alignment with Zambia's national health objectives.

In 2022, Stanbic signed a ZMW6million MoU with CHAZ to build three additional shelters. The first of these was handed over to Makunka Rural Health Centre in Kazungula District in May 2024, followed by the completion and handover of Fiwila Mission Rural Health Centre in Mkushi District in 2025. These facilities include sleeping quarters, sanitation, and proximity to professional care, significantly improving maternal health outcomes in rural areas.



### Impact

- Fiwila Mission Rural Health Center alone records approximately 175 births annually and serves an area of 6,200 people.
- 2,299 safe childbirths have been recorded since the initiative began.
- The initiative supports Zambia's target to reduce maternal mortality from 252 to fewer than 100 per 100,000 live births by 2026.
- It contributes to the goal of increasing the proportion of health facilities with functional Emergency Obstetric Neonatal and Child units from 65% to 80% by 2026.
- The initiative has improved access for expectant mothers in remote areas, reducing the risks associated with long travel during labour.



## Solwezi Hospital donation

Stanbic, in partnership with the Office of the First Lady, donated essential medical equipment to Solwezi General Hospital to improve patient care and strengthen healthcare services in Zambia's North-Western Province.

This intervention followed alarming reports received by the First Lady during her recent visit to the province, where it was revealed that women were sharing beds during childbirth due to a shortage of resources. The Solwezi General Hospital, which serves as a referral centre for surrounding districts, has long struggled with congestion in its maternity ward, exacerbated by population growth and limited infrastructure.

The First Lady, whose office has been leading a national-wide campaign for women's empowerment and healthcare access, praised Stanbic Bank for its swift and meaningful response. "This partnership reflects what is possible when compassion meets action," she said. "We are grateful to Stanbic Bank for standing with us in our mission to ensure that no woman is left behind."

Zambia has made progress in reducing maternal mortality, but challenges remain. According to the Zambia Demographic and Health Survey 2024 report, the maternal mortality ratio stands at 195 deaths per 100,000 live births, down from 278 in 2018. This improvement reflects ongoing efforts across government and civil society, but access to quality care remains uneven, particularly in rural and Peri-urban areas like Solwezi.

The Solwezi General Hospital plays a critical role in the region's healthcare system, offering services ranging from obstetrics and gynaecology to neonatal care and emergency surgery. Yet, like many provincial hospitals, it faces persistent challenges – overcrowding, limited equipment, and staff shortages. The donation from Stanbic Bank is expected to ease pressure on the maternity ward and improve patient comfort and safety.

### Impact

- Stanbic Bank, in partnership with the Office of the First Lady, donated essential medical equipment to the Solwezi General Hospital at a total cost of ZMW248,000
- The donation included 35 hospital beds with mattresses, five bedside cabinets, and three neonatal beds, aimed at improving the quality of care for mothers and newborns in the region.



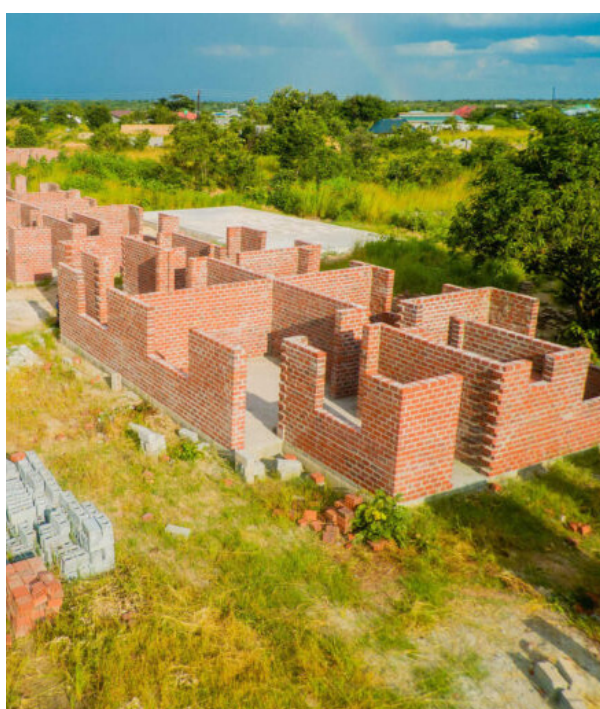


### Buy-a-Brick Campaign

Over the past decade, the Buy-a-Brick Campaign has evolved into one of Stanbic Bank Zambia's most impactful community-investment initiatives. Launched over 10 years ago, the partnership between Stanbic Bank, the People's Process on Housing and Poverty in Zambia (PPHPZ) and the Zambia Homeless and Poor People's Federation (ZHPPF) has remained committed to providing affordable and dignified housing for low-income families. This collaboration demonstrates how community-led solutions, supported by responsible financing, can transform lives and strengthen local economies.

To date, the Bank has completed 87 low-cost housing units in Kalulushi District, Copperbelt Province, representing a total investment of **ZMW4.45 million**. These homes were built in partnership with PPHPZ and ZHPPF, whose grassroots networks represent over 50,000 members nationwide. The project also reflects a multi-stakeholder approach, with Dangote Cement supplying cement at a reduced cost, Kalulushi Clay Bricks providing discounted bricks, and the Ministry of Infrastructure, Housing and Urban Development offering technical support. These contributions have ensured affordability without compromising quality or durability.

- 87 homes have been constructed to date.
- Access to safe housing means improved health, security, and opportunities for children to thrive.
- The project addresses Zambia's housing deficit, currently estimated at over 1.5 million units.
- The new housing empowers families through secure tenure and community-driven development.



### DAPP Zambia

Our partnership with Development Aid from People to People (DAPP) Zambia, which began with a shared mission to protect vulnerable children and reduce "streetism" through shelter, education, and life-skills training, reflects our commitment to raising the standard of education infrastructure and supporting vocational skills for sustainable change.

In June, Stanbic Bank proudly partnered with DAPP to renovate one of six boys' hostels at DAPP Children's Town in Malambanyama, Chibombo District to support orphans and vulnerable children by providing a safe, dignified and nurturing living environment. DAPP Children's Town currently supports over 560 learners through its Primary School and Youth Academy programmes, including a significant number of former street children who are undergoing rehabilitation, skills training, and reintegration.

The renovation was executed by the DAPP Construction Project, ensuring cost-efficiency and high-quality workmanship. Key success factors included early mobilisation of skilled local builders and timely procurement of materials.

This collaboration reflects Stanbic Bank's ongoing investment in education, infrastructure, and community resilience. Looking ahead, DAPP plans to replicate the model across the remaining five hostels, with the potential to expand capacity and further enhance the living standards of the children.

#### Impact

- The renovation included structural upgrades such as roof replacement, wall reconstruction, electrical rewiring, and installation of new doors, windows, and air vents. The hostel was also repainted and fitted with improved drainage to protect against seasonal rains, transforming the facility into a durable and welcoming space that will serve generations of learners.
- A total of ZMW300,000 has been donated to DAPP projects and initiatives since 2023.
- Through this partnership, DAPP continues to support dozens of former street children each year, providing them with safe accommodation, education, and pathways to independence.
- More than 1,000 children have benefited from the intervention to date.





### Stanbic advances sustainability with electric vehicles and clean energy rollout

Stanbic Bank Zambia became the first financial services institution in the country to introduce a fully electric off-road vehicle into its operational fleet.

The Ridarra, a sleek and powerful full electric vehicle, now joins Stanbic Bank's line-up, marking a significant moment in Zambia's transition toward cleaner, more sustainable transport. This pioneering move reflects Stanbic Bank's deep commitment to environmental responsibility and innovation.

The Bank's Environmental, Social and Governance agenda includes ambitious climate targets, namely net-zero carbon emissions for newly built facilities by 2030, existing buildings by 2040, and financed emissions by 2050. The Ridarra is a tangible step toward achieving these goals.

The vehicle is part of the Bank's broader strategy to embed sustainability across its operations. In addition to electric mobility, the Bank is rolling out solar and battery backup systems across 25 locations to reduce reliance on grid power and diesel generators. **Sixteen sites have already been completed, with the remaining nine scheduled for completion soon.**

Across Zambia, Stanbic Bank has deployed solar energy solutions at branches in Livingstone, Matero, Mazabuka, Choma, Kabulonga and Kafue. These installations expand the role of clean energy and deliver measurable environmental benefits to communities nationwide.

The Bank's Head Office will be fitted with solar panels to reduce reliance on grid electricity and reduce emissions. Smart controls will be installed to monitor and optimise energy and water usage, ensuring resources are managed with precision and care.

Stanbic Bank is also exploring partnerships with sustainable waste management companies to promote recycling and reduce landfill waste. These initiatives will be integrated into the refurbishment of Head Office, creating a modern, eco-conscious workspace that reflects the Bank's values.

#### Impact

- With lower running costs and reduced maintenance requirements, the Ridarra presents a financially sound alternative to traditional petrol and diesel vehicles. As fuel prices continue to rise, Stanbic Bank's investment in electric mobility positions the Bank to operate more efficiently, while reducing its carbon footprint.
- Solar and battery solutions are cutting emissions at branch level by reducing dependence on conventional energy sources. This technology improves operational resilience, enhances efficiency, and lowers maintenance costs, supporting the Bank's long-term sustainability objectives.



# CORPORATE GOVERNANCE STATEMENT



**Chanda Kasanda-Magubbwi**  
Head Governance and  
Company Secretary

## Governance

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 2025.

### 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 any conflicts of interests as a standing agenda item at the beginning of each meeting. Any such conflicts are proactively managed as determined by the board and subject to legal provisions. Where conflicts have been identified, directors recuse themselves from the meeting when the board considers any matters in which they may be conflicted. 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. These matters are recorded in the interests register, which is maintained by the Head Governance and Company Secretary, and tabled at each Board meeting.

### 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 and conduct. The Code of Ethics and Conduct 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 is imperative in retaining trust and confidence of our stakeholders.

## 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. 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 2025 Dr. Mwenda - effectively, with declarations of conflict being invited at every meeting - 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.

## 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 performance is carried out annually by the Board, led by the Chairperson.

## Strategy Performance and Board Functioning

### Strategy Performance

The Bank has a well-established strategic planning process which considers the risks and opportunities across three-time horizons, namely short, medium, and long terms. The actions of the Bank are purpose driven and in line with board-approved strategic priorities.

There are multiple ways through which the Board oversees the Bank's strategic performance throughout the year. The Board periodically reviews business performance against business strategic 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 2025 Board strategy session to set the strategy for 2026 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, risk 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 2025, 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 10 ad hoc meetings in 2025. 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 Bank's 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 for appointment to the Board. REMCO also provides oversight on remuneration and compensation of the Board, executives and all staff. REMCO was chaired by Dr. Abraham Mwenda and held 4 scheduled meetings during the year.

#### Board Loans Review Committee (BLRC):

BLRC ensures that effective credit governance is in place to provide 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 provides independent and objective oversight of risk and capital management across the Bank. It reviews and assesses the integrity of the risk management systems and ensures that risk policies and strategies are effectively managed.

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 was to consider and approve large loan exposures and insider lending of the Bank. No meetings of the Committee were held in 2025 as responsibilities of the LLILBAC were undertaken by the Main Board in 2025. This action is due to guidance received from the regulator, advising the Bank that LLILBAC members should not simultaneously hold membership in BAC, BLRC, and BRC. The regulator has confirmed its approval for the functions of the LLILBAC to be performed by the main board.

#### Evaluation and Performance of the Board:

The Board evaluates its own performance, as well as that of its committees, Chairman, and members, to promote ongoing improvement and effectiveness. The Board effectiveness evaluation was independently conducted on 31<sup>st</sup> October 2025 by KPMG (external audit firm) with oversight from the Chairman and Company Secretary. This is in line with the requirements of the Group Subsidiary Governance Framework which requires that an independent evaluation is undertaken every 3 years. The evaluation included performance assessments for the Board, Chairman, Chief Executive, Company Secretary, Board Committees and individual directors. The evaluation process took the form of a series of questionnaires with the opportunity for directors to provide free text comments or observations throughout the questionnaire. Further, directors also attended confidential interviews with the KPMG team as part of the evaluation process, post completion of the questionnaires.

The results revealed that the performance of the Board and its Committees continue to be effective and fit for purpose with relevant action points noted for implementation. Individual feedback to directors, was delivered by the Chairman while the Chairman's feedback was delivered by a senior member of the Board appointed by the Board.

## Key Findings

Overall, Board Members agree that the Board is operating effectively across the evaluated themes. Further, board members agree that their skills and experience are well suited to assist the Bank to achieve its strategic objectives. The themes identified include ESG and sustainability, and Artificial Intelligence. Additional governance and administrative procedures were recommended to the Company Secretary for re-enforcement. They include establishing firmer timelines for meeting pack distribution and enhancing the detail provided to the Board on the SME sector and available services provided by the Bank as well as increased information on the prioritization of technological innovation.

## Ongoing Director Education and Induction

Ongoing director education contributes to the Board's awareness of relevant trends and development of skills to provide effective oversight as the Bank delivers against its strategic objectives. In addition, directors are keeping abreast of applicable laws and regulations, changes to legislation 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 Work-Plan Calendar. In 2025, the training topics encompassed Risk Governance, Data Privacy, ESG and Sustainability, the Internal Capital Adequacy Assessment Process (ICAAP), Artificial Intelligence and Associated Risks, and Directors' Duties in Today's Modern World: What Really Matters?. The Bank's strategy, purpose, and conduct are aligned with the principles of responsible corporate citizenship. In line with the Group's Strategy, the Board considers the social, economic, and natural environments in which the Bank operates, considering a comprehensive array of factors that impact the long-term sustainability and value creation of the institution. Consistent with these values, the Board held an official event to donate desks and school supplies to Mwalubemba Community School in Lusaka. This initiative demonstrated the Bank's ongoing commitment to supporting and uplifting local communities, even at the Board level.

## Induction

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 2025, no induction sessions were held as there were no new external (independent) 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 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.

## Overview of Directors Including Diversity and Experience

### Meeting Attendance and Diversity

	Abraham Mwenda	Lungisa Fuzile	Mwindwa Siakalima	Neil Surgey	Susan Mulikita	Anthony Mukutuma
<b>Gender</b>	Male	Male	Male	Male	Female	Male
<b>Nationality</b>	Zambian	South Africa	Zambian	South African	Zambian	Zambian
<b>Appointment Date</b>	May 2020	May 2025	August 2019	March 2020	May 2020	December 2021
<b>Committee Membership</b>	REMCO (Chairman)	REMCO/BAC/BTIC	#	BRC (Chairman) REMCO/BTIC	BLRC (Chairman) BTIC/BAC	BRC/BAC
<b>Attendance at Planned Board Meetings</b>	4/4	3/3	4/4	4/4	4/4	4/4
<b>Attendance at ad hoc Board Meetings</b>	9/10	4/7	10/10	7/10	10/10	10/10
<b>Attendance at Board Evaluations</b>	1/1	1/1	1/1	1/1	1/1	1/1
<b>Attendance at Planned Committee Meetings</b>	4/4	7/9	#	12/12	12/12	8/8
<b>Attendance at ad hoc Committee Meetings</b>	*	*	*	*	*	*

	Ian Robinson	Helen Lubamba	Mizimo Musokotwane	Kapambwe Chiwele	Diana Kangwa
<b>Gender</b>	Male	Female	Female	Female	Female
<b>Nationality</b>	Zambian	Zambian	Zambian	Zambian	Zambian
<b>Appointment Date</b>	April 2022	December 2017	June 2023	July 2023	November 2023
<b>Committee Membership</b>	BLRC/BRC	#	#	BAC (Chairman) BLRC	BTIC (Chairman) BLRC/BRC#
<b>Attendance at Planned Board Meetings</b>	3/4	4/4	4/4	4/4	4/4
<b>Attendance at ad hoc Board Meetings</b>	9/10	10/10	10/10	9/10	10/10
<b>Attendance at Board Evaluations</b>	1/1	1/1	1/1	1/1	1/1
<b>Attendance at Planned Committee Meetings</b>	8/8	#	#	8/8	12/12
<b>Attendance at ad hoc Committee Meetings</b>	*	*	*	*	*

## 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 the Board Remuneration and Nominations Committee.
- \* BTIC refers to Board Technology and Information Committee



## Remuneration

The Bank's remuneration for executive and non-executive directors remains at levels that are fair and reasonable in a competitive market for the skills, knowledge, experience, 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 services on the Board and Board committees. The fees include a retainer. Non-executive directors do not receive short-term incentives or participate in any long-term incentive schemes.

During the year 2025, the total gross remuneration paid to non-executive directors was K8,434,000.

## 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 articulated 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 Board and its committees was conducted in the reporting period.
- As required by Directive 18.1 and 18.8, information about compensation practices has been provided including the composition and mandate of the Board Committee responsible for remuneration.
- As required by Directive 20.3, the fees paid to the auditors by the Bank for 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 31st December 2025.
- 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 and conduct 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

### 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.

APPOINTED  
MAY 2020

## Lungisa Fuzile

Non-Executive Director

### QUALIFICATIONS

Master and Bachelor of Commerce

### SKILLS

- Finance and Economics
- Banking
- Public policy/public sector
- Assets and Liability Management



### EXPERIENCE

Mr. Lungisa Fuzile is the Chief Executive of Africa and Offshore regions in Standard Bank Group, he has extensive experience in Banking and Finance as well as working in the South African National Treasury as Director General and in other capacities.

APPOINTED  
MAY 2025

## Neil Surgey

Independent Non-Executive Director

### 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.

APPOINTED  
MARCH 2020

## Susan Mulikita

Independent Non-Executive Director

### 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.

APPOINTED  
MAY 2020

## Anthony Mukutuma

Independent Non-Executive Director

### QUALIFICATIONS

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

### SKILLS

- Finance and Economics
- Mining
- Business Administration



### EXPERIENCE

Mr Mukutuma is the Country Director (Zambia) for First Quantum Minerals 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.

APPOINTED  
**DECEMBER 2021**

## Ian Robinson

Independent Non-Executive Director

### 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.

APPOINTED  
**APRIL 2022**

## Kapambwe Doreen Chiwele

Independent Non-Executive Director

### QUALIFICATIONS

Bachelor of Accountancy degree, Fellow of both the Zambia Institute of Chartered Accountants and the Chartered Institute of Management Accountants (United Kingdom), and MBA (Finance).

### 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.

APPOINTED  
**JULY 2023**

## Diana Kangwa

Independent Non-Executive Director

### 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.

APPOINTED  
**NOVEMBER 2023**

**Mwindwa Siakalima**  
Executive Director

**QUALIFICATIONS**  
BA Degree in Accounting & Finance and an MBA in Finance (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.

He also holds a BA Degree in Accounting & Finance and an MBA in Finance (University of Manchester).

APPOINTED  
**AUGUST 2019**

**Helen Lubamba**  
Executive Director

**QUALIFICATIONS**  
Bachelor of Science Honours Degree in Mathematics, Operational Research and Economics (University of Essex), Associate CGMA/CIMA designation and 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.

APPOINTED  
**DECEMBER 2017**

**Mizimo Musokotwane**  
Executive Director

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

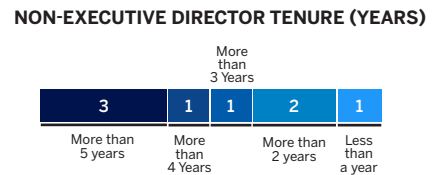
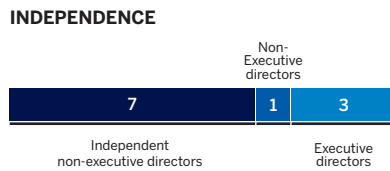
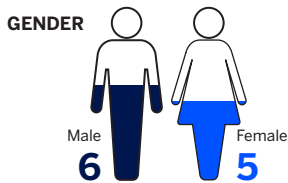
**SKILLS**

- Finance and Economics
- Banking



**EXPERIENCE**  
Ms. Musokotwane is a Chartered Accountant with a career spanning over 23 years. She is a fellow of the Association of Chartered Certified Accountants and the Zambia Institute of Chartered Accountants.

APPOINTED  
**JUNE 2023**



# Executive Committee

## Mwindwa Siakalima

Chief Executive



Mwindwa is a Chartered Accountant with a career spanning over 25 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 (University of Manchester).

## Mizimo Musokotwane

Chief Finance & Value Management Officer



Ms. Musokotwane is a Chartered Accountant with a career spanning over 23 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.

## Helen Lubamba

Head Corporate and Investment Banking



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 31 years in financial services, primarily in the investment banking, corporate finance, and insurance sectors.

## Eunice Kabila Mundia

Personal and Private Banking



Eunice is a Banking professional with over 21 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 and Commercial Banking



Chanda is a seasoned Duke Corporate Education board trained banker with over 21 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.

## Beyani Zulu

Chief Risk Officer



Mr. Zulu is an accomplished risk management professional with over 16 years of industry experience. He previously served as Head of Operational Risk at Stanbic Bank Zambia Limited from 2014 to 2017, and most recently held the position of Chief Risk Officer at First National Bank (FNB). Mr. Zulu holds an ACCA accreditation and a bachelor's degree in accountancy from the Copperbelt University.

## 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 26 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 17 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 17 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.

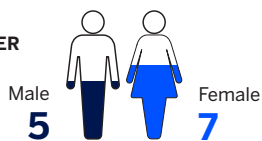
## Precious Sakala

Head People & Culture



Ms. Sakala has 19 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



# INFORMATION AND TECHNOLOGY GOVERNANCE STATEMENT



**Wisdom Shanengeta**  
Chief Technology &  
Operations Officer

2025 was characterised by incremental transformation for the Bank, marked by accelerated execution of the Nayo Nayo Strategy and significant progress across key pillars namely, project delivery, innovation, partnerships and change management. These achievements strengthened our competitive position and delivered a positive impact on customer experience, revenue growth, and operational excellence and resilience.

## **Project Delivery Excellence**

We successfully delivered key projects that have substantially enhanced customer experience, driven revenue growth, and ensured regulatory compliance. These initiatives have strengthened our digital ecosystem and positioned us to meet evolving market demands with agility and precision. Notable among these achievements have been increased interoperability between the Bank's eChannels and eMoney partners, regulatory compliance developments traversing smart invoicing, electronic balance of payment reporting, complying with ISO 20022 swift standards to aspects that deal with curbing money laundering and counter terrorism financing to mention but a few.

## **Innovation and Partnerships**

Our innovation channels have continued to thrive, fostering a culture of creativity and solution design. Internal innovation challenges have yielded practical, high-impact solutions, while our teams achieved exceptional recognition at the SBG Group Hackathon, underscoring our leadership in digital innovation across the group.

The deployment of an API Gateway has been a gamechanger, enabling seamless integration with external platforms and partners. This capability opens new opportunities for collaboration, scalability, and rapid product development, reinforcing our commitment to an open and connected digital architecture.

## **Change Management Maturity**

Our change management discipline has matured significantly, emphasising the critical role of structured adoption strategies in ensuring usability and success of digital products and services and embedded structured change management practices across all major projects, resulting in improved usability scores and reduced resistance to change. This evolution reflects our proactive approach to embedding change as a core competency within the Bank, and our commitment to ensuring technology translates into tangible business value.

## **Conclusion**

Building on the strong foundation laid in 2024 and achievements realized in 2025, our focus for 2026 will be on scaling innovation, deepening partnerships, and driving customer-centric transformation. Key priorities include:

- Expanding API-driven ecosystems to enable broader collaboration with fintechs and third-party platforms.
- Launching of next-generation digital products leveraging AI and advanced analytics to personalise customer experiences.
- Institutionalising of innovation frameworks, ensuring that ideation translates into commercialized solutions at scale.
- Strengthening change management capabilities to support enterprise-wide digital adoption and cultural transformation.
- Data-driven decisioning and automation to improve operational efficiency and effectiveness unlock new revenue streams.

Our ambition is to position the Bank as a digital-first leader, delivering sustainable growth and superior customer value through technology and innovation.



Stanbic Bank

543  
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NO CARD.**

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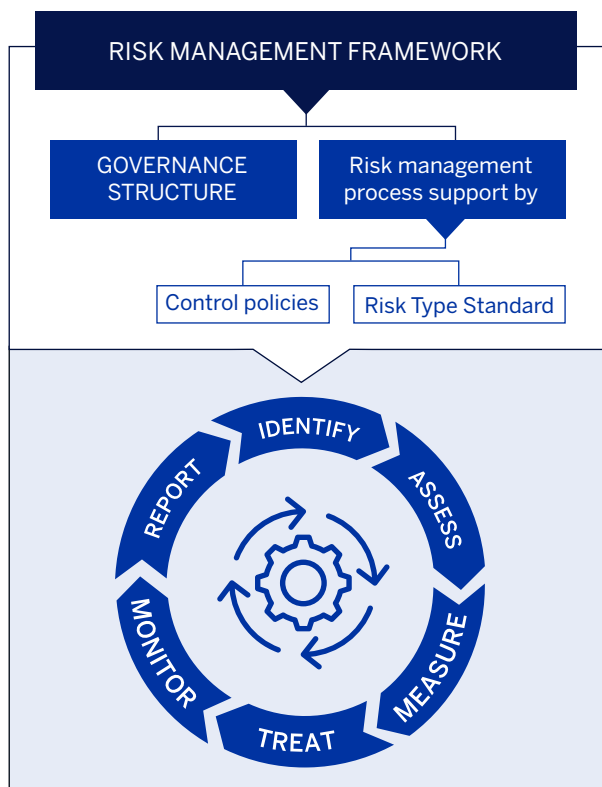
# RISK MANAGEMENT STATEMENT



**Beyani Zulu**  
Chief Risk Officer

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.



## 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.

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

The Board achieves this through delegation to its sub-committees.

## 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.

Below is the Bank's governance structure:



## 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 of exposure that the Board and Shareholders will be comfortable with. The concepts of risk appetite, risk tolerance and risk capacity are operationalised through the specification of a Risk Appetite Statement, which is made up of risk appetite dimensions. These dimensions may be either qualitative or quantitative.

RISK APPETITE STATEMENT							
RISK APPETITE DIMENSION							
PORTFOLIO LIMITS BY RISK TYPE							
CREDIT			NFR	MARKET	LIQUIDITY		IRRBB
Loss Ratio	Non-Performing Loan (NPL) %	Concentration	Operational Losses	Value-at-Risk (VaR)	Internal Stress (Coverage) Ratio	Term Capacity	Interest Rate Sensitivity
OPERATIONAL LIMITS							
Delegated Authority		Decline Overrides	Accept Rates	Cut offs	Desk Limits		Thresholds

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

This includes but is not limited to the following specialised non-financial risk types:	This excludes:
<ul style="list-style-type: none"> <li>Business Disruption Risk</li> <li>Conduct Risk</li> <li>Compliance Risk</li> <li>Cyber Risk</li> <li>Environmental, Social and Governance (ESG) Risk</li> <li>Financial Accounting Risk</li> <li>Tax Risk</li> <li>Financial Crime Risk</li> <li>Information Risk (including Data Privacy Risk)</li> <li>Legal Risk</li> <li>Model Risk</li> <li>Operational Risk</li> <li>People Risk</li> <li>Physical Assets, Safety and Security Risk</li> <li>Technology Risk</li> <li>Third-party Risk</li> <li>Transaction processing Risk</li> </ul>	<p><b>Strategic Risk</b></p> <ul style="list-style-type: none"> <li>Reputational risk</li> <li>Strategy position risk</li> <li>Strategy execution risk</li> </ul> <p><b>Financial Risk</b></p> <ul style="list-style-type: none"> <li>Credit Risk</li> <li>Market Risk</li> <li>Funding and Liquidity Risk</li> <li>Equity Risk</li> <li>Country Risk</li> <li>Insurance Risk</li> </ul>

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.

Regarding 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 regulator as well as support business growth.

The Bank has a capital plan that provides an assessment of how the Bank manages its capital in the short and medium term.

## Managing Capital

Stanbic Bank has adopted the Internal Capital Adequacy Assessment Process (ICAAP) as an effective tool in planning 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 the legal entity level, which is an aggregate of stress testing at portfolio risk level i.e. credit, operational, liquidity, and market risks. 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 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 the WWF, GIZ and Government to plant trees at the source of the Zambezi River under the "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 it is making towards achieving positive environmental and social impacts, and governance-related matters. This speaks to the Bank's commitment towards delivering sustainable practices.

The Risk Oversight Committee oversees risk management across the Bank, including ESG risk. It is in this regard responsible for embedding ESG risk: identification, classification, analysis, monitoring and reporting. The Credit Risk Management Committee assesses the composition of the Bank's lending portfolio. The Committee also sets concentration limits or thresholds of portfolios, ensuring that 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 committees and targets and;
- Ensuring that the relevant policies guide business in achieving sector-specific ESG commitments and targets as well as 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 2025, 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.

## Operating results and dividends

	2025 ZMW '000	2024 ZMW '000
Net interest income	3 645 281	3 063 806
Net fee and commission income	939 208	907 735
Trading income	910 412	899 332
Profit for the year	2 241 393	1 834 302

## 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.

## Dividends

During the year dividend declared was ZMW700 000 000 (2024: ZMW550 000 000).

## Developments during the year

The operating environment in 2025 recovered from the impacts of the drought in the prior year and presented a more stable macro economic environment to support economic growth. The Group remained well positioned to support its clients in taking advantage of opportunities that presented themselves in various industry sectors such as manufacturing and energy.

## Staff remuneration

The total remuneration paid to employees for the year amounted to ZMW1 090 402 000 (2024: ZMW 876 082 000) as disclosed in note 29 to the financial statements. The average number of employees was as follows:

Month	Number	Month	Number
January	772	July	801
February	779	August	802
March	778	September	805
April	775	October	807
May	789	November	802
June	798	December	807

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 5 443 000 (2024: ZMW 10 696 000) to various charitable organisations and events.

## Property and equipment

Stanbic Group purchased property and equipment amounting to ZMW 90 005 000 (2024: ZMW132 197 000) 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 (2024: 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:

<b>Abraham Mwenda</b>	Chairman
<b>Lungisa Fuzile</b>	Africa Regions Chief Executive and Non-Executive Director – Appointed May 2025
<b>Mwindwa Siakalima</b>	Executive Director and Chief Executive
<b>Susan Mulikita</b>	Non - Executive Director
<b>Neil Surgey</b>	Non - Executive Director
<b>Anthony Mukutuma</b>	Non - Executive Director
<b>Ian Robinson</b>	Non - Executive Director
<b>Kapambwe Doreen Chiwele</b>	Non - Executive Director
<b>Diana Kangwa</b>	Non - Executive Director
<b>Mizimo Musokotwane</b>	Executive Director
<b>Helen Lubamba</b>	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, investment in subsidiaries have been disclosed in note 7 of 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



27 February 2026

# 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 2025, 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.

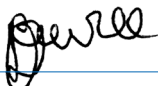
The Auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

## Approval of the consolidated and separate financial statements

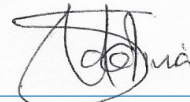
The consolidated and separate financial statements of Stanbic Bank Zambia Limited and its subsidiaries, set out on pages 50 to 130, were prepared by the Chief Finance and Value Management Officer and the Financial Controller, both qualified Chartered Accountants, under the supervision of the Board Audit Committee, and were approved for issue by the Board of Directors on 27 February 2026 and signed on its behalf by:



Chairman



Director



Chief Executive



Company Secretary

## INDEPENDENT AUDITOR'S REPORT

### 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 50 to 130, which comprise of the consolidated and separate statements of financial position as at 31 December 2025, 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 2025, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS<sup>®</sup> 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 separate Financial Statements section of our report. We are independent of the Group and Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable for audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of financial statements of public interest entities in Zambia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matter

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.



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*since 1845*

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matter (continued)	How the matter was addressed in our audit
<p>Estimation of expected credit losses on loans and advances</p> <p>The estimation of expected credit losses (ECL) on loans and advances to customers is a complex area requiring significant judgement by management. This involves subjective assumptions regarding both the timing and quantum of ECL recognition, as well as the determination of impairment provisions in accordance with International Financial Reporting Standard 9: Financial Instruments (IFRS 9).</p> <p>Key areas of heightened management judgement and audit focus included:</p> <ul style="list-style-type: none"> <li>• <b>Staging of Loans and Advances:</b> Management's assessment of whether there has been a Significant Increase in Credit Risk (SICR) or default involves both quantitative and qualitative criteria. This is critical as it determines whether a 12-month or lifetime probability of default (PD) is applied. The application of these criteria required careful evaluation.</li> <li>• <b>Model Limitations and Management Overlays:</b> The inherent limitations of ECL models, which are based on historical data, necessitate management overlays to address emerging risks, macroeconomic volatility, and sector-specific trends not captured by the models. Significant judgement was exercised in determining the nature and magnitude of these overlays;</li> <li>• <b>Forward-Looking Information and Economic Scenarios:</b> The identification and measurement of forward-looking economic scenarios is a key element of ECL estimation. Management's process for selecting and weighting multiple scenarios, including base, optimistic, and pessimistic cases, required scrutiny to ensure that the ECL reflects a reasonable range of future economic conditions.</li> <li>• <b>ECL Model Parameters:</b> The estimation of ECL relies on complex modelling of key parameters, including Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). The appropriateness of these parameters, as well as the data inputs and assumptions underlying them, was a key area of audit focus.</li> </ul> <p>As at 31 December 2025, the consolidated and separate gross loans and advances to customers were ZMW17.9 billion against which Expected Credit Losses of ZMW489.4 million were recorded. Loans and advances are stated at amortised cost net of identified impairments.</p> <p>Given the significance of the estimates, judgements involved, and the materiality of the loans and advances portfolio, the audit of loan impairment provisions was considered a key audit matter.</p>	<p>Our audit procedures, performed with the support of internal credit risk specialists, included:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the Group's ECL methodology, including enhancements made during the year, and evaluated its compliance with IFRS 9 requirements.</li> <li>• We tested the design and implementation of relevant controls over ECL processes, with particular focus on asset staging and management overlays.</li> <li>• On a sample basis, we assessed the identification and staging of loans and advances, reviewing supporting documentation and credit performance to confirm compliance with Group policy and IFRS 9;</li> <li>• We evaluated the reasonableness and completeness of management overlays, considering sector-specific risks and data limitations.</li> <li>• We tested the assumptions, inputs, and formulae used in the ECL models, including the appropriateness of model design and recalculation of PD, LGD, and EAD.</li> <li>• We corroborated the assumptions used for forward-looking information with publicly available macroeconomic data and forecasts relevant to Zambia.</li> <li>• We tested the accuracy and completeness of data used in ECL calculations by reconciling source systems.</li> <li>• We assessed the adequacy and appropriateness of disclosures in the financial statements for compliance with IFRS 9</li> </ul> <p>Based on the procedures performed, we found that the modelling approach and methods applied in determining expected credit losses on loans and advances were appropriate. The amount impaired and recognised in the consolidated and separate financial statements was reasonable and complied with IFRS 9, Financial Instruments.</p>

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### **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 2025. 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.

The Directors 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.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- 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.
- 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 and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Bank 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.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### 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*

**Deloitte & Touche**  
**Chartered Accountants**



**Alice Jere Tembo**  
**Partner**

# Consolidated and separate Statements of Financial Position

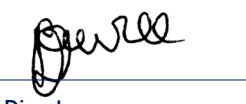
as at 31 December 2025

	Note	GROUP		BANK	
		2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
<b>Assets</b>					
Cash and balances with the central bank	1	12 816 303	12 480 719	12 816 303	12 480 719
Loans and advances to banks	1.1	8 534 390	8 429 444	8 534 390	8 429 444
Derivative assets	2	100 434	118 057	100 434	118 057
Trading assets	3	4 024 539	2 409 873	4 024 539	2 409 873
Current tax asset	31	88 248	-	90 824	-
Financial investments	4	10 180 928	7 991 437	10 180 928	7 991 437
Loans and advances to customers	6	17 322 844	15 043 062	17 322 844	15 043 062
Other assets	5	528 269	427 805	520 265	417 139
Interests in subsidiaries	7	-	-	79 347	79 307
Property, equipment and right of use assets	8	551 429	509 943	439 656	404 790
Intangible assets	9	113 724	137 605	113 724	137 605
Deferred tax asset	10	142 226	153 851	142 226	153 851
<b>Total assets</b>		<b>54 403 334</b>	<b>47 701 796</b>	<b>54 365 480</b>	<b>47 665 284</b>
<b>Equity and liabilities</b>					
<b>Equity</b>		<b>7 720 689</b>	<b>6 195 119</b>	<b>7 564 135</b>	<b>6 048 203</b>
Equity attributable to the ordinary shareholder		7 720 689	6 195 119	7 564 135	6 048 203
Ordinary share capital	11	416 000	416 000	416 000	416 000
Reserves		7 304 689	5 779 119	7 148 135	5 632 203
<b>Liabilities</b>		<b>46 682 645</b>	<b>41 506 677</b>	<b>46 801 345</b>	<b>41 617 081</b>
Derivative liabilities	2	29 211	30 773	29 211	30 773
Trading liabilities	12	5 720 399	3 770 751	5 720 399	3 770 751
Provisions and other liabilities	13	1 489 207	1 114 311	1 548 868	1 173 667
Current tax liability	31	-	51 075	-	49 094
Deposits from banks	14	893 303	1 383 227	893 303	1 383 227
Deposits from customers	14	36 601 366	33 326 299	36 660 405	33 379 328
Other borrowings	15	1 615 672	1 409 529	1 615 672	1 409 529
Subordinated debt	15	333 487	420 712	333 487	420 712
<b>Total equity and liabilities</b>		<b>54 403 334</b>	<b>47 701 796</b>	<b>54 365 480</b>	<b>47 665 284</b>

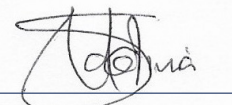
The financial statements on pages 50 to 130 were approved for issue by the Board of Directors on 27 February 2026 and are signed on its behalf by:



Chairman



Director



Chief Executive



Company Secretary

# Consolidated and separate Income Statements

for the year ended 31 December 2025

	Note	GROUP		BANK	
		2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Net interest income		3 645 281	3 063 806	3 634 536	3 052 849
Interest income	22	4 472 045	3 751 841	4 472 045	3 751 841
Interest expense	23	(826 764)	(688 035)	(837 509)	(698 992)
Non-interest revenue		1 898 983	1 825 124	1 890 949	1 806 031
Net fee and commission revenue		939 208	907 735	908 620	887 034
Fee and commission revenue	24	1 053 925	1 040 589	1 023 337	1 019 888
Fee and commission expense	25	(114 717)	(132 854)	(114 717)	(132 854)
Trading revenue	26	910 412	899 332	910 412	899 332
Dividend income	27	-	-	22 000	-
Other revenue	27	49 363	18 057	49 917	19 665
Total net income		5 544 264	4 888 930	5 525 485	4 858 880
Credit impairment (charges) /recovery	28	21 589	(145 922)	21 589	(145 922)
Net income before operating expenses		5 565 853	4 743 008	5 547 074	4 712 958
Total operating expenses	29	(2 317 814)	(2 104 486)	(2 315 889)	(2 102 737)
Staff costs	29	(1 090 402)	(876 082)	(1 090 402)	(876 082)
Other operating expenses	29	(1 227 412)	(1 228 404)	(1 225 487)	(1 226 655)
Profit before taxation		3 248 039	2 638 522	3 231 185	2 610 221
Taxation	30	(1 006 646)	(804 220)	(999 430)	(797 253)
Profit for the year		2 241 393	1 834 302	2 231 755	1 812 968

The notes and annexures on pages 56 to 130 are an integral part of these financial statements.

# Consolidated and separate statements of other comprehensive income

for the year ended 31 December 2025

	Note	GROUP		BANK	
		2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
<b>Profit for the year</b>		2 241 393	1 834 302	2 231 755	1 812 968
Other comprehensive loss after taxation for the year		(15 823)	18 986	(15 823)	18 986
Change in fair value of debt financial assets measured at fair value through other comprehensive income (FVOCI) and change in expected credit loss		(18 315)	25 051	(18 315)	25 051
Deferred taxation on change in fair value	30	7 243	(7 120)	7 243	(7 120)
Deferred taxation on revaluation gains	30	(4 751)	1 055	(4 751)	1 055

The notes and annexures on pages 56 to 130 are an integral part of these financial statements

# Statements of cash flows

for the year ended 31 December 2025

	Note	GROUP		BANK	
		2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
<b>Net cash flows from operating activities</b>		(325 712)	4 824 771	(316 555)	4 831 072
<b>Cashflows from operations</b>		3 548 545	2 811 389	3 525 428	2 792 895
Interest receipts		4 318 354	3 991 523	4 318 354	3 991 492
Interest payments		(467 604)	(321 755)	(478 349)	(332 712)
Fee and commission receipts		1 881 854	1 707 339	1 873 326	1 688 246
Recoveries on loans previously written off		36 955	37 318	36 955	37 318
Cash payments to suppliers and employees		(2 221 014)	(2 603 036)	(2 224 858)	(2 591 449)
<b>Net movement in operating assets and liabilities</b>		(2 742 405)	2 840 813	(2 738 752)	2 862 131
Increase in operating assets	31.1	(7 850 530)	(5 572 817)	(7 853 192)	(5 574 089)
Increase in operating liabilities	31.2	5 108 125	8 413 630	5 114 440	8 436 220
Dividend income		-	-	22 000	-
Income tax paid	31.3	(1 131 852)	(827 431)	(1 125 231)	(823 954)
<b>Net cash flows used in investing activities</b>		(89 115)	(131 276)	(88 642)	(129 890)
Capital expenditure on property and equipment		(90 005)	(132 197)	(89 532)	(130 811)
Proceeds from sale of property, equipment		890	921	890	921
<b>Net cash flows used in financing activities</b>		(715 017)	(1 373 324)	(724 647)	(1 381 011)
Principal element of lease payment		(30 530)	(32 594)	(40 160)	(40 281)
Principal payments on debt		(457 688)	(557 811)	(457 688)	(557 811)
Drawdown on loans		635 884	-	635 884	-
Interest repayments		(162 683)	(232 919)	(162 683)	(232 919)
Dividends paid		(700 000)	(550 000)	(700 000)	(550 000)
<b>Net decrease in cash and cash equivalents</b>		(1 129 844)	3 320 171	(1 129 844)	3 320 171
Effects of exchange rate		(113 377)	496 191	(113 377)	496 191
Cash and cash equivalents at the beginning of the year		10 852 444	7 036 082	10 852 444	7 036 082
Cash and cash equivalents at the end of the year	31.4	9 609 223	10 852 444	9 609 223	10 852 444

The notes and annexures on pages 56 to 130 are an integral part of these financial statements.

# Statements of changes in equity

for the year ended 31 December 2025

	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
<b>GROUP</b>							
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
Balance at 1 January 2025	416 000	7 700	86 019	29 704	127 977	5 527 719	6 195 119
Total comprehensive (loss) / income for the year							
Profit for the year	-	-	-	-	-	2 241 393	2 241 393
Other comprehensive (loss) / income after tax for the year	-	-	-	(26 903)	(1 462)	12 542	(15 823)
Transactions with owners							
Dividend paid	-	-	-	-	-	(700 000)	(700 000)
Change in credit risk reserve	-	-	28 147	-	-	(28 147)	-
Balance at 31 December 2025	416 000	7 700	114 166	2 801	126 515	7 053 507	7 720 689

The notes and annexures on pages 56 to 130 are an integral part of these financial statements

# Statements of changes in equity (CONTINUED)

for the year ended 31 December 2025

	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
<b>BANK</b>							
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
Balance at 1 January 2025	416 000	7 700	86 019	29 704	64 367	5 444 413	6 048 203
Total comprehensive (loss) / income for the year							
Profit for the year	-	-	-	-	-	2 231 755	2 231 755
Other comprehensive (loss)/ income after tax for the year	-	-	-	(26 903)	6 662	4 418	(15 823)
Transactions with owners							
Dividend paid						(700 000)	(700 000)
Change in credit risk reserve	-	-	28 147	-	-	(28 147)	-
Balance at 31 December 2025	416 000	7 700	114 166	2 801	71 029	6 952 439	7 564 135

The notes and annexures on pages 56 to 130 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 27 February 2026.

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 following new standards, and amendments are not yet effective for the year ended 31 December 2025 and have not been applied in preparing these annual financial statements.

### 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.

### 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 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 annual financial statements.

# 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

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 annual financial statements.

### 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

## 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 2025, 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

- The kwacha remains broadly stable in 2026, holding most of its 2025 gains as mining USD inflows continue under the EPTF and external conditions stay manageable.
- External balances are expected to improve gradually, with the 2026 current account nearing a robust surplus as export earnings strengthen and power-import needs ease.
- Mining FX sales remain healthy, while non-traditional exports grow moderately on improved electricity supply and logistics.
- Inflation stays above the 6–8% target band through most of 2026, but slows towards the target range by H2:26 supported by a firmer kwacha and contained fuel prices.
- The disinflation trend allows a gradual improvement in household real incomes and business confidence.

- Fiscal consolidation gains traction, narrowing the deficit from 4.6% of GDP in 2025 to 3.7% in 2026, aided by stronger revenue and controlled interest costs.
- The benchmark-bond programme introduced in 2026 deepens market liquidity and smooths maturities.
- Domestic demand from banks and stable non-resident rollovers keeps yields contained despite high issuance.
- Private credit growth re-accelerates modestly as real borrowing costs ease.
- Power-sector investments-thermal, solar, and hydropower upgrades come on stream from mid-2026, reducing reliance on imports.
- Improved power supply lifts mining production and supports industrial output.
- Real GDP growth rises to about 5.5% in 2026 and remains near 4-5% over the medium term, supported by mining and infrastructure.
- Export diversification efforts in agriculture and manufacturing start yielding modest gains post-2026.
- Overall macro stability is maintained, but vulnerabilities linger around global commodity prices and weather-related energy shocks.

## 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.

Macroeconomic factors – 2025	Base scenario		Bear scenario		Bull scenario	
	Next 12 months <sup>1</sup>	Remaining forecast period <sup>2</sup>	Next 12 months <sup>1</sup>	Remaining forecast period <sup>2</sup>	Next 12 months <sup>1</sup>	Remaining forecast period <sup>2</sup>
GDP (% y/y) pa	6.2	5.5	4.2	3.3	6.5	4.9
CPI (% y/y) pe	9.0	7.4	10.3	8.8	6.7	5.3
Policy interest rate (%) pe	12.8	8.6	13.8	9.6	12.3	8.1
3-m rate (%) pe	11.0	6.9	10.8	7.0	8.7	5.3
6-m rate (%) pe	12.0	7.9	12.4	8.4	9.6	6.4
USD/ZMW pe	21.3	24.4	25.7	28.7	20.9	24.8

<sup>1</sup> Next 12 months following 31 December 2025 is 1 January 2026 to 31 December 2026.

<sup>2</sup> The remaining forecast period is 1 January 2027 to 31 December 2029.

The scenario weighting is: base at 60%, bear at 25% and bull at 15%.

Macroeconomic factors – 2024	Base scenario		Bear scenario		Bull scenario	
	Next 12 months <sup>1</sup>	Remaining forecast period <sup>2</sup>	Next 12 months <sup>1</sup>	Remaining forecast period <sup>2</sup>	Next 12 months <sup>1</sup>	Remaining forecast period <sup>2</sup>
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

<sup>1</sup> Next 12 months following 31 December 2024 is 1 January 2025 to 31 December 2025.

<sup>2</sup> 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%.

# Key management assumptions

## 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 adjusted for the recovery from the previously 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 2025, 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.

	2025		2024	
	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	95 825		85 859	
Scenarios				
Base	80 080	83.57	24 690	28.75
Bear	171 570	179.05	69 744	81.20
Bull	41 142	42.93	48 709	56.73

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

## 1. Cash and balances with the central bank

GROUP AND BANK	2025 ZMW'000	2024 ZMW'000
Coins and bank notes	1 019 163	2 314 189
Cash reserve requirements with central bank <sup>1</sup>	10 556 162	8 617 323
Current account balances with the central bank	1 240 978	1 549 207
Total	12 816 303	12 480 719

<sup>1</sup>The reserving balances are not available for use by the group and the required reserving percentage as at 31 December 2025 was 26% (2024: 26%).

### 1.1 Loans and advances to banks

GROUP AND BANK	2025 ZMW'000	2024 ZMW'000
Loans and advances to Group banks	1 274 624	1 479 375
Loans and advance to Non Group banks	7 261 092	6 956 562
	8 535 716	8 435 937
Expected credit losses	(1 326)	(6 493)
Total	8 534 390	8 429 444

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

	Opening ECL 1 January 2025 ZMW'000	Transfers between stages				Total ZMW'000	Net ECL raised/ (released) ZMW'000	Exchange and other movements ZMW'000	Closing ECL 31 December 2025 ZMW'000
		(To)/from stage 1 ZMW'000	From/(to) stage 2 ZMW'000	From/(to) stage 3 ZMW'000					
Balances with banks									
Stage 1	6 493	-	-	-	-	(5 167)	-	1 326	
Stage 2	-	-	-	-	-	-	-	-	
Total	6 493	-	-	-	-	(5 167)	-	1 326	

	Opening ECL 1 January 2024 ZMW'000	Transfers between stages				Total ZMW'000	Net ECL raised/ (released) ZMW'000	Exchange and other movements ZMW'000	Closing ECL 31 December 2024 ZMW'000
		(To)/from stage 1 ZMW'000	From/(to) stage 2 ZMW'000	From/(to) stage 3 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	

# Notes to the annual financial statements (CONTINUED)

## 2. 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	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
<b>GROUP AND BANK</b>				
Held-for-trading	100 434	118 057	(29 211)	(30 773)
Total	100 434	118 057	(29 211)	(30 773)

### 2.1 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.

### 2.2 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.

## 3. Trading assets

	GROUP AND BANK	
	2025 ZMW'000	2024 ZMW'000
Treasury bills	1 249 576	793 481
Government bonds	2 774 963	1 616 392
Total	4 024 539	2 409 873

### 3.1 Maturity analysis

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

GROUP AND BANK	2025 ZMW'000	2024 ZMW'000
Maturing within 1 month	514 321	381 824
Maturing after 1 month but within 6 months	1 656 456	530 730
Maturing after 6 months but within 12 months	1 223 795	806 097
Maturing after 12 months	629 967	691 222
	4 024 539	2 409 873

# Notes to the annual financial statements

## 4. Financial investments

	GROUP AND BANK	
	2025 ZMW'000	2024 ZMW'000
Government bonds	5 774 189	5 845 562
Treasury bills	4 447 663	2 283 635
Total	10 221 852	8 129 197
Net financial investments measured at amortised cost	10 126 942	7 468 917
Gross financial investments measured at amortised cost	10 167 866	7 606 677
ECL for financial investments measured at amortised cost	(40 924)	(137 760)
Financial investments measured at fair value	53 986	522 520
Debt financial investments measured at FVOCI	53 986	522 520
Total	10 180 928	7 991 437

## 5. Receivables and other assets

	GROUP		BANK	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Investment in Zambia Electronic Clearing House Limited	1 163	1 163	1 163	1 163
Items in the course of collection	463 740	366 083	459 620	356 321
Prepayments	24 917	23 301	24 917	23 301
Other non-financial assets	38 449	37 258	34 565	36 354
Total	528 269	427 805	520 265	417 139

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.

Items in the course of collection include remittances in transit, employee benefits adjustment and accrued income.

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	
	2025 ZMW'000	2024 ZMW'000
Gross loans and advances measured at amortised cost	17 860 979	15 591 229
Home loans	322 470	396 199
Vehicle and asset finance	1 480 258	1 551 089
Card and payments	19 083	16 757
Personal unsecured lending	2 153 411	1 952 891
Business lending and other	2 248 202	2 663 644
Corporate and sovereign	11 637 555	9 010 649
Interest in suspense	(48 705)	(67 382)
Expected credit losses (note 6.1)	(489 430)	(480 785)
Net loans and advances	17 322 844	15 043 062

In terms of the Banking and Financial Services Act of Zambia there were no non-performing loans (2024: 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

	(To)/from stage 1 ZMW'000	From/(to) stage 2 ZMW'000	From/(to) stage 3 ZMW'000	Total ZMW'000
<b>GROUP AND BANK</b>				
Opening ECL 1 January 2024	137 162	106 448	160 472	404 082
Transfers between stages <sup>1</sup>	(46 863)	36 137	10 726	-
Net ECL raised	3 450	41 071	150 309	194 830
ECL on new exposures raised <sup>2</sup>	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 <sup>3</sup>	-	-	(116 854)	(116 854)
Exchange and other movements <sup>4</sup>	724	(420)	(1 577)	(1 273)
Closing ECL 31 December 2024	94 473	183 236	203 076	480 785
Opening ECL 1 January 2025	94 473	183 236	203 076	480 785
Transfers between stages <sup>1</sup>	15 413	(74 827)	59 414	-
Net ECL raised	(1 470)	50 672	83 898	133 100
ECL on new exposures raised <sup>2</sup>	64 199	36 635	23 000	123 834
Subsequent changes in ECL	(58 600)	21 263	61 309	23 972
Change in ECL due to derecognition	(7 069)	(7 226)	(411)	(14 706)
Impaired accounts written off <sup>3</sup>	-	-	(114 493)	(114 493)
Exchange and other movements <sup>4</sup>	(305)	-	(9 657)	(9 962)
Closing ECL 31 December 2025	108 111	159 081	222 238	489 430

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Exchange and other movements include the time value of money (TVM) unwind and net interest in suspense (IIS) raised and released during the year.

# Notes to the annual financial statements

## 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 1 657 792 (2024: ZMW 14 789 891).

## 7. Interests in subsidiaries

	BANK	
	2025 ZMW'000	2024 ZMW'000
Stanbic Securities Zambia Limited	*	*
Stanbic Insurance Brokers Zambia Limited	100	100
Stanbic Nominees Zambia Limited	30	5
Burnet Investment Limited	79 217	79 202
<b>Total</b>	<b>79 347</b>	<b>79 307</b>

All subsidiaries are 100% owned

### \*Stanbic Securities Zambia Limited

Stanbic Securities Zambia Limited is a dormant Company. The paid up capital for this Company is ZMW 50 (2024: ZMW50).

### 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.

### 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.

### Burnet Investment Limited

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.

# Notes to the annual financial statements

(CONTINUED)

## 8. Property, equipment and right of use assets

	Property		Equipment				Right of use asset	Total ZMW'000
	Leasehold ZMW'000	Leasehold Improvements ZMW'000	Computer equipment ZMW'000	Motor vehicles <sup>1</sup> ZMW'000	Office equipment ZMW'000	Furniture and fittings ZMW'000	Buildings ZMW'000	
<b>GROUP</b>								
Net book value – 1 January 2024	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	(63 095)	(59 628)	(203 008)	(21 153)	(24 671)	(81 990)	(141 562)	(595 107)
Movements	8 700	(5 617)	(7 869)	(2 269)	20 448	9 498	18 595	41 486
Additions and modifications	15 831	130	32 387	1 426	23 950	16 281	44 137	134 142
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	(1 262)	(721)	-	-	-	(1 983)
Depreciation on disposal	-	-	1 248	721	-	-	-	1 969
Depreciation	(7 131)	(5 747)	(40 242)	(3 695)	(3 502)	(6 783)	(25 542)	(92 642)
Net book value – 31 December 2025	290 408	14 839	116 678	11 610	31 300	44 507	42 087	551 429
Cost	360 634	80 214	358 680	35 737	59 473	133 280	209 191	1 237 209
Accumulated depreciation and impairment	(70 226)	(65 375)	(242 002)	(24 127)	(28 173)	(88 773)	(167 104)	(685 780)
<b>BANK</b>								
Net book value – 1 January 2024	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 of 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	(33 684)	(59 628)	(203 007)	(21 061)	(24 671)	(81 990)	(192 875)	(616 916)
Movements	10 830	(5 617)	(8 330)	(1 992)	20 448	9 498	10 029	34 866
Additions and modifications	15 831	130	31 914	1 426	23 950	16 281	44 137	133 669
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	(1 262)	(721)	-	-	-	(1 983)
Depreciation on disposal	-	-	1 248	721	-	-	-	1 969
Depreciation charge for the year	(5 001)	(5 747)	(40 230)	(3 418)	(3 502)	(6 783)	(34 108)	(98 789)
Net book value – 31 December 2025	154 633	14 839	116 218	10 593	31 300	44 507	67 566	439 656
Cost	193 318	80 214	358 207	34 351	59 473	133 280	294 549	1 154 770
Accumulated depreciation and impairment	(38 685)	(65 375)	(241 989)	(23 758)	(28 173)	(88 773)	(226 983)	(713 736)

A register of freehold 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 Five Star properties to determine the fair value of the land and buildings as at 31 December 2025. The revaluation surplus net of tax was credited to other comprehensive income. The market 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	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Cost	148 002	148 002	62 815	62 815
Accumulated depreciation	(51 347)	(45 295)	(27 751)	(24 008)
Net book value	96 655	102 707	35 064	38 807

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

	2025				2024			
	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
<b>GROUP</b>	-	-	290 408	290 408	-	-	281 708	281 708
<b>BANK</b>	-	-	154 633	154 633	-	-	143 803	143 803

## 9. Intangible assets

	Total ZMW'000
<b>GROUP AND BANK</b>	
Net book value – 1 January 2024	161 486
Cost	332 172
Accumulated amortisation	(170 686)
Movements	(23 881)
Amortisation	(23 881)
Net book value – 31 December 2024	137 605
Cost	332 172
Accumulated amortisation and impairment	(194 567)
Movements	(23 881)
Amortisation	(23 881)
Net book value – 31 December 2025	113 724
Cost	332 172
Accumulated amortisation and impairment	(218 448)

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

# Notes to the annual financial statements (CONTINUED)

## 10. Deferred tax

### 10.1 Deferred tax analysis

	GROUP AND BANK	
	2025 ZMW'000	2024 ZMW'000
Property and equipment	(26 917)	(23 580)
Property revaluation reserve	(35 632)	(30 881)
FVOCI reserve	(124)	(7 367)
Right of use assets	(20 270)	(17 261)
Right of use liabilities	21 834	20 640
Impairment charges on loans and advances and other provisions	145 255	165 093
Other deductible accruals*	58 080	47 207
Deferred tax closing balance	142 226	153 851
Deferred tax asset	204 899	215 662
Deferred tax liability	(62 673)	(61 811)

\*These related to employee provisions and deferred income

### 10.2 Deferred tax reconciliation

	GROUP AND BANK	
	2025 ZMW'000	2024 ZMW'000
Deferred tax at the beginning of the year	153 851	141 433
Total temporary differences for the year	(11 625)	12 418
Property and equipment	(3 337)	(3 257)
Property revaluation reserve	(4 751)	1 055
FVOCI reserve	7 243	(7 120)
Impairment charges on loans and advances and other provisions	(19 838)	12 736
Other deductible accruals and right of use assets and liabilities	9 058	9 004
Deferred tax at the end of the year	142 226	153 851
Temporary differences for the year comprise		
Recognised in profit or loss	(14 117)	18 483
Recognised in OCI	2 492	(6 065)
Total	(11 625)	12 418

# Notes to the annual financial statements

## 11. Share Capital

### Authorised

	GROUP AND BANK	
	2025 ZMW'000	2024 ZMW'000
Ordinary shares at ZMW1 each (2024: 416 000 000 shares at ZMW 1 each).	416 000	416 000
Total	416 000	416 000

### Issued

	GROUP AND BANK	
	2025 ZMW'000	2024 ZMW'000
Ordinary shares at ZMW1 each (2024: 416 000 000 shares at ZMW 1 each).	416 000	416 000

No ordinary shares were issued during 2025 or 2024.

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 K700 000 000 were declared during the year (2024: ZMW 550 000 000).

## 12. Trading liabilities

	GROUP AND BANK	
	2025 ZMW'000	2024 ZMW'000
Unlisted debt securities	5 720 399	3 770 751
Total	5 720 399	3 770 751

# Notes to the annual financial statements (CONTINUED)

## 13. Provisions and other liabilities

	GROUP		BANK	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
ECL for off-balance sheet exposures (note 13.1)	12 434	11 615	12 434	11 615
Lease liabilities (note 13.2)	37 814	24 207	72 780	68 803
Statutory obligations	48 507	22 610	48 507	22 610
Intercompany creditors	138 852	189 347	138 852	189 347
Accrued expenses	673 578	519 328	673 578	519 328
Unclaimed balances	127 579	140 101	127 579	140 101
Other liabilities*	450 443	207 103	475 138	221 863
<b>Total</b>	<b>1 489 207</b>	<b>1 114 311</b>	<b>1 548 868</b>	<b>1 173 667</b>

\*The balance represents 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
2025				
Stage 1	10 784	(4 896)	(15)	5 873
Stage 2	831	5 716	14	6 561
<b>Total</b>	<b>11 615</b>	<b>820</b>	<b>(1)</b>	<b>12 434</b>
2024				
Stage 1	2 864	7 920	-	10 784
Stage 2	8 314	(7 457)	(26)	831
<b>Total</b>	<b>11 178</b>	<b>463</b>	<b>(26)</b>	<b>11 615</b>

# Notes to the annual financial statements

## 13. Provisions and other liabilities (CONTINUED)

### 13.2 Reconciliation of lease liabilities

	Balance at 1 January 2025 ZMW'000	Additions and modifications ZMW'000	Interest expense ZMW'000	Payments ZMW'000	Balance at 31 December 2025 ZMW'000
<b>GROUP</b>					
Buildings and branches	24 207	44 137	2 509	(33 039)	37 814
<b>BANK</b>					
Buildings and branches	68 803	44 137	10 831	(50 991)	72 780

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

The leases relate to branches, land and ATM sites, with varying periods between 1 and 5 years.

## 14. Deposits from banks and customers

	GROUP		BANK	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Deposits from banks	893 303	1 383 227	893 303	1 383 227
Deposits from customers	36 601 366	33 326 299	36 660 405	33 379 328
Current accounts	28 079 453	25 863 723	28 138 492	25 916 752
Call deposits	1 713 760	2 137 642	1 713 760	2 137 642
Savings account	2 456 547	2 204 257	2 456 547	2 204 257
Term deposits	4 351 606	3 120 677	4 351 606	3 120 677

# 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		Carrying value
			ZMW'000	2025 ZMW'000	2024 ZMW'000
SBSA Subordinated debt	13 December 2026	13 December 2026	332 625	337 487	420 712

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) and the Sustainability and Resilience Fund (SRF).

The IFC facility was priced off the 180 day treasury bill rate and was expected to be fully paid off by 31 December 2025. Conditions related to the IFC borrowing included negative and affirmative financial covenants all of which had been met during the tenure of the loan.

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. The SRF is priced at between 11%-13% also secured by the loan book and expected to be repaid in full by 31 December 2032

GROUP AND BANK	Bank of Zambia (SRF)		International Finance Corporation (IFC)		Bank of Zambia (TMTRF)		Total other borrowings	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Opening balance	-	-	50 000	100 000	1 305 456	1 813 267	1 355 456	1 913 267
Draw downs	635 884	-	-	-	-	-	635 884	-
Repayments	(100 000)	-	(50 000)	(50 000)	(307 688)	(507 811)	(457 688)	(557 811)
Closing balance	535 884	-	-	50 000	997 768	1 305 456	1 533 652	1 355 456
Carrying value							1 615 672	1 409 529

### 15.3 Net debt reconciliation

	2025 ZMW'000	2024 ZMW'000
Opening principal and Interest balance	1 830 241	2 382 659
Drawdowns	635 884	-
Interest charge for the period	190 405	204 562
Interest repaid	(162 683)	(232 919)
Principal repayments	(457 688)	(557 811)
Foreign exchange movements	(87 000)	33 750
Closing balance	1 949 159	1 830 241

# Notes to the annual financial statements

## 16. Classification of assets and liabilities

### 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.

2025	Note	FVTPL		FVOCI		Total fair value ZMW'000	Amortised cost <sup>1</sup> ZMW'000	Other non-financial assets and liabilities ZMW'000	Total carrying amount ZMW'000	Fair value <sup>2</sup> ZMW'000
		Held-for-trading ZMW'000	Designated at fair value ZMW'000	Debt instruments ZMW'000	Equity instruments ZMW'000					
<b>GROUP</b>										
<b>Assets</b>										
	1	-	11 575 325	-	-	11 575 325	1 240 978	-	12 816 303	12 816 303
	1	-	-	-	-	-	8 534 390	-	8 534 390	8 534 390
	2	100 434	-	-	-	100 434	-	-	100 434	100 434
	3	4 024 539	-	-	-	4 024 539	-	-	4 024 539	4 024 539
	4	-	-	-	53 986	53 986	10 126 942	-	10 180 928	10 521 598
	6	-	-	-	-	-	17 322 844	-	17 322 844	18 088 522
	5	-	-	-	-	-	503 352	-	503 352	503 352
		4 124 973	11 575 325	-	53 986	15 754 284	37 728 506	-	53 483 790	54 590 138
<b>Liabilities</b>										
	2	29 211	-	-	-	29 211	-	-	29 211	29 211
	12	5 720 399	-	-	-	5 720 399	-	-	5 720 399	5 720 399
		-	-	-	-	-	2 508 975	-	2 508 975	2 508 975
	14	-	-	-	-	-	36 601 366	-	36 601 366	36 601 366
	15	-	-	-	-	-	333 487	-	333 487	333 487
	13	-	-	-	-	-	1 489 207	-	1 489 207	1 489 207
		5 749 610	-	-	-	5 749 610	40 933 035	-	46 682 645	46 682 645
<b>BANK</b>										
<b>Assets</b>										
	1	-	11 575 325	-	-	11 575 325	1 240 978	-	12 816 303	12 816 303
	1	-	-	-	-	-	8 534 390	-	8 534 390	8 534 390
	2	100 434	-	-	-	100 434	-	-	100 434	100 434
	3	4 024 539	-	-	-	4 024 539	-	-	4 024 539	4 024 539
	4	-	-	-	53 986	53 986	10 126 942	-	10 180 928	10 521 598
	6	-	-	-	-	-	17 322 844	-	17 322 844	18 088 522
	5	-	-	-	-	-	495 348	-	495 348	495 348
		4 124 973	11 575 325	-	53 986	15 754 284	37 720 502	-	53 475 786	54 582 134
<b>Liabilities</b>										
	2	29 211	-	-	-	29 211	-	-	29 211	29 211
	12	5 720 399	-	-	-	5 720 399	-	-	5 720 399	5 720 399
		-	-	-	-	-	2 508 975	-	2 508 975	2 508 975
	14	-	-	-	-	-	36 660 405	-	36 660 405	36 660 405
	15	-	-	-	-	-	333 487	-	333 487	333 487
	13	-	-	-	-	-	1 548 868	-	1 548 868	1 548 868
		5 749 610	-	-	-	5 749 610	41 051 735	-	46 801 345	46 801 345

<sup>1</sup> 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. 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. Classification of assets and liabilities (CONTINUED)

### Accounting classifications and fair values of assets and liabilities (Continued)

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

<sup>1</sup> 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. 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

## 17. Assets and liabilities at fair value

### 17.1 Financial assets and liabilities measured at fair value on a recurring basis<sup>1</sup>

	2025				2024			
	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
<b>GROUP AND BANK</b>								
<b>Financial assets</b>								
Cash and balances with the central bank	11 575 325	-	-	11 575 325	10 897 120	-	-	10 897 120
Derivative assets	-	100 434	-	100 434	-	118 057	-	118 057
Trading assets	-	4 024 539	-	4 024 539	-	2 409 873	-	2 409 873
Financial investments	-	-	-	-	-	522 520	-	522 520
<b>Total</b>	<b>11 575 325</b>	<b>4 124 973</b>	<b>-</b>	<b>15 700 298</b>	<b>10 897 120</b>	<b>3 050 450</b>	<b>-</b>	<b>13 947 120</b>
<b>Financial liabilities</b>								
Derivative liabilities	-	29 211	-	29 211	-	30 773	-	30 773
Trading liabilities	-	5 720 399	-	5 720 399	-	3 770 751	-	3 770 751
<b>Total</b>	<b>-</b>	<b>5 749 610</b>	<b>-</b>	<b>5 749 610</b>	<b>-</b>	<b>3 801 524</b>	<b>-</b>	<b>3 801 524</b>

<sup>1</sup> 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)

## 17. Assets and liabilities at fair value

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

	2025				2024			
	Level 1 ZMW'000	Level 2 ZMW'000	Level 3 ZMW'000	Level 4 ZMW'000	Level 1 ZMW'000	Level 2 ZMW'000	Level 3 ZMW'000	Level 4 ZMW'000
<b>GROUP</b>								
<b>Assets</b>								
Cash and balances with the central bank	1 240 978	-	-	1 240 978	1 583 599	-	-	1 583 599
Loans and advances to banks	8 534 390	-	-	8 534 390	8 429 444	-	-	8 429 444
Financial Investments	-	10 126 942	-	10 126 942	-	7 468 917	-	7 468 917
Loans and advances to customers	-	-	17 322 844	17 322 844	-	-	15 043 062	15 043 062
<b>Total</b>	<b>9 775 368</b>	<b>10 126 942</b>	<b>17 322 844</b>	<b>37 225 154</b>	<b>10 013 043</b>	<b>7 468 917</b>	<b>15 043 062</b>	<b>32 525 022</b>
<b>Liabilities</b>								
Deposits from banks and other borrowings	-	2 508 975	-	2 508 975	-	2 792 756	-	2 792 756
Deposits from customers	-	36 601 366	-	36 601 366	-	33 326 299	-	33 326 299
Subordinated debt	-	333 487	-	333 487	-	420 712	-	420 712
<b>Total</b>	<b>-</b>	<b>39 443 828</b>	<b>-</b>	<b>39 443 828</b>	<b>-</b>	<b>36 539 767</b>	<b>-</b>	<b>36 539 767</b>
<b>BANK</b>								
<b>Assets</b>								
Cash and balances with the central bank	1 240 978	-	-	1 240 978	1 583 599	-	-	1 583 599
Loans and advances to banks	8 534 390	-	-	8 534 390	8 429 444	-	-	8 429 444
Financial Investments	-	10 126 942	-	10 126 942	-	7 468 917	-	7 468 917
Loans and advances to customers	-	-	17 322 844	17 322 844	-	-	15 043 062	15 043 062
<b>Total</b>	<b>9 775 368</b>	<b>10 126 942</b>	<b>17 322 844</b>	<b>37 225 154</b>	<b>10 013 043</b>	<b>7 468 917</b>	<b>15 043 062</b>	<b>32 525 022</b>
<b>Liabilities</b>								
Deposits from banks and other borrowings	-	2 508 975	-	2 508 975	-	2 792 756	-	2 792 756
Deposits from customers	-	36 660 405	-	36 660 405	-	33 379 328	-	33 379 328
Subordinated debt	-	333 487	-	333 487	-	420 712	-	420 712
<b>Total</b>	<b>-</b>	<b>39 502 867</b>	<b>-</b>	<b>39 502 867</b>	<b>-</b>	<b>36 539 767</b>	<b>-</b>	<b>36 539 767</b>

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.

# Notes to the annual financial statements

## 18. Financial assets and liabilities designated at FVTPL

### 18.1 Financial assets designated at FVTPL<sup>1</sup>

GROUP AND BANK	Maximum exposure to credit risk <sup>1</sup> 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
<b>2025</b>			
Cash and balances with central bank	11 575 325	-	-
<b>2024</b>			
Cash and balances with central bank	10 897 120	-	-

<sup>1</sup> This balance primarily relates to sovereign exposures. Refer to Annexure A for additional information on maximum exposure to credit risk by credit quality.

## 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
<b>2025</b>			
Fair value of OCI instruments	29 704	(26 903)	2 801
<b>2024</b>			
Fair value of OCI instruments	11 459	18 245	29 704

### 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
<b>2025</b>				
Fair value of OCI instruments	127 977	11 080	(12 542)	126 515
<b>2024</b>				
Fair value of OCI instruments	140 519	1 055	(13 597)	127 977
<b>BANK</b>				
<b>2025</b>				
Revaluation reserve	64 367	11 080	(4 418)	71 029
<b>2024</b>				
Revaluation reserve	68 785	1 055	(5 473)	64 367

# Notes to the annual financial statements (CONTINUED)

## 20. Contingent liabilities and commitments

### 20.1 Capital commitments

GROUP AND BANK	2025 ZMW'000	2024 ZMW'000
Guarantees	8 468 086	657 890
Letters of credit	767 776	4 064 249
Total	9 235 862	4 722 139

### 20.2 Capital commitments

GROUP AND BANK	2024 ZMW'000	2023 ZMW'000
Contracted capital expenditure	450	2 000
Capital expenditure approved but not yet contracted	233 000	313 922
Total	233 450	315 922

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
<b>2025</b>			
Low-value assets and short-term leases	2 550	-	2 550
<b>2024</b>			
Low-value assets and short-term leases	432	-	432

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 2025 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 85.2 million (2024: ZMW 84,5 million).

# Notes to the annual financial statements

## 21. Maturity analysis

The group and company 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 ZMW	Within one year ZMW'000	Within one to five years ZMW'000	After five years ZMW'000	Total ZMW'000
<b>GROUP</b>						
<b>2025</b>						
Cash and balances with the central bank <sup>1</sup>	1	12 816 303	-	-	-	12 816 303
Loans and advance to banks	1.1	7 349 082	1 185 308	-	-	8 534 390
Trading assets	3	-	3 394 572	629 967	-	4 024 539
Gross financial investments	4	-	5 971 540	4 250 034	278	10 221 852
Other assets	5	503 352	-	-	-	503 352
Gross loans and advances <sup>2</sup>	6	945 020	5 916 804	6 961 671	4 037 484	17 890 979
Net derivative liability	2	(29 211)	-	-	-	(29 211)
Trading liabilities	12	-	(5 720 399)	-	-	(5 720 399)
Deposits from banks and other borrowings		(1 037 354)	(786 835)	(148 902)	(535 884)	(2 508 975)
Deposits from customers	14	(28 953 662)	(7 347 632)	(300 072)	-	(36 601 366)
Subordinated debt <sup>3</sup>	15.1	-	(333 487)	-	-	(333 487)
Other liabilities	13	-	(1 451 393)	(37 814)	-	(1 489 207)
<b>2024</b>						
Cash and balances with the central bank <sup>1</sup>	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 <sup>2</sup>	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 <sup>3</sup>	15.1	-	-	(483 712)	-	(483 712)
Other liabilities	13	-	(1 114 311)	-	-	(1 114 311)

<sup>1</sup> On demand cash and balances with the central bank includes notes and coins.

<sup>2</sup> 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 (CONTINUED)

## 21. Maturity analysis (CONTINUED)

	Note	Redeemable on demand ZMW	Within one year ZMW'000	Within one to five years ZMW'000	After five years ZMW'000	Total ZMW'000
<b>BANK</b>						
<b>2025</b>						
Cash and balances with the central bank <sup>1</sup>	1	12 816 303	-	-	-	12 816 303
Loans and advance to banks	1.1	7 349 082	1 185 308	-	-	8 534 390
Trading assets	3	-	3 394 572	629 967	-	4 024 539
Gross financial investments	4	-	5 971 540	4 250 034	278	10 221 852
Other assets	5	495 348	-	-	-	495 348
Gross loans and advances <sup>2</sup>	6	945 020	5 916 804	6 961 671	4 037 484	17 890 979
Net derivative liability	2	(29 211)	-	-	-	(29 211)
Trading liabilities	12	-	(5 720 399)	-	-	(5 720 399)
Deposits from banks and other borrowings		(1 037 354)	(786 835)	(148 902)	(535 884)	(2 508 975)
Deposits from customers	14	(29 012 701)	(7 347 632)	(300 072)	-	(36 660 405)
Subordinated debt <sup>3</sup>	15.1	-	(333 487)	-	-	(333 487)
Other liabilities	13	-	(1 476 088)	(72 780)	-	(1 548 868)
<b>2024</b>						
Cash and balances with the central bank <sup>1</sup>	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 <sup>2</sup>	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	14	(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 <sup>3</sup>	15.1	-	-	(420 712)	-	(420 712)
Other liabilities	13	-	(1 173 667)	-	-	(1 173 667)

<sup>1</sup> On demand cash and balances with the central bank includes notes and coins.

<sup>2</sup> 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	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Effective interest rate income on:				
Loans and advances and short term funds	3 106 498	2 650 951	3 106 498	2 650 951
Financial investments	1 365 547	1 100 890	1 365 547	1 100 890
Total	4 472 045	3 751 841	4 472 045	3 751 841
Interest income on items measured at amortised cost	4 472 045	3 751 841	4 472 045	3 751 841

## 23. Interest expense

	GROUP		BANK	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Current accounts	150 357	103 485	150 357	103 485
Savings and term deposit accounts	380 643	289 394	379 924	290 438
Subordinated debt	35 556	36 984	35 556	36 984
Lease liability	2 509	4 330	10 832	14 243
Other interest bearing liabilities	257 699	253 842	260 840	253 842
Total	826 764	688 035	837 509	698 992
Interest income on items measured at amortised cost	826 764	688 035	837 509	698 992

## 24. Fee and commission revenue

	GROUP		BANK	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Account transaction fees	298 002	326 821	298 002	326 821
Card-based commission	54 016	161 715	54 016	161 715
Electronic banking fees	105 293	105 130	105 293	105 130
Foreign currency service fees	42 555	51 506	42 555	51 506
Documentation and administration fees	217 462	197 765	217 462	197 765
Other <sup>1</sup>	336 597	197 652	306 009	176 951
Total	1 053 925	1 040 589	1 023 337	1 019 888

<sup>1</sup> 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	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Card-based commission <sup>1</sup>	(114 717)	(132 854)	(114 717)	(132 854)
Total	(114 717)	(132 854)	(114 717)	(132 854)

<sup>1</sup> 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	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Foreign exchange	928 531	923 859	928 531	923 859
Net interest expense on traded securities	(18 119)	(24 527)	(18 119)	(24 527)
Total	910 412	899 332	910 412	899 332

## 27. Other revenue

	GROUP		BANK	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Sundry income	49 363	18 057	49 917	19 665
Dividend received	-	-	22 000	-
Total	49 363	18 057	71 917	19 665

# Notes to the annual financial statements

## 28. Credit impairment (recovery)/charges

	GROUP		BANK	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Net ECL raised /(released):	15 818	184 720	15 818	184 720
Financial investments	(112 935)	(12 960)	(112 935)	(12 960)
Loans and advances to customers (note 6.1)	133 100	194 830	133 100	194 830
Loans and advances to banks	(5 167)	2 387	(5 167)	2 387
Letters of credit, bank acceptances, guarantees and other	820	463	820	463
Recoveries on loans and advances previously written off	(36 955)	(37 318)	(36 955)	(37 318)
Cured interest in suspense	(452)	(1 480)	(452)	(1 480)
Total	(21 589)	145 922	(21 589)	145 922

## 29. Operating expenses

	GROUP		BANK	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Amortisation – intangible assets (note 9)	23 881	23 881	23 881	23 881
Audit fees	5 918	6 084	5 435	6 084
Communication related expenses	25 463	23 827	25 463	23 827
Depreciation (note 8)	92 642	84 124	98 789	90 463
Information technology	349 831	294 057	349 831	294 057
Marketing and advertising	49 239	52 624	49 239	52 624
Operating lease charges	5 139	6 764	5 139	6 764
Premises	63 027	44 400	63 027	44 400
Professional fees	18 418	31 043	18 418	31 043
Staff costs	1 090 402	876 082	1 090 402	876 082
Equity-linked transactions (annexure B)	47 351	(16 405)	47 351	(16 405)
Pension and other post-employment benefit costs	51 981	41 186	51 981	41 186
Skills development levy	4 565	3 897	4 565	3 897
Salaries and wages	986 505	847 404	986 505	847 404
Security	43 278	35 271	43 278	35 271
Other expenses	550 576	619 990	542 987	618 241
Total	2 317 814	2 104 486	2 315 889	2 102 737

# Notes to the annual financial statements (CONTINUED)

## 30. Taxation

	GROUP		BANK	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Current tax	992 529	822 703	985 313	815 736
Deferred tax	14 117	(18 483)	14 117	(18 483)
Total taxation in income statement	1 006 646	798 155	999 430	791 188
Deferred tax credit recognised in OCI	(2 492)	6 065	(2 492)	6 065
Total taxation	1 004 154	804 220	996 938	797 253

### Income tax recognised in OCI

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

	GROUP		BANK	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Items that may not be subsequently reclassified to profit or loss				
Net property revaluation movement	(4 751)	1 055	(4 751)	1 055
Net change in fair value for OCI reserve	7 243	(7 120)	7 243	(7 120)
Total OCI tax credit / (charge)	2 492	(6 065)	2 492	(6 065)

### Tax rate reconciliation

	GROUP		BANK	
	2025 %	2024 %	2025 %	2024 %
Standard rate of Zambian taxation	30	30	30	30
Non deductible expenses	0.99	0.47	0.93	0.54
Direct tax charge for the year as a percentage of profit before tax	30.99	30.47	30.93	30.54

# Notes to the annual financial statements

## 31. Statement of cash flows notes

### 31.1 Increase in operating assets

	GROUP		BANK	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Change in financial investments	(2 189 491)	325 725	(2 189 491)	325 725
Change in statutory deposits	(1 938 839)	(3 467 963)	(1 938 839)	(3 467 963)
Change in loans and advances to banks greater than 90 days	255 088	(145 120)	255 088	(145 120)
Change in loans and advances to customers	(2 279 782)	(1 665 798)	(2 279 782)	(1 665 798)
Change in derivative assets, trading assets and other assets	(1 697 506)	(619 661)	(1 700 168)	(620 933)
Total	(7 850 530)	(5 572 817)	(7 853 192)	(5 574 089)

### 31.2 Increase in operating liabilities

	GROUP		BANK	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Deposits from banks and customers	2 785 143	7 154 373	2 791 153	7 173 315
Trading and derivative liabilities	1 948 086	1 236 628	1 948 086	1 236 628
Provisions and other liabilities	374 896	22 629	375 201	26 277
Total	5 108 125	8 413 630	5 114 440	8 436 220

### 31.3 Taxation paid

	GROUP		BANK	
	2025 ZMW'000	2024 ZMW'000	2025 ZMW'000	2024 ZMW'000
Current tax payable at the start of the year	51 075	55 803	49 094	57 312
Income statement charge	992 529	822 703	985 313	815 736
Current tax payable at end of the year	88 248	(51 075)	90 824	(49 094)
Payment	1 131 852	827 431	1 125 231	823 954

### 31.4 Cash and cash equivalents

GROUP AND BANK	2025 ZMW'000	2024 ZMW'000
Cash and balances with central banks	12 816 303	12 480 719
Loans and advances to banks	8 534 390	8 429 444
Less: Loans and advances to banks maturing after 90 days	(1 185 308)	(1 440 396)
Less: cash reserve requirement	(10 556 162)	(8 617 323)
Balance at the end of the year	9 609 223	10 852 444

# 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 2025 and 2024. 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	2025 ZMW'000	2024 ZMW'000
Key management compensation	117 709	50 429
Salaries and other short-term benefits paid	63 378	63 296
Compulsory social security obligations	6 980	3 538
Share based payment transactions	47 351	(16 405)
Loans and advances		
Loans outstanding at the beginning of the year	29 554	38 650
Net change in loans during the year	(8 522)	(9 096)
Loans outstanding at the end of the year	21 032	29 554
Interest income	1 804	3 546
Deposit and debt funding		
Deposits outstanding at the beginning of the year	24 321	1 566
Net change in deposits during the year	(18 876)	22 755
Deposits outstanding at the end of the year	5 535	24 321
Interest expense	167	267
Directors fees	8 434	7 460

# 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	2025 ZMW'000	2024 ZMW'000
Amounts due to Standard Bank South Africa	3 596	3 140
Amounts due from Standard Bank South Africa	138 852	189 347
Other related party balances		
Short term funds, derivatives and other assets Standard Bank of South Africa	783 279	1 472 605
Short terms funds and derivatives – other fellow subsidiaries	528 154	8 875
Deposits, derivatives, subordinated debt and other liabilities Standard Bank of South Africa	(45 482)	(693 685)

### 32.5 Transactions with SBG

The table below denotes material transactions with the group holding company

GROUP AND BANK	2025 ZMW'000	2024 ZMW'000
Management fees	165 141	145 691
Information technology charges	178 789	188 611
Other income from related parties	(116 065)	(99 816)
Other expenses from related parties	14 765	64 643
Dividend paid to related parties	700 000	550 000

# Notes to the annual financial statements (CONTINUED)

## 33. Share Based payments

GROUP AND BANK	2025 ZMW'000	2024 ZMW'000
Expenses recognised in staff costs		
Performance reward plan (PRP)	3 468	2 242
Cash-settled deferred bonus scheme (CSDBS)	43 883	(18 647)
Total expenses recognised in staff costs	47 351	(16 405)
Summary of liabilities recognised in other liabilities		
Deferred bonus scheme (DBS)	53 537	16 913
Total liability recognised in other liabilities	53 537	16 913

### 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.

	UNITS	
	2025	2024
Movement summary		
Units outstanding at beginning of the year	15 273	7 999
Granted	1 864	10 989
Exercised	(6 829)	(3 715)
Expired	(4 094)	-
Units outstanding at end of the year	6 214	15 273
Weighted average fair value at grant date (R)	198	168
Expected life (years)	3	3

### 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 from an SBSA group and company perspective, and have been partially hedged through the use of equity forwards.

# Notes to the annual financial statements

## 33. Share Based payments <sup>(CONTINUED)</sup>

### 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

### 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.

## 34. 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 2025.

# 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 assets 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.

# Annexure A – IFRS risk and capital management disclosures

## 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 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 extreme weather events, pose a risk to the group's own operations and those of its customers in sectors the group has identified as being vulnerable, including agriculture and others. Chronic physical risks such as rising average temperatures and changing precipitation patterns over the medium to long term, that lead to heat stress, droughts, higher wildfire risks and water shortages, may impact the group's clients in affected sectors including mining, industrial, manufacturing and agriculture through water shortages, labour productivity, economic 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 agricultural practices that promote reduced carbon emissions and improved resilience to climate risk.

\*\* Adopted from ultimate parent

# Annexure A – IFRS risk and capital management disclosures (CONTINUED)

## 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 Standard Bank 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 Standard Bank 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.

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 Standard Bank Group has an unassailable legal title, the Standard Bank 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 Standard Bank 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 Standard Bank 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 Standard Bank 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.

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

# Annexure A – IFRS risk and capital management disclosures

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 (CONTINUED)

## IFRS: MAXIMUM EXPOSURE TO CREDIT RISK BY CREDIT QUALITY

	Gross carrying amount ZMW'000	SB 1 – 12					SB 13 – 20					SB 21 – 25			Default Stage 3 ZMW'000	Total gross carrying amount of default exposures ZMW'000	Securities and recoveries on default exposures ZMW'000	Balance sheet ECL and IIS on default exposures ZMW'000	Gross default coverage %	Non-performing exposures %
		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 1 ZMW'000	Stage 2 ZMW'000	Stage 1 ZMW'000	Stage 2 ZMW'000	Stage 3 ZMW'000								
<b>2025</b>																				
Loans and advances at amortised cost																				
Home loans	322 470	-	-	273 644	-	-	-	-	-	-	-	-	42 058	6 768	6 768	1 911	4 857	72	2	
Vehicle and asset finance	1 480 258	-	-	1 247 060	-	-	-	-	-	-	-	-	181 173	52 025	11 676	40 349	78	4		
Card payments	19 083	-	-	17 477	-	-	-	-	-	-	-	-	737	869	-	869	100	5		
Personal unsecured lending	2 153 411	-	-	1 898 802	-	-	-	-	-	-	-	-	148 115	106 494	2 297	104 197	98	5		
Business lending and other	2 248 202	365 024	-	1 692 249	-	-	-	-	-	-	-	-	79 336	121 593	56 769	64 824	53	5		
Corporate and sovereign	11 637 555	4 602 756	-	6 308 206	569 298	-	-	-	-	-	-	-	22 138	135 157	79 311	55 846	41	1		
Gross carrying amount	17 860 979	4 957 780	-	11 437 438	569 298	-	-	-	-	-	-	-	473 557	422 906	151 964	270 942	64	2		
Less: ECL on loans and advances	(489 430)																			
Less: Interest in suspense	(48 705)																			
Net carrying amount of loans and advances measured at amortised cost	17 322 844																			
Financial investments measured at amortised cost																				
Corporate and sovereign	10 167 866																			
Bank	-																			
Gross carrying amount	10 167 866																			
Less: ECL for financial investments measured at amortised cost	(40 924)																			
Net carrying amount of financial investments measured at amortised cost	10 126 942																			
Debt financial investments at FVOCI																				
Corporate and sovereign	53 986																			
Gross carrying amount	53 986																			
Less: Total expected credit losses	(38)																			
Total financial investment at fair value through OCI	53 948																			
Off-balance sheet exposures																				
Guarantees	767 776																			
Letters of credit and banker's acceptances	8 468 086																			
Total exposure to off-balance sheet credit risk	9 235 862																			
Less: ECL for off-balance sheet exposures	(12 434)																			
Net carrying amount of off-balance sheet exposures	9 223 428																			
Total exposure to credit risk on financial assets subject to ECL	36 727 162																			
Add the following exposures:																				
Cash and balances with the central bank	12 816 303																			
Loans and advances to bank s	8 534 390																			
Derivatives	100 434																			
Trading assets	4 024 539																			
Other assets	503 352																			
Total exposure to credit risk	62 706 180																			

<sup>1</sup> The ECL on unutilised facilities is included in the ECL for loans and advances.

<sup>2</sup> 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.

<sup>3</sup> 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

## IFRS: MAXIMUM EXPOSURE TO CREDIT RISK BY CREDIT QUALITY

	Gross carrying amount ZMW'000	SB 1 – 12		SB 13 – 20		SB 21 – 25			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 %
		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						
<b>2024</b>														
Loans and advances at amortised cost														
Home loans	396 199	-	-	371 879	-	-	16 097	8 223	8 223	8 223	9 174	-	-	2
Vehicle and asset finance	1 551 089	720 349	-	719 537	-	-	82 701	28 502	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	98 576	-	98 621	100	5
Business lending and other	2 663 644	249 910	-	2 110 518	-	-	94 888	208 328	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	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	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													
Bank	-													
Gross carrying amount	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														
Guarantees	4 064 249													
Letters of credit and banker's acceptances	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 banks	8 429 444													
Derivatives	118 057													
Trading assets	2 409 873													
Other assets	404 504													
Total exposure to credit risk	51 571 930													

<sup>1</sup> The ECL on unutilised facilities is included in the ECL for loans and advances.

<sup>2</sup> 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.

<sup>3</sup> 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)

## 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

	2025	2024
Agriculture	1 852 548	1 745 822
Construction	301 511	603 610
Electricity	2 545 059	2 043 360
Finance, real estate and other business services	2 110 423	2 394 631
Individuals	2 024 697	1 882 497
Manufacturing	4 973 342	4 496 888
Mining	782 774	409 377
Transport	2 522 528	1 176 096
Wholesale	748 097	838 948
Gross loans and advances	17 860 979	15 591 229

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

	2025	2024
Agriculture	26 461	31 227
Construction	199	1 548
Electricity	2 780	-
Finance, real estate and other business services	11 630	8 394
Individuals	101 512	92 836
Manufacturing	-	-
Mining	5 386	5 895
Transport	66 226	26 511
Wholesale	8 043	36 664
Credit impairment on non-performing loans	222 237	203 075

# Annexure A – IFRS risk and capital management disclosures

## 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 93 to 94. 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<sup>1</sup>

	Total exposure ZMW'000	Secured ZMW'000	Netting agreements ZMW'000	Secured exposure after netting ZMW'000
<b>2025</b>				
Corporate and sovereign <sup>1,2</sup>	11 637 555	4 482 398	-	4 482 398
PPB & BCB	6 223 424			
Home loans	322 470	322 470	-	322 470
Other exposures	5 900 954	4 192 014		4 192 014
<b>Total</b>	<b>17 860 979</b>			
Less: ECL for loans and advances	(489 430)			
Less: Interest in suspense	(48 705)			
Total exposure	17 322 844			
Cash and balances with central banks	12 816 303			
Loans and advances to banks	8 534 390			
Derivative assets	100 434			
Trading assets	4 024 539			
Financial investments	10 180 890			
Other assets	503 352			
<b>Total</b>	<b>53 482 752</b>			

<sup>1</sup> 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.

<sup>2</sup> Includes Business lending and other exposures in Note 6 Loans and advances.

# Annexure A – IFRS risk and capital management disclosures (CONTINUED)

## Collateral (CONTINUED)

	Total exposure ZMW'000	Secured ZMW'000	Netting agreements ZMW'000	Secured exposure after netting ZMW'000
<b>2024</b>				
Corporate and sovereign <sup>1,2</sup>	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			
<b>Total</b>	<b>15 591 229</b>			
Less: ECL for loans and advances	(480 785)			
Less: Interest in suspense	(67 382)			
<b>Total exposure</b>	<b>15 043 062</b>			
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			
<b>Total</b>	<b>46 861 406</b>			

<sup>1</sup> Includes business lending and other exposures in Note 6 Loans and advances.

## Funding and liquidity risk

### 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 SBG's 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

## 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
<b>2025</b>							
<b>Financial liabilities</b>							
Deposits from banks and other borrowings	893 303	-	548 454	360 031	480 384	637 877	2 920 049
Deposits from customers	34 137 139	1 067 374	112 059	2 059 478	300 072	-	37 676 122
Provisions and other liabilities	1 402 886	-	-	6 883	30 931	-	1 440 700
Trading liabilities	1 721 038	-	2 187 581	2 112 886	-	-	6 021 505
Derivative liabilities	29 211	-	-	-	-	-	29 211
Subordinated debt	-	-	-	355 852	-	-	355 852
<b>Total</b>	<b>38 183 577</b>	<b>1 067 374</b>	<b>2 848 094</b>	<b>4 895 130</b>	<b>811 387</b>	<b>637 877</b>	<b>48 443 439</b>
<b>Unrecognised financial liabilities</b>							
Financial guarantees and Letters of credit	391 996	1 337 786	2 082 471	2 310 408	3 113 201	-	9 235 862
<b>Total</b>	<b>38 575 573</b>	<b>2 405 160</b>	<b>4 930 565</b>	<b>7 205 538</b>	<b>3 924 588</b>	<b>637 877</b>	<b>57 679 301</b>
<b>2024</b>							
<b>Financial liabilities</b>							
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
<b>Total</b>	<b>31 295 913</b>	<b>3 253 543</b>	<b>534 722</b>	<b>6 808 658</b>	<b>1 624 555</b>	<b>-</b>	<b>43 517 391</b>
<b>Unrecognised financial liabilities</b>							
Financial guarantees and Letters of credit	403 090	1 826 021	-	2 493 028	-	-	4 722 139
<b>Total</b>	<b>31 699 003</b>	<b>5 079 564</b>	<b>534 722</b>	<b>9 301 686</b>	<b>1 624 555</b>	<b>-</b>	<b>48 239 530</b>

# Annexure A – IFRS risk and capital management disclosures (CONTINUED)

## 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 SBZA 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

## 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 ZMW'000	Minimum ZMW'000	Average ZMW'000
<b>2025</b>			
Foreign exchange risk	16 454	160	2 703
Interest rate trading	1 313	457	856
Aggregate	16 614	660	3 167
<b>2024</b>			
Foreign exchange risk	7 264	146	1 636
Interest rate trading	1 332	536	888
Aggregate	7 327	712	2 127

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 (CONTINUED)

## Market risk (CONTINUED)

### INTEREST RATE SENSITIVITY ANALYSIS<sup>1</sup>

	USD	ZMW
<b>2025</b>		
Increase in basis points	50	100
Sensitivity of annual net interest income	1.01%	1.80%
Decrease in basis points <sup>2</sup>	50	100
Sensitivity of annual net interest income	-3.63%	-2.00%
<b>2024</b>		
Increase in basis points	50	100
Sensitivity of annual net interest income	4.71%	1.32%
Decrease in basis points <sup>2</sup>	50	100
Sensitivity of annual net interest income	-1.68%	-1.51%

<sup>1</sup> Before tax.

<sup>2</sup> 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

## 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 ZAR EQUIVALENTS<sup>1</sup>

		USD	Euro	GBP	Other	Total
<b>2025</b>						
Total net long position	ZMW'000	(6 972)	8 915	(525)	(5 165)	(3 747)
Sensitivity (ZMW depreciation) <sup>2</sup>	%	10	10	10	10	10
Impact on profit or loss/equity	ZMW'000	(697)	892	(53)	(517)	(375)
<b>2024</b>						
Total net long/(short) position	ZMW'000	77 734	(5 168)	(294)	20 320	92 592
Sensitivity (ZMW depreciation) <sup>2</sup>	%	10	10	10	10	10
Impact on profit or loss/equity	ZMW'000	7 773	(517)	(29)	2 032	9 259

<sup>1</sup> Before tax.

<sup>2</sup> 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 (CONTINUED)

## 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

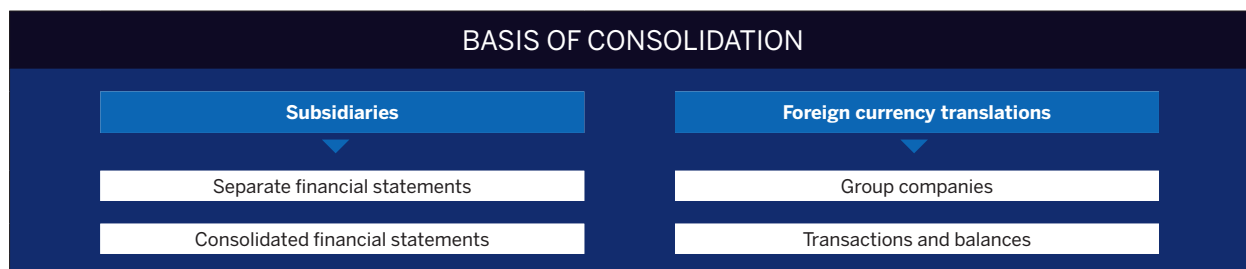
## REGULATORY CAPITAL POSITION

	2025 ZMW'000	2024 ZMW'000
Ordinary share capital	416 000	416 000
Retained earnings	6 940 282	5 437 694
Other reserves	7 700	37 404
Less: regulatory adjustments	-	(29 704)
Common equity tier 1 capital	7 363 982	5 861 394
Qualifying other equity instruments	-	-
Tier 1 capital	7 363 982	5 861 394
Qualifying tier II subordinated debt	332 625	419 625
Revaluation reserve	30 179	25 747
Tier 2 capital	362 804	445 372
Total regulatory capital	7 726 786	6 306 766

# Annexure B – Detailed accounting policies

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

## 1. Basis of consolidation



### 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

# 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 FCTR.

## 2. Financial instruments

FINANCIAL INSTRUMENTS					
Financial assets	Financial liabilities	Financial guarantee contracts and loan commitments below market interest rate	Derivatives and embedded derivatives	Hedge accounting	Other
Amortised cost	Held-for-trading			Fair value hedges	Sale and repurchase agreements and lending of securities (including commodities)
Fair value through OCI	Designated at fair value through profit or loss			Cash flow hedges	
Held-for-trading	Amortised cost				Offsetting
Designated at fair value through profit or loss					
Fair value through profit or loss - default					

### 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

## 2. Financial instruments

### Nature

<b>Amortised cost</b>	<p>A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):</p> <ul style="list-style-type: none"> <li>• Held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and</li> <li>• 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.</li> </ul> <p>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.</p>
<b>Fair value through OCI</b>	<p>Includes:</p> <p>A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• 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.</li> <li>•</li> </ul> <p>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.</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>
<b>Held-for-trading</b>	<p>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.</p>
<b>Designated at fair value through profit or loss</b>	<p>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.</p>
<b>Fair value through profit or loss – default</b>	<p>Financial assets that are not classified into one of the above mentioned financial asset categories.</p>

# Annexure B – Detailed accounting policies (CONTINUED)

## 2. Financial instruments (CONTINUED)

### Financial assets (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:

<b>Amortised cost</b>	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.
<b>Fair value through OCI</b>	<b>Debt instrument:</b> 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 impairment 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.  <b>Equity instrument:</b> 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.
<b>Held-for-trading</b>	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
<b>Designated at fair value through profit or loss</b>	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.
<b>Fair value through profit or loss – default</b>	<b>Debt instruments:</b> 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.  <b>Equity instruments:</b> 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.

<b>Stage 1</b>	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
<b>Stage 2</b>	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.
<b>Stage 3 (credit-impaired assets)</b>	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: <ul style="list-style-type: none"> <li>• default</li> <li>• significant financial difficulty of borrower and/or modification</li> <li>• probability of bankruptcy or financial reorganisation</li> <li>• disappearance of an active market due to financial difficulties.</li> </ul>

# Annexure B – Detailed accounting policies

## 2. Financial instruments (CONTINUED)

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

<b>Significant increase in credit risk (SICR)</b>	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.
<b>Low credit risk</b>	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.
<b>Default</b>	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: <ul style="list-style-type: none"> <li>• significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower)</li> <li>• a breach of contract, such as default or delinquency in interest and/or principal payments</li> <li>• disappearance of active market due to financial difficulties</li> <li>• it becomes probable that the borrower will enter bankruptcy or other financial reorganisation</li> <li>• 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</li> <li>• exposures which are overdue for more than 90 days are also considered to be in default.</li> </ul>
<b>Forward-looking information</b>	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 exposures.
<b>Write-off</b>	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:

<b>Financial assets measured at amortised cost (including loan commitments)</b>	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.
<b>Off-balance sheet exposures (excluding loan commitments)</b>	Recognised as a provision within other liabilities.
<b>Financial assets measured at fair value through OCI</b>	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

<b>Held-for-trading</b>	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.
<b>Designated at fair value through profit or loss</b>	Financial liabilities are designated to be measured at fair value in the following instances: <ul style="list-style-type: none"> <li>• 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</li> <li>• where the financial liability contains one or more embedded derivatives that significantly modify the financial liability's cash flows.</li> </ul>
<b>Amortised cost</b>	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:

<b>Held-for-trading</b>	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
<b>Designated at fair value through profit or loss</b>	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.
<b>Amortised cost</b>	Amortised cost using the effective interest method recognised in interest expense.

# Annexure B – Detailed accounting policies

## 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
<b>Financial assets</b>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>In determining whether a modification is substantial, for a financial asset qualitative factors are considered and for a financial liability, both qualitative and quantitative factors are considered.</p> <p>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.</p> <p>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).</p>
<b>Financial liabilities</b>	<p>Financial liabilities are derecognised when the financial liabilities' obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.</p>	

# 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 Standard Bank 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 Standard Bank 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 Standard Bank 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 Standard Bank 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.

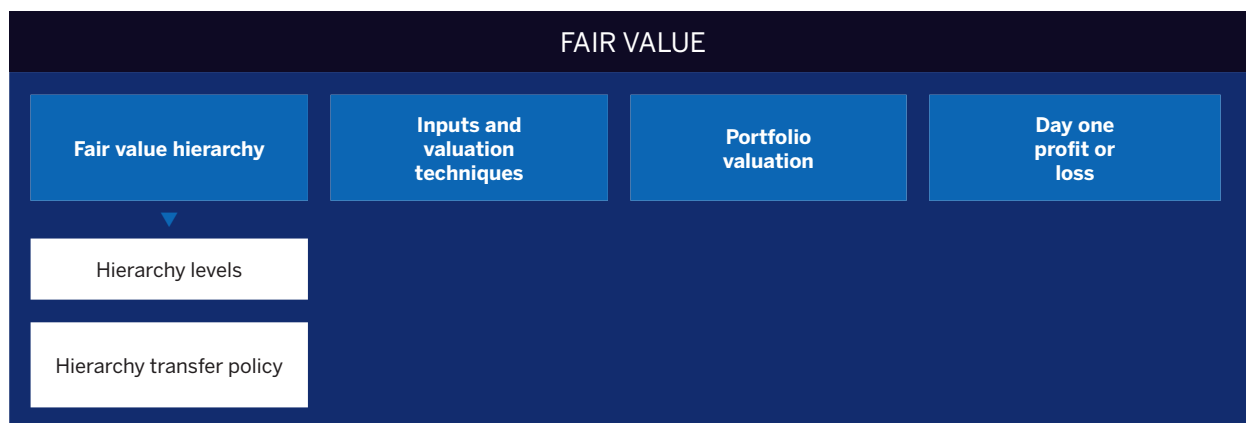
Derivatives are initially recognised at fair value. Derivatives that are not designated in a qualifying hedge accounting relationship are classified as held-for-trading with all changes in fair value being recognised within trading revenue. This includes forward contracts to purchase or sell commodities, 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

## 3. 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

## 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:

Item and description	Valuation technique	Main inputs and assumptions
<p><b>Derivative financial instruments</b> 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.</p>	<p>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:</p> <ul style="list-style-type: none"> <li>discounted cash flow model</li> <li>Black-Scholes model</li> <li>combination technique models.</li> </ul>	<p>For level 2 and 3 fair value hierarchy items:</p> <ul style="list-style-type: none"> <li>discount rate*</li> <li>spot prices of the underlying</li> <li>correlation factors</li> <li>volatilities</li> <li>dividend yields</li> <li>earnings yield</li> <li>valuation multiples</li> <li>credit spreads</li> <li>bid-offer spreads.</li> </ul>
<p><b>Trading assets and trading liabilities</b> 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.</p>	<p>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.</p> <p>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.</p>	
<p><b>Pledged assets</b> 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.</p>	<p>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.</p> <p>Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.</p>	
<p><b>Financial investments</b> 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.</p>		

# 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:

Item and description	Valuation technique	Main inputs and assumptions
<p><b>Loans and advances to banks and customers</b> Loans and advances comprise:</p> <ul style="list-style-type: none"> <li>• Home services</li> <li>• Vehicle and asset finance</li> <li>• Card and payments</li> <li>• Personal unsecured lending</li> <li>• Business lending and other</li> <li>• Corporate and sovereign</li> <li>• Bank</li> </ul>	<p>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:</p> <ul style="list-style-type: none"> <li>• discounted cash flow model</li> <li>• Black-Scholes model</li> <li>• combination technique models.</li> </ul>	<p>For level 2 and 3 fair value hierarchy items:</p> <ul style="list-style-type: none"> <li>• discount rate*</li> <li>• spot prices of the underlying</li> <li>• correlation factors</li> <li>• volatilities</li> <li>• dividend yields</li> <li>• earnings yield</li> <li>• valuation multiples</li> <li>• credit spreads</li> <li>• bid-offer spreads.</li> </ul>
<p><b>Deposits and debt funding</b> 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.</p>	<p>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.</p>	<p>For level 2 and 3 fair value hierarchy items:</p> <ul style="list-style-type: none"> <li>• discount rate*</li> </ul>

\* 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

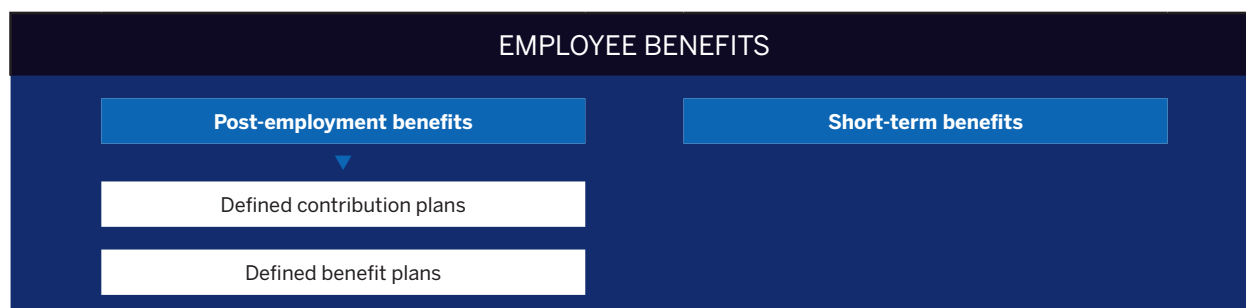
For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either 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

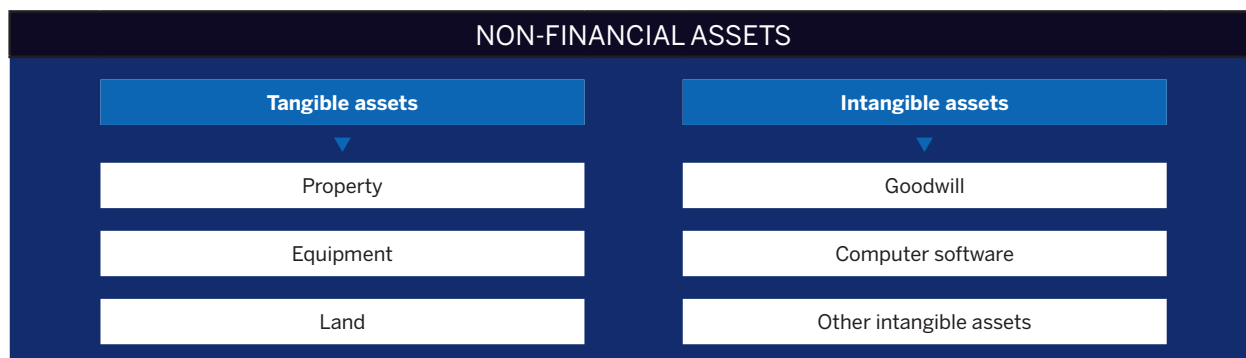
## 4. Employee benefits



Type and description	Statement of financial position	Statement of other comprehensive income	Income statement
<b>Defined contribution plans</b>	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.
<b>Defined benefit plans</b>	<p>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.</p> <p>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.</p>	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.	<p>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).</p> <p>Other expenses (including current service costs) related to the defined benefit plans are also recognised in operating expenses.</p> <p>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.</p> <p>The group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.</p>
<b>Short-term benefits</b> 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



Type and initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment										
<p><b>Tangible assets (property, equipment and land)</b> Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Land is measured at cost less accumulated impairment losses.</p> <p>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 Standard Bank 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.</p> <p>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.</p>	<p>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.</p> <p>The residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Leasehold property</td> <td style="width: 50%;">Forty years</td> </tr> <tr> <td>Computer equipment</td> <td>Four to five years</td> </tr> <tr> <td>Motor vehicles</td> <td>Four to five years</td> </tr> <tr> <td>Office equipment</td> <td>Three to ten years</td> </tr> <tr> <td>Furniture &amp; fittings</td> <td>Five to thirteen years</td> </tr> </table> <p>The residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end.</p>	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	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest cash generating units (CGUs).</p> <p>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.</p> <p>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.</p>
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											

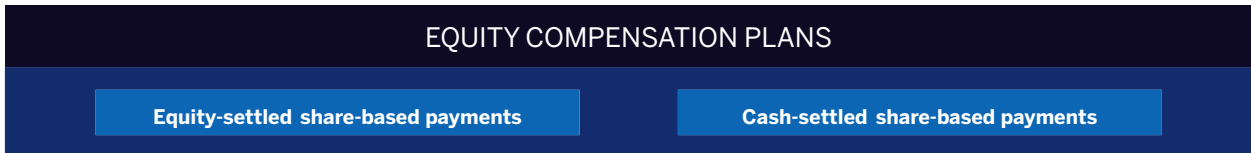
# Annexure B – Detailed accounting policies

## 5. Non-financial assets (CONTINUED)

Type and initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment
<p><b>Computer software</b> Costs associated with developing or maintaining computer software programmes and the acquisition of software licences are generally recognised as an expense as incurred.</p> <p>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.</p> <p>Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses from the date that the assets are available for use.</p> <p>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.</p>	<p>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.</p> <p>Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if necessary.</p>	<p>Intangible assets that have an indefinite useful life are tested annually for impairment and additionally when an indicator of impairment exists.</p> <p>The accounting treatment for computer software and other intangible assets is otherwise the same as for tangible assets.</p>
<p><b>Derecognition</b> 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.</p>		

# Annexure B – Detailed accounting policies (CONTINUED)

## 6. Equity-linked transactions



### 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

## 7. Leases

Type and description	Statement of financial position	Income statement
<b>Lessee accounting policies</b>		
<p><b>Single lessee accounting model</b> All leases are accounted for by recognising a right of use asset and a lease liability except for:</p> <ul style="list-style-type: none"> <li>• leases of low value assets and</li> <li>• leases with a duration of twelve months or less.</li> </ul>	<p><b>Lease liabilities:</b> 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:</p> <ul style="list-style-type: none"> <li>• Amounts expected to be payable under any residual value guarantee</li> <li>• The exercise price of any purchase option granted in favour of the group, should it be reasonably certain that this option will be exercised</li> <li>• Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised.</li> </ul>	<p><b>Interest expense on lease liabilities:</b> 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.</p>
	<p><b>Right of use assets:</b> Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:</p> <ul style="list-style-type: none"> <li>• lease payments made at or before commencement of the lease;</li> <li>• initial direct costs incurred; and</li> <li>• the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.</li> </ul> <p>The group applies the cost model (refer section 6) subsequent to the initial measurement of the right of use assets.</p>	<p><b>Depreciation and impairment on right of use assets:</b> 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.</p> <p>The accounting treatment for impairment of right of use assets is the same as that for tangible assets (refer section 6).</p>
	<p><b>Termination of leases:</b> When the group or lessor terminates or cancels a lease, the right of use asset and lease liability are derecognised.</p>	<p><b>Termination of leases:</b> 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.</p>

# Annexure B – Detailed accounting policies (CONTINUED)

## 7. Leases (CONTINUED)

Type and description	Statement of financial position	Income statement
<b>Lessee accounting policies (continued)</b>		
<b>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.</b>	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.
<b>Reassessment and modification of leases</b>	<p><b>Reassessment of lease terms and lease modifications that are not accounted for as a separate lease:</b></p> <p>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.</p> <p>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.</p> <p>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.</p> <hr/> <p>Lease modifications that are accounted for as a separate lease:</p> <p>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.</p>	
<b>Separating components of a lease contract</b>	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.	

# Annexure B – Detailed accounting policies

## 7. Leases (CONTINUED)

Type and description	Statement of financial position	Income statement
<b>Lessee accounting policies</b>		
<p><b>Finance leases</b> Leases, where the group transfers substantially all the risk and rewards incidental to ownership, are classified as finance leases</p>	<p>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.</p>	<p>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.</p>
<p><b>Operating leases</b> All leases that do not meet the criteria of a financial lease are classified as operating leases.</p>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>
<b>Lessor lease modifications</b>		
<p><b>Finance leases</b></p>	<p>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.</p>	
<p><b>Operating leases</b></p>	<p>Modifications are accounted for as a new lease from the effective date of the modification.</p>	

# Annexure B – Detailed accounting policies (CONTINUED)

## 8. 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.

## 9. 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.

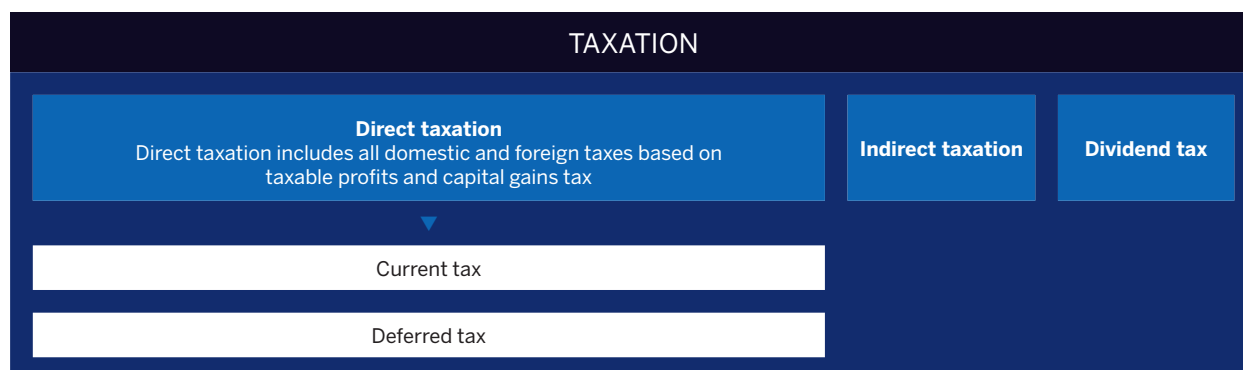
#### Contingent liabilities

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)

## 10. Taxation



Type	Description, recognition and measurement	Offsetting
<b>Direct taxation: current tax</b>	<p>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.</p> <p>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.</p>	<p>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.</p>

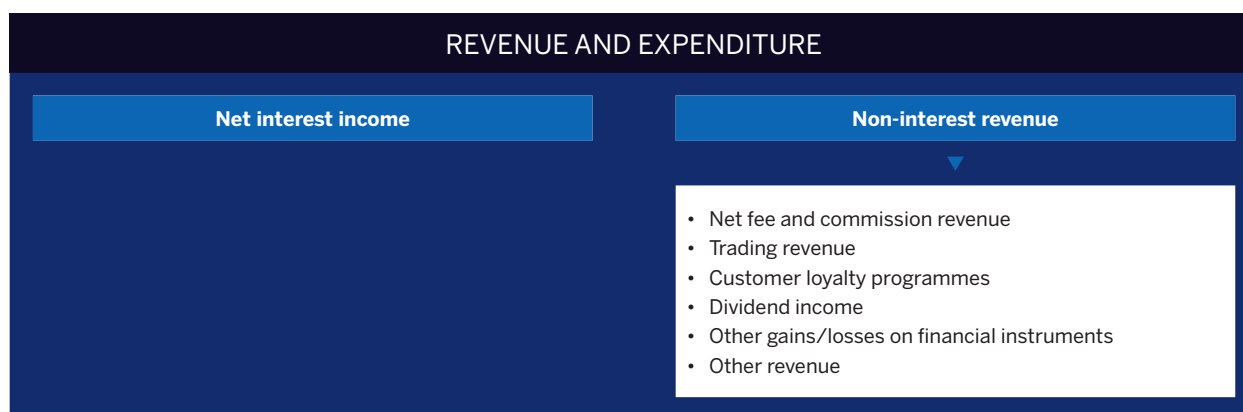
# Annexure B – Detailed accounting policies (CONTINUED)

## 10. Taxation (CONTINUED)

Type	Description, recognition and measurement	Offsetting
<b>Direct taxation: deferred tax</b>	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• the initial recognition of goodwill</li> <li>• 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</li> <li>• 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.</li> </ul> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p>
<b>Indirect taxation</b>	<p>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.</p>	Not applicable
<b>Dividend tax</b>	<p>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.</p>	Not applicable

# Annexure B – Detailed accounting policies

## 11. Revenue and expenditure



Description	Recognition and measurement
<b>Net interest income</b>	<p>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.</p> <p>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.</p> <p>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.</p>
<b>Net fee and commission revenue</b>	<p>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.</p> <p>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.</p> <p>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.</p>
<b>Trading revenue</b>	<p>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.</p>

# Annexure B – Detailed accounting policies (CONTINUED)

## 11. Revenue and expenditure (CONTINUED)

Description	Recognition and measurement
<b>Customer loyalty programmes</b>	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.
<b>Dividend income</b>	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.
<b>Other gains/losses on financial instruments</b>	Includes: <ul style="list-style-type: none"> <li>• Fair value gains and losses on financial assets that are classified at fair value through profit or loss (designated and default)</li> <li>• The gain or loss on the derecognition of a debt financial asset classified as at fair value through OCI</li> <li>• Gains and losses arising from the derecognition of financial assets and financial liabilities classified as at amortised cost</li> <li>• Gains and losses arising from the reclassification of a financial asset from amortised cost to fair value</li> <li>• Gains and losses arising from the modification of a financial asset (which is not distressed) and financial liability at amortised cost</li> <li>• Fair value gains and losses on designated financial liabilities</li> <li>• Fair value gains and losses on private equity or venture capital investments designated at fair value through profit or loss.</li> </ul>
<b>Other revenue</b>	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.

## 12. Non-current assets and liabilities held for sale

Type and description	Statement of financial position	Statement of other comprehensive income	Income statement
<b>Non-current assets and liabilities held for sale and disposal groups</b> 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)

## 13. 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.





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